



# Dairy Value Chain Strategic Partnership

## Overview

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. Tanzania annual milk production averages 2.7 billion litres, out of which, only 10 percent is traded of which 2.7% is processed. This leaves 90% of the raw milk consumed through informal arrangements leading to only 23% utilization of installed milk processing capacity. : 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

In order to address these challenges and opportunities, SAGCOT and its partners have developed a dairy value chain strategic partnership. This initiative is based in Ihemi cluster, where 6,000 small holder farmers are currently providing raw milk to ASAS's dairy processing plant from 10 milk collection centres and 820 small holder farmers providing raw milk to Njombe Milk factory.

Both ASAS Dairies Ltd and Njombe Milk factory are currently processing below their capacity. Through the Dairy Value Chain Partnership, smallholder farmers engagement is improving to ensure a sustainable sourcing of high-quality raw milk and ensure the factories operates at full capacity.

## 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 4,820 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.

## The Southern Agricultural Growth Corridor of Tanzania (SAGCOT)

is a public-private partnership that seeks to catalyse responsible agribusiness investments in the country's southern corridor. The SAGCOT Centre Ltd serves as a partnership broker and information hub among SAGCOT partners to facilitate socially inclusive and environmentally sustainable value chain investments. Each year, several strategic partnerships emerge that SAGCOT actively promotes and facilitates due to their high impact and potential for expansion.





## Key Stakeholders in the Dairy Partnership

- ASAS Dairies
- Njombe Milk factory
- Heifer-Tanzania
- ILRI
- ICRAF
- CIAT
- Technoserve
- AgriProfocus-Tanzania
- Tanzania Dairy Board
- Ministry of Livestock and Fisheries
- LGAs in Ithemi & Mbarali Clusters
- Tanzania Milk Processors Association (TAMPA)
- Tanzania Milk Producers Association (TAMPRODA)
- GAIN
- TFDA
- TBS
- Dairy Research & Training Institutes



## Inclusive and Sustainable Impact

ASAS Dairies and Njombe Milk factory are already working with smallholder dairy farmers in the Southern Highlands region to offtake and process milk. The two companies collect milk from smallholders in the Iringa, Njombe and Mbeya Region (Rungwe and Busokelo Districts) as far away as 400km from the factory in Iringa town. ASAS Dairies established a new factory in Runwe and operations will start soon. A total of 6,820 small holder farmers are working with these two companies.

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. Limited expertise in dairy technology, and little use of breeding programmes or technology to improve genetics and increase production are also affecting the value chain. Moreover, since smallholder farmers with dairy cattle are spread over a wide area, it is difficult to reach them and collect raw milk in an efficient manner. The Dairy Value Chain Partnership is therefore working closely with smallholders to support their entry into the production process.

The Dairy Value Chain Partnership also incorporate financial partners into the initiative to support the development of appropriate financing instruments for the smallholder farmer programmes, improved technologies and equipment and some of the Cooperatives in Busokelo already benefited with the loan from TADB



## For more information please contact us

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