

# **Developing a Regional Smallholder Dairy Strategy for Asia**

**The Challenge to Workshop  
Participants**

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## THE FIVE MAJOR ELEMENTS OF A DAIRY SECTOR STRATEGIC PLAN

1. Description and analysis of sector characteristics

2. Define Vision, Mission and Objectives

3. Identify key issues, options and priority interventions

4. Describe the Strategic Plan (logframe)

5. Prepare an Implementation Plan

**Sessions 1 & 2**

**Session 3**

**Session 4**

**Session 5**

**Session 5 and beyond**

**Regional**

**Regional**

**Regional**

**Regional and National**

**Mainly National**

# Overview

- Formulating a regional strategy is a major challenge
- But the timing could not be better
- Global dynamics of the dairy sector appear to be changing
- This will overcome long-standing constraints to smallholder dairy development

# Overview (continued)

- Asia is home to a large and rapidly growing population of wealthy consumers
- Strong potential for import substitution
- Vibrant private sector ready to capture commercial opportunities
- Excellent opportunities to address the problem of rural poverty
- Widely recognised by donor agencies

# The Challenge

- The real challenge is to develop a strategy that will be *implemented*

## *Some Ideas:*

- Think globally, act locally: local strategies must be nested within regional strategy –but must recognise global realities
- Think long term – plan for the future
- Consider a wide range of scenarios and options
- Design for impact

# The Challenge (continued)

- Avoid over prescriptive blueprints – develop a menu of options (or models)
- Don't overlook financing needs – household up to corporate
- Consider the enabling environment. Short term adaptation – but longer term must address deficiencies
- Adopt a demand-led approach
- Engage the private sector

# The Development Context

- World Development Report 2008 - poverty focus
- Smallholder dairy should be seen as an entry point for a process which can enable people to escape from poverty
- Dairy for Development (D4D) – focus on people
- Three key questions:
  - What can smallholder dairy do for development?
  - What are effective instruments in D4D?
  - How can D4D agendas best be implemented?

# The D4D Agenda: Possible Elements

- Established pre-conditions of the enabling environment
- Market access, smallholder productivity, skills and employment
- Differentiate according to stage of development (subsistence agriculture, transforming, urbanised)
- Sustainability
- Political and administrative feasibility
- Financial affordability

# **Private Sector Engagement in Dairy Development**

# What is the Private Sector?

- Smallholder and commercial farmers
- Rural wage-earners
- Traders, rural entrepreneurs, brokers, intermediaries
- Input suppliers
- Financial institutions (including MFIs)
- Cooperatives and farmer organisations
- NGOs?

Many of these heavily involved in the informal sector

# What is the Private Sector?

- Transporters
- Milk processors/dairy companies
- Multinationals
- Wholesalers and retailers
- Service providers (vets, inseminators, advisors etc)
- Consultants and contractors

All of these are stakeholders who have a role to play in D4D

# Reasons for Limited Private Participation

- Restrictions on private sector activity in command economies
- Barriers to establishment, registration and licensing of businesses (especially SMEs)
- State intervention in pricing
- Lack of consistent marketable surpluses
- Shortage of technical and business skills
- Infrastructure constraints – public goods
- Perceived business risks

# Reasons (continued)

- Provision of free/subsidised services by Govt.
- Regulations related to food safety – necessary but can have un-intended consequences
- Availability of cheap imports
- Capital intensity
- Poorly developed financial sector
- Government support for cooperative models
- Existence of state-owned enterprises and parastatals

# The Vicious Circle

- Lack of private sector participation leads to:-
- Government intervention, which leads to:-
- Continuing reluctance of the private sector
- How do we break the vicious circle?

*This is a major challenge for the workshop*

# Private Sector Engagement

- Does not mean abandonment of Govt. responsibility
- Focus on market failures
- Principle of subsidiarity: Govt does what private sector does not
- Avoid “crowding out”
- Think about successes, eg poultry? Why has this been so successful without Govt. support?
- Create a business-friendly environment
- Consider private delivery of public services
- Interpret “private sector” in broad sense

# Strategy for Smallholder Dairy Development

1. Begin with a vision of the future
  2. Develop a mission statement
  3. Define strategic objectives
- Group Exercise
  - List key words, ideas and concepts
  - Groups selected at random

# Vision

- Short description of an ideal future situation
- Intended to be inspirational and motivational
- Does not have to be achievable

## Examples:

- “Asia a World leader in D4D”
- “Asian milk for health and wealth”
- “Healthy people, wealthy farmers”

# Mission

- Statement of the purpose or reason for the strategy
- Comprehensive enough to accommodate regional variations
- Not restrictive to exclude sensible options

## Example:

- “Support accelerated dairy development through productivity gains, institutional reform and improved market access”

# Strategic Objectives

- Describe what is to be done and the results expected
- Can be more than one strategic objective
- Must be achievable/deliverable
- Countries must be prepared to commit (eg MDGs)

## Examples:

- “An x% increase in milk production over the coming decade”
- “Increase per capita consumption from x to y”





