



CONCEPT NOTE

Technical workshop on dairy value chain development in Eastern Africa

Amber Hotel, Nairobi, 29-30 March 2016

Background

As part of the COMESA CAADP Regional Agricultural Investment Programme (RAIP), the COMESA Secretariat, with assistance from the European Centre for Development Policy Management (ECDPM), has developed an investment programme to enhance regional agro-food trade and access to markets for farmers (RIPA-II). This programme will support cooperation among COMESA Member States in strategic agro-food value chains, building upon existing national and regional initiatives. One of the selected value chains is the dairy sector. RIPA-II addresses some of COMESA's priorities, CAADP as well as its policy for micro-, small and medium enterprises and its aim to enhance private sector participation in policy processes (see 2014 Kinshasa summit and business forum). The programme document was reviewed at a stakeholder meeting in Lusaka in December 2015, which was a major step in its endorsement process.

The dairy sector has considerable development potential in East African countries given the large share of dairy farming in their agricultural GDP and the growing demand for dairy products in urban centres within the region and beyond. However, these opportunities have remained underexploited.¹ Domestic dairy industries cannot fully satisfy the consumer demand for quality, differentiated products due to high marketing and processing costs, substandard raw milk and inadequate value addition capabilities. With low milk productivity and inefficient milk collection systems, many dairy farmers cannot reap the full benefits from their production. The regional market is fragmented due to various obstacles to cross-border trade in dairy products despite complementarities among countries (difference in seasonal fluctuations in milk supply and differentiated dairy products). Likewise, policy-related factors hamper intra-regional trade flows of feed from surplus to deficit areas. There are marked differences in dairy farm productivity and value chain development across countries in the region and the diffusion of improved technologies and knowledge/practices remains insufficient.

Addressing these bottlenecks (notably quality issues and barriers to trade) and exploiting these opportunities will require innovative partnerships among public, private, knowledge and development actors. These actors would first need a platform that facilitates a regular dialogue, experience sharing, networking, coordination, and monitoring and evaluation of actions undertaken to address these issues, which is what RIPA-II is intended to provide. This platform would involve representatives of COMESA MS governments, regulators, farmers, processors, consumers as well as experts and technical/financial partners. Priority intervention areas pre-identified under RIPA-II include (1) the regulatory framework as regards dairy product quality, safety, and feed and fodder quality; (2) market information systems for dairy products; and (3) capacity development for dairy value chain operators and regulators. Ahead of the launch of this programme, the diagnosis of policy issues and the formulation of possible responses should be further refined so as to effectively guide the multi-stakeholder dialogue in its initial phase.

¹ Bingi, S., and F. Tondel, 2015. Recent developments in the dairy sector in Eastern Africa: Towards a regional policy framework for value chain development. ECDPM Briefing Note 78.

Objectives

This workshop aims to better identify policy priorities and effective policy instruments within the interventions areas pre-selected under RIPA-II, notably (1) quality and sanitary security in milk marketing processes and (2) dairy market information systems. Under the aegis of the COMESA Secretariat, experts, practitioners, policymakers, regulators and value chain operators will engage in a frank dialogue on current challenges in the dairy sector, identify critical gaps, and discuss appropriate approaches to implement policy responses, including on-going policy and private sector development processes linked to milk quality issues and market information systems in Kenya, Rwanda and Uganda. This meeting will also serve to strengthen the regional network of public, private, knowledge and development actors in the East African dairy sector, building mutual understanding and trust among stakeholders.

The specific objectives of this workshop are:

1. Discussing the respective roles of regulations and incentives in improving milk quality (from farm to processor) in the East African context; as part of this objective, stakeholders will share updates on national policy/regulatory processes and country development programmes, lessons learned, and views on current challenges;
2. Taking stock of recent efforts to upgrade and harmonise dairy product standards, including the EAC-COMESA product standards and SPS regulations:
 - a. What have been the main obstacles to implementing relevant standards, regulations or certification schemes at the national level?
 - b. How have regulatory harmonisation and mutual recognition of standards and regulations facilitated intra-regional trade in dairy products?
 - c. What should a revitalised East African Dairy Regulatory Authorities Council do to support effective regulatory processes and enforcement?
3. Exchanging experiences with incentive systems for quality in dairy value chains, including milk quality-based payment systems:
 - a. What are the challenges faced by market operators, “from grass to glass”, in enhancing productivity, quality and their value addition?
 - b. What do private sector actors (farmers/cooperatives, processors) need to invest more in dairy value chains?
 - c. What are the challenges for the public sector?
4. Assessing current sources of dairy market information and identifying gaps in existing MISs (market data coverage, SPS information, dissemination and analysis);
5. Outlining a result framework and an M&E system for the dairy component of COMESA RIPA-II;
6. Tentatively setting an agenda for COMESA RIPA-II's dairy component and identifying implementing partners and financial resources.

Expected outputs

A report will document the key conclusions and recommendations from the discussions, including:

- The prioritisation of interventions areas to improve milk quality and safety and support regional dairy value chain development;
- The identification of policy instruments to effectively put harmonised standards into practice as well as incentive schemes to increase the adoption of quality standards throughout the value chain;
- Approaches to include informal actors and ensure gender equity in dairy value chains;
- A tentative agenda and a group of stakeholders of COMESA RIPA-II's dairy component.