

Piloting innovation and market linkages to transform smallholder dairy value chains in Tanzania

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Key Lessons

- Transforming dairy value chains requires efforts of a range of stakeholders including producers, local institutions, the public sector, private businesses, research and financial institutions.
- Hubs and "Innovation platforms" are effective multi-stakeholder processes for bringing together these stakeholders to solve common problems.
- Multi-stakeholder processes can be organised at various levels:
 - At **villages level**, they build on farmers' groups, cooperatives and dairy market hubs. They link market actors, connect producers with intermediary and final customers, consequently increasing income at the household level
 - At **district and regional levels**, innovation platforms integrate research, innovation and extension interventions alongside business actions. They can contribute strongly to formulating and implementing district dairy development plans
 - At **national level**, the Dairy Development Forum has a strategic role in formulating coherent policies and convergence of initiatives
- A hierarchy of platforms at different levels can improve policymaking and planning, and could attract further investment.

Background

- Tanzania has the 3rd largest cattle population in Africa with 25m heads kept by 1.7m households. Only about 780,000 (3%) are improved dairy breeds. Milk availability is low and per capita annual consumption is only 45 litres.
- Access to and use of inputs and services is low but has immense potential for improving livelihoods: the 20% of livestock keepers that use extension services have a net annual income of USD 430 per typical herd, compared to USD 138 for those who do not (NBS/FAO)
- Recognizing this potential, a consortium of research and development (R&D) partners comprising CGIAR (ILRI, CIAT), Sokoine University of Agriculture, Tanzania Livestock Research Institute, Faida Market Linkages, Heifer International and Tanzania Dairy Board (TDB) came together to help transform the sector through innovation and improved market linkages.
- Commonly referred to as *Maziwa Zaidi*, this partnership has a vision of an "inclusive and sustainable development of the dairy value chain" over 10 yrs.
- Projects contributing to lessons: 1) More Milk in Tanzania (MoreMilkIT) Irish Aid funded project on adapting dairy market hubs for pro-poor smallholder value chains, and 2) Feeds innovations project (MilkIT) funded by the International Fund for Agricultural Development

Approach

- The chosen approach recognizes that for dairy sector in Tanzania to function effectively and efficiently, all value chain actors need to coordinate their efforts and be linked to demand-responsive knowledge, research and extension systems. This includes multi-stakeholder processes at different levels: farmer groups and dairy market hubs in villages, innovation platforms in districts, and the Dairy Development Forum (DDF) at the national level.
- Village level:** Strengthening and championing existing and new groups to achieve economies of scale by improving access to inputs and services, creating incentives to raise productivity and addressing risks inherent in production and marketing through dairy market hubs for pre-commercial producers (and/or innovation platforms in some cases) to become more commercial.

Challenges to dairy value chain actors

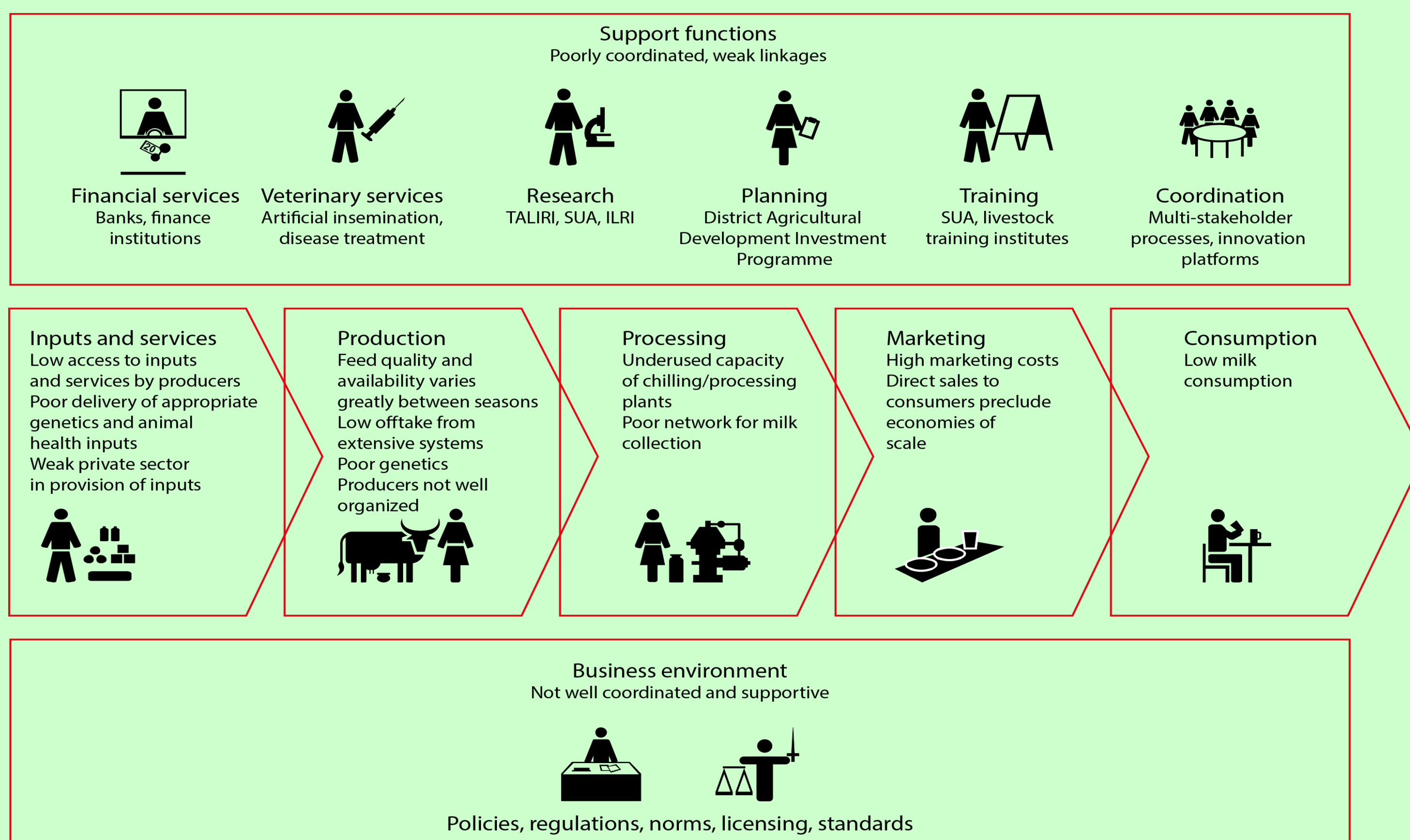


Figure 1. Developmental challenges in the dairy value chain in Tanzania

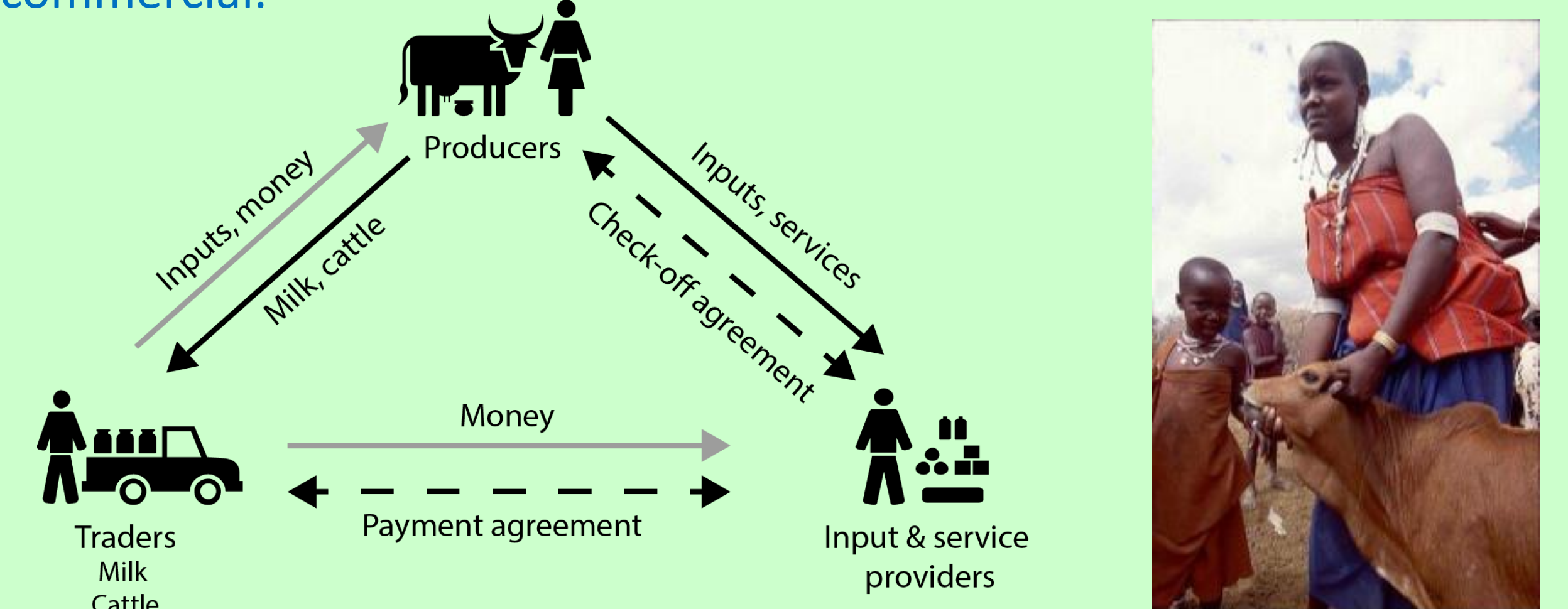


Figure 2. How a dairy market hub provides inputs and services without collective bulking and marketing

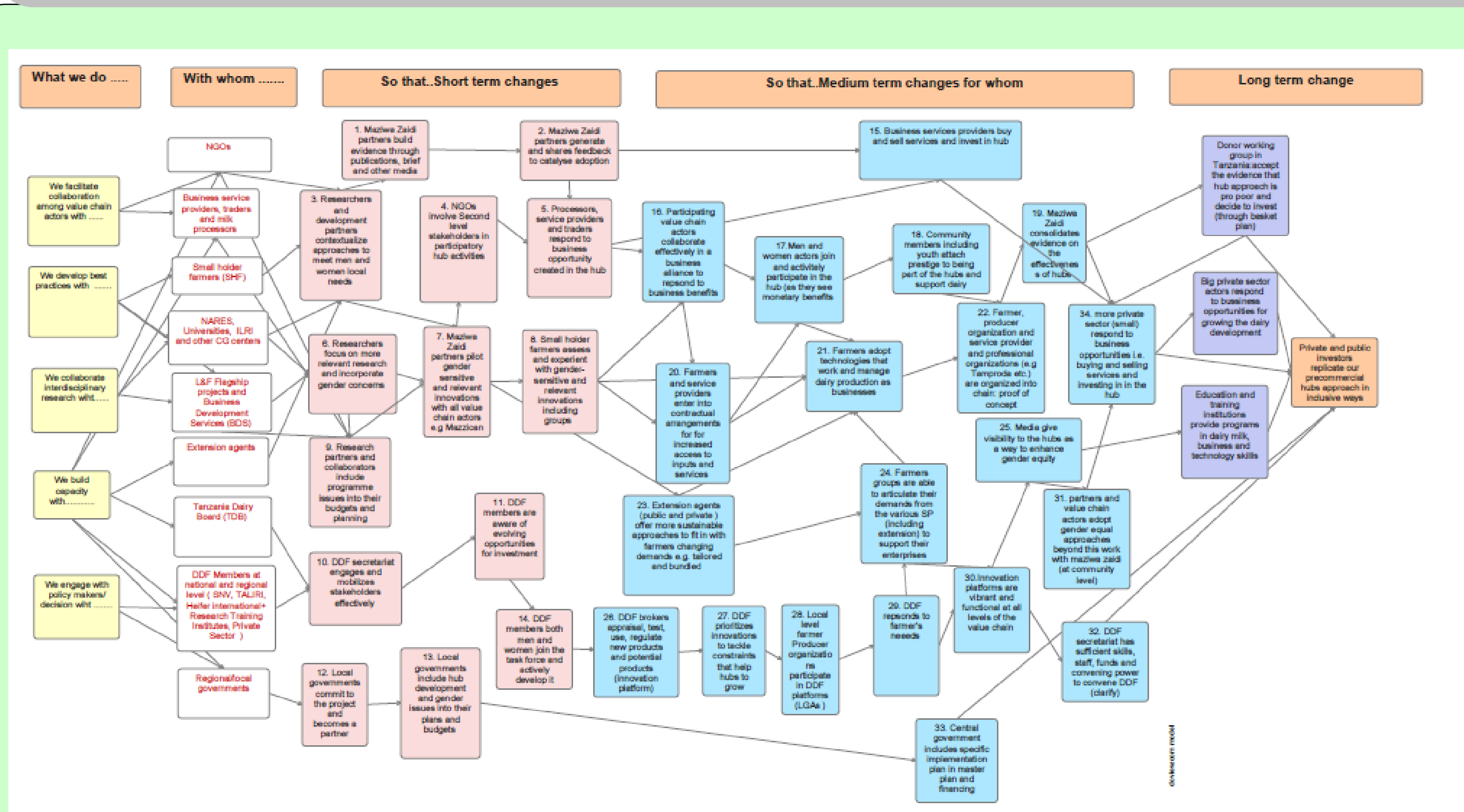


Figure 3. Theory of Change targets more private and public investments to replicate the pre-commercial hub approaches in inclusive ways

- District and regional levels:** As the focal point for planning in Tanzania, the district should also be the focus for strengthening the dairy value chain. Innovation platforms are a multi-stakeholder process that involve a range of actors at the district level: representatives of producers' organizations, traders, processors, input suppliers, veterinary services, research, extension, financial services and local government. Such platforms enable these stakeholders to identify and discuss challenges and opportunities facing the dairy value chain, and find ways of overcoming the challenges and developing the chain further. Several district-level innovation platforms can be linked together to form a regional platform to address issues at the higher level.
- National level:** The role of the DDF, with its Secretariat at TDB, is to address systemic bottlenecks and engage in policy dialogue. Its national convening power complements the efforts of district and regional platforms.

How lessons contribute to Livestock Development Strategy for Africa

LiDeSA Strategic Objective	Contributions	Gaps and/or opportunities
1. To attract public and private investments along the different livestock value chains	Theory of Change is aligned to this objective (see Fig. 3)	Government support for dairy sector R&D investments
2. To enhance animal health and increase the production, productivity and resilience of livestock systems	Multi-stakeholder processes (hubs and innovation platforms) can improve access to inputs & services	Effective linkages to existing public extension system is required
3. To enhance innovation, generation and utilization of technologies, capacities and entrepreneurship skills of livestock value chain actors	Multi-stakeholder processes	As above
4. To enhance access to markets, services and value addition	Multi-stakeholder processes	As above

The Partners:



7th Africa Agriculture Science Week, Kigali, Rwanda, 13-16 June 2016

