

# Dairy Development Plans: (Rationale and) Challenges

Ugo Pica-Ciamarra  
FAO Pro-Poor Livestock Policy Initiative

FAO Expert Meeting  
'Designing Effective Country-Level Dairy Development Plans'  
*Bangkok, 17-20 November 2008*



*A Living from Livestock*  
Pro-Poor Livestock Policy Initiative



# Objective

---



Key challenges in  
designing and  
implementing dairy  
sector development  
plans



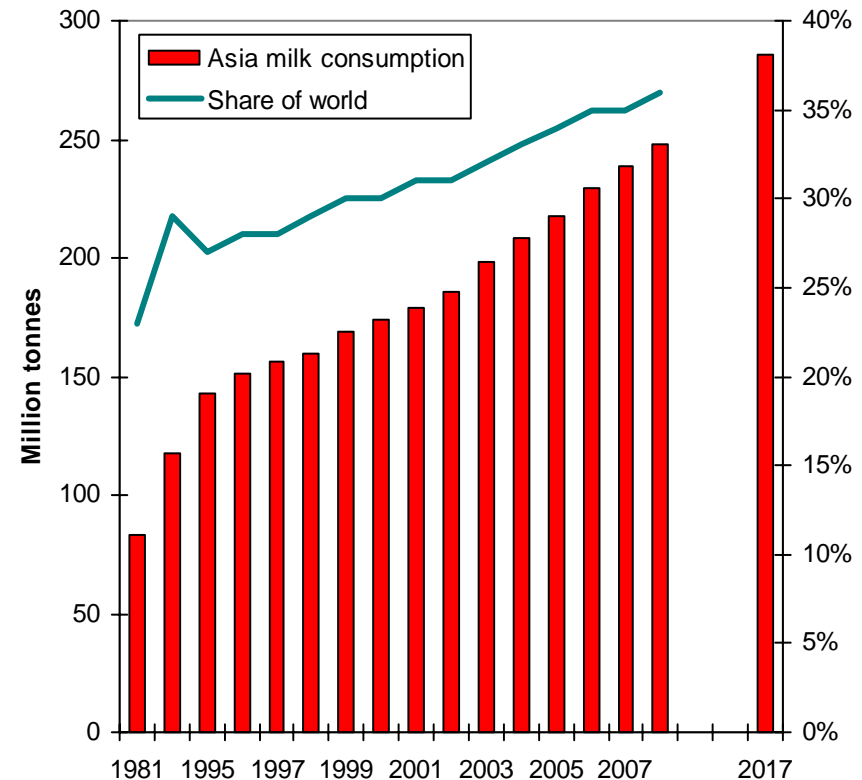
# Dairy Sector in Asia: opportunities

## SUPPLY

- Smallholders produce over 95% of local milk marketed in Asia

- India: 70 mio hh
- China: 2 mio hh
- Pakistan: 55 mio hh
- Mongolia: 2 mio hh
- Sri Lanka: 2.5 mio hh

## DEMAND



# Dairy Sector in Asia: constraints

- **Technical:**
  - breeds / feeds / animal diseases / ... ..
- **Markets:**
  - credit / animal health services / feed / ... ..
- **Institutional:**
  - cultural / land tenure / SPS / ... ..

***SUPPLY***



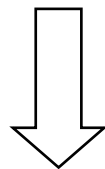
***DEMAND***



# Dairy Development Plan: Rationale

Removing only one  
constraint makes little  
sense

Plan addressing 'all'  
constraints



Feasible?



## Livestock Development and Strategy Policy

### 1. Introduction

Based on a comprehensive and detailed assessment of the Livestock Sub-sector a 'Master Plan for Livestock Development' was worked out in 1993. It is with reference to this document that the Ministry is now formulating a long term Livestock Development Policy and Strategy which should provide the general guidelines for preparing the VIIIth 5-Year-Plan (1997/2002) for the Animal Husbandry Sub-sector within the Renewable Natural Resources (RNR) Sector.

### 2. Integrated Systems Approach

As an integral part of the Renewable Natural Resources Sector, Animal Husbandry plays an important role within the complex RNR production systems. It is not only a decisive component of the rural way of life with all its economic, social, cultural and ecological aspects, but probably the most integrative element of the entire RNR system. Vital symbiotic linkages exist between Livestock and Agriculture as well as strong interactions between Forestry and Animal Husbandry. Together, the three closely interwoven sub-sectors constitute the strong foundation of the still predominantly subsistence oriented farming systems of Bhutan (see Annex 1: RNR Flow Diagram). Such a systems perspective is the leading principle underlying the New Livestock Development Policy and Strategy.

### 3. Basic Features of the Livestock Sub-sector

Under the prevailing conditions the traditional livestock sub-sector is one of the important life-veins of the RNR system. Animals,



*A Living from Livestock*  
Pro-Poor Livestock Policy Initiative



# Dairy Dev Plan: The First-Best

---



- We know all distortions / constraints
- We are able to remove all distortions / constraints



# Dairy Dev Plan: The First-Best



- ~~• We know all distortions / constraints~~
- ~~• We are able to remove all distortions / constraints~~



# Dairy Dev Plan: First-Best in Practice ☹️

- We do what we can!
  - budget
  - technology
  - politically feasible
  
- What we can do is not always good!
  - unpredictable subsidiary effects



- (i) More vaccines
- (ii) More production
- (iii) No market
- (iv) Less income!!!



# Dairy Dev Plan: The Second-Best 1



- Assess (all) secondary / subsidiary effects of feasible actions
- Choose the best one(s)
  - some methodologies available:
    - (i) information
    - (ii) technically demanding
    - (iii) technically debatable
    - (iv) useful



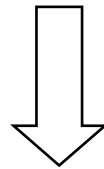
# Dairy Dev Plan: The Second Best 2

- Assess the impacts of policy actions on target groups (e.g. smallholders) - prioritise
- Choose the one with the largest DIRECT impact on their welfare
  - methodologies available
  - reduced risk of welfare-reducing secondary effects
  - focus on production & livelihoods



# Dairy Dev Plan: Recurrent Issue

- Constraints (*breeds, feed, animal health, water, market, insurance, credit, human capital, ...*)



Livestock Department?

<http://www.dairyequipments.com>  
kivina.dairyequipments@gmail.com

Specification									
Capacity	A	B	C	D	E	F	G	H	I
45 - Litre	470	550	340	290	300	300	1.0	2.0	
30 - Litre	470	550	340	290	300	300	1.0	2.0	
15 - Litre	400	480	300	250	260	260	1.0	2.0	

CAPACITY	45 Litre	30 Litre	15 Litre	10 Litre	5 Litre
Height (mm)	600	500	470	300	300
Base (mm)	300	300	300	300	300
Weight (kg)	4.0	2.0	1.25	0.5	1.00

**Stainless Steel Milk Cans**

- ✓ Preserves the Milk Quality
- ✓ Aesthetics
- ✓ Better Cleanability
- ✓ Easy Maintenance
- ✓ Corrosion Resistance
- ✓ Longer Life Span
- ✓ Economical
- ✓ Available in 2, 3, 4, 5, 10, 15, 30, 45 & 60 Litre Sizes

+91 - 22 - 23803891

Schematic Diagram



# Summary

- First best reforms impossible
  - Indian state: 73 interventions
  - $p(\text{success}) = 99\%$  each  $\rightarrow 48\%$
  - $p(\text{success}) = 90\%$  each  $\rightarrow 4\%$
- Focus on second-best / feasible public actions:
  - secondary effects
  - impacts on target groups
  - ‘livestock policy instruments’



# Thank you!



*A Living from Livestock*  
Pro-Poor Livestock Policy Initiative

