Overview

Tanzania has significant dairy livestock resources, which have the potential to transform the lives and incomes of smallholder farmers along the value chain. However, the milk production of local cattle is typically low (1-3 litres/animal) and the country’s dairy industry is small. The majority of milk is consumed at a local level without reaching the commercial market: just 2-5% of milk produced comes from large-scale dairy farms.

Tanzania’s dairy sector has the potential to significantly improve food security and nutrition in the country. Demand for milk in Tanzania has grown over the past decade and is predicted to rise further driven by socio-economic changes in the country. By 2020, it is forecast that per capita consumption of milk in Tanzania will reach 100 litres per year, from a current level of 45 litres per year.

In order to address these challenges and opportunities, SAGCOT is working with its partners to develop a dairy value chain strategic partnership. This initiative is based in Iringa, where 1,400 farmers are currently providing raw milk to ASAS’s dairy processing plant.

What makes the Dairy Partnership a Strategic Partnership?

- **Improves livelihoods and supports food security.** The Dairy Value Chain Partnership will bring smallholder farmers into the value chain and play a critical role in improving food security and nutrition by increasing access to nutrient-rich milk products.

- **Seeks end-to-end value chain solutions.** The Dairy Partnership is strategically built to include stakeholders from each link in the value chain to identify value addition opportunities and boost productivity.

- **Convenes partners.** The Dairy Partnership incorporates a wide range of stakeholders, including processors, marketers, smallholder farmers and the Government.

- **Broad impact.** The partnership is expected to support the current 1,400 farmers and reach out to many more in other potential SAGCOT Clusters.

- **Demonstrates positive environmental impact.** Partners will work with farmers to ensure responsible resource management, including through responsible soil improvement practices.
ASAS Dairies Ltd currently has the processing capacity to manage 12,000 litres of milk per day, producing a range of dairy products from the raw milk it receives. It also owns and operates a plastic bottle manufacturing plant where bottles are used to pack some of its milk products. Through the Dairy Value Chain Partnership, smallholder engagement in the sustainable sourcing of high-quality raw milk will be increased. The factory’s milk-processing capacity will also be increased: it currently processes 12,000-14,000 litres per day, which is less than 30% of the plant’s capacity of 50,000 litres per day.

**Inclusive and Sustainable Impact**

ASAS Dairies is already working with smallholder dairy farmers in the Southern Highlands region to offtake and process milk. The company collects milk from smallholders in the Mbeya Region (Rungwe District) as far away as 400km from the factory in Iringa town. It has already organised smallholders into 60 groups, through which collection and production is undertaken.

In order to raise awareness of the role that dairy can play in improving food security, ASAS is currently undertaking a school milk programme that aims to improve the nutrition of school-going children in Iringa. This project highlights the importance of drinking milk and provides children with access to dairy products.

Furthermore, in order to ensure that the project is environmentally sustainable, the partnership will also incorporate a programme for natural resource management, including the use of biogas, soil improvement practices using cow manure, and soil cover with fodder grass to reduce soil erosion.

**Challenges and Next Steps**

Tanzania’s dairy industry is still at a relatively early stage, with the majority of production being done at a household level. There is also currently limited expertise in dairy technology, and little use of breeding programmes or technology to improve genetics and increase production. Moreover, since smallholder farmers with dairy cattle are spread over a wide area, it is difficult to reach them and collect their raw milk in an efficient manner. The Dairy Value Chain Partnership will therefore work closely with smallholders to support their entry into the production process.

SAGCOT is currently working to convene a dairy working group in Ihemí to support dairy stakeholders in addressing challenges facing the sector. This working group will coordinate activities amongst its members and will hold regular meetings to initiate action.

The Dairy Value Chain Partnership will also seek to incorporate financial partners into the initiative, who will be able to support with the development of appropriate financing instruments for the smallholder farmer programmes, improved technologies and equipment.

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**Key Stakeholders in the Dairy Partnership**

- ASAS Dairies
- Heifer-Tanzania
- IRLI
- ICRAF
- CIAT
- Tecbosserve
- AgriProFocus-Tanzania
- Tanzania Dairy Board
- Ministry of Livestock and Fisheries Development
- LGA in Ihemí Cluster
- Tanzania Milk Processors Association (TAMPA)
- Tanzania Milk Producers Association (TAMPRODA)
- GAIN
- TFDA
- TBS
- Dairy Research & Training Institutes

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**For more information please contact us**

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