Dairy in East Africa

COVID-19 – How the dairy sector can support resilient foods systems in East Africa
Welcome
Potential of the Dairy Sector to Address COVID-19 Challenges in East Africa

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COVID-19 is spreading at an alarming pace; however, Africa is at the beginning of the curve.

African countries will need to find their own way to address the contagion due to unique structural and demographic characteristics, and the need to maintain food security that is being challenged by restrictions on movement.

We are at the beginning of a prolonged “new normal”; a continual balance between contagion containment and socio-economic impact will have a number of economic and food system implications.

Africa’s GDP is now estimated to only grow by 0.4% or contract by as much as -5.1%.

A number of existing structural challenges with food systems in Africa will be exacerbated by the current crisis.
Structural challenges, relevant to most food systems, that will be exacerbated by the current crisis

**Producers**
- People are predicted to be food insecure due to the locust invasion; shortages in seasonal labour and inputs will put even more pressure on yields, especially staple crops
- East African cereal production is only 33% of the global average; fewer resources (inputs and labor) will result in even lower production of a staple that is in high demand for basic nutrition
- Of total agricultural production is wasted due to inefficient and incomplete supply chains; movement restrictions will result in additional spoilage

**Intermediaries**
- Production swings result in volatile prices (e.g. tomato price increased by up to 300% in a few months) to be exacerbated by further variability in production

**Consumers**
- Of retail in Kenya is “informal” – sold via SMEs that trade <$150 a day; informal traders may need to cease travel/close their outlets, reducing access for a majority of consumers
- 96%
- Of domestically consumed wheat in Kenya is imported; East African food systems are heavily reliant upon international trade; closing of borders/ports and import restrictions will limit access to critical inputs/consumer products
- 85%
- Cost of 1kg of chicken produced in East Africa is 2.5x more than landed price of imported Brazilian product; limited availability of imports will further increase costs
- 2.5x

Source: Literature search, FAO Kenyan country brief (June 2019), FAOSTAT, USDA
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At a glance
Current East African dairy landscape and scale

**Landscape**
- Primary dairy zones
- Secondary dairy zones

**Processing capacity (l /day)**
- 1M
- 500K
- <500K
- <100K

**Scale**
- 5M+
  - Dairy herd
- 13B+
  - Liters of milk produced/year
- 70%
  - Of smallholder dairy farmers are women
- 1B+
  - Liters of milk processed/year
- 250K+
  - Jobs from processed dairy

- **Kenya**
  - Nairobi
  - Mombasa
  - Githunguri
  - Pearl Dairy
- **Ethiopia**
  - Addis Ababa
  - Bahir Dar
  - Arusha
  - Dar es Salaam
- **Tanzania**
  - Mbeya
  - Dar es Salaam
  - Kilimanjaro Fresh
- **Uganda**
  - Kampala
  - Inyange
  - Amos Dairies
- **Rwanda**
  - Kibungo
  - Sameer
  - ASAS
- **Localities**
  - Brookside
  - Inyange
  - Lame
  - Elemtu
  - Nyanza
  - Tanga Fresh
  - Evergreen

- **Jobs from processed dairy**
- **Percentage of smallholder dairy farmers**
- **Liters of milk produced/year**
- **Dairy herd**
Opportunity
The East African dairy sector can address food system challenges and help deliver sustainable growth

<table>
<thead>
<tr>
<th>Food system challenges</th>
<th>Opportunities to drive change with dairy</th>
<th>Immediate priorities</th>
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</thead>
</table>
| Nutritional            | **33%**
rate of under 5 stunting vs. 24% globally with dairy consumption below recommended WHO levels | **...improve nutrition and food security**
by providing access to affordable, safe, and nutritious dairy products and developing more resilient food systems | **Ensure** access to affordable high-quality dairy products |
| Economic               | >40–70% of GDP from agriculture (for most African countries) - high dependency on sector | **...spur economic growth**
through enhancing market linkages and collective action, increasing public and private investments and creating jobs | **Maintain** contribution to GDP and employment |
| Societal               | 250M increase in population relying on local food systems | **...generate societal benefits**
by improving farmer incomes, reducing poverty and improving gender and youth equality and inclusivity | **Continue** regular income generation for farmers particularly women and youth |
| Environmental          | ~40–50% proportion of Africans that could be food insecure due to climate change | **...ensure environmental sustainability**
by increasing efficiency in dairy production while preserving biodiversity and implementing climate-smart practices | **Reduce** GHG emissions per liter of milk through increasing productivity |

Note: WHO = World Health Organization; Source: Brookings, AGRA, FAO, WHO, World Bank
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Farmer-allied dairy processors are linchpins in ensuring food security and livelihoods at this time and in the future.
Critical actions need to be taken across the dairy value chain to ensure food security and livelihoods.

Response

**Producers**
- Secure access to necessary inputs (right quantity, quality, and timing) to ensure production
- Receive market signals on demand to ensure supply (quantity, route to market, etc.)
- Maintain access to extension services and agrivets to increase yields
- Continue investment in production (inputs, cattle acquisition, animal health services, etc.)

**Intermediaries**
- Optimize capacity, logistics, and material flows; regularly supply long shelf-life and affordable products to consumers
- Maintain farmer-allied investments (e.g. aggregating and providing inputs on credit)
- Facilitate access to working capital to maintain workforce and continue operations

**Consumers**
- Increase direct to home delivery
- Continue operation of retail outlets (including market kiosks, stores and milk bars)
- Protect human capital with focus on women and youth

<table>
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<tr>
<th>Material</th>
<th>Financial</th>
<th>Human capital</th>
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COVID-19 is having severe impact on the dairy industry globally.

Impact will likely be felt even more severely in Africa where production is largely by smallholders and access to nutritious food is limited.

Global Dairy Platform uniquely positioned to respond to this crisis while working to build more resilient, sustainable and inclusive food systems today and in the future.
Many elements of Dairy Nourishes Africa can be accelerated or augmented to address the challenges of COVID-19.

**DNA Impact**

**Government aligned**

**Grow Consumer Demand**
- Deliver behavior change strategies and consumption and nutrition campaigns
- Incubate innovative distribution models
- Support school milk programs

**Drive Enterprises to full potential**
- Accelerate and incubate dairy enterprise growth by optimizing operations for scale
- Develop sustainable business models for inclusive, farmer-allied operations

**Increase Farmer Production**
- Equip farmers to enhance on-farm productivity and economics
- Develop business models that increase access to appropriate inputs, services and technologies
- Strengthen aggregation models that link commercially-oriented farmers to markets

**Strengthen Operating Environment**
- Increase food safety and quality
- Increase access to capital
- Improve industry data and accessibility
- Enhance industry advocacy

**Support school milk programs**

**Deliver behavior change strategies and consumption and nutrition campaigns**

**Incubate innovative distribution models**

**Support school milk programs**
Thank you for joining us today.

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Transform the African dairy industry by creating vibrant ecosystems of farmer-allied and environmentally sustainable enterprises that improve nutrition, enhance livelihoods, and stimulate economic growth.
SEEP Announcements

Upcoming Events

June 2 | 9:00 – 10:30 am ET

Online Discussion Series: What Does Market-Based Programming Look Like in the Age of COVID?
Weekly Discussions Starting June 2

Miss last week’s webinar Savings Groups in the Age of COVID? The recording is available now!