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Supporting the Formulation of a Pro-Poor Dairy Development Policy in Uganda

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1. Background

The Pro-Poor Livestock Policy Initiative (PPLPI) of FAO aims to facilitate and support the formulation and implementation of livestock-related policies and institutional changes that have a positive impact on the world's poor. PPLPI has engaged in policy processes in countries from five strategically chosen regions, namely East and South Asia, East and West Africa and the Andean region, representing a range of socio-economic, agro-ecological and cultural settings.

Uganda was selected as the focus country in East Africa and PPLPI initiated activities in Uganda in April 2004. Uganda not only represents a typical sub-Saharan African economy with a high level of rural poverty and a relatively large number of livestock-dependent poor, but the current political climate also offers good prospects for pro-poor livestock policy reform, as shown by the endorsement of the Poverty Eradication Action Plan (PEAP) and the Plan for Modernisation of Agriculture (PMA). Engagement in Uganda could, therefore, provide an important building block on which to promote wider pro-poor livestock policy reforms in the region.

PPLPI activities in Uganda opportunistically built on collaborative links established through an existing project of the International Livestock Research Institute (ILRI) aiming to assist the government of Uganda to develop a comprehensive policy for the control of trypanosomiasis in the country. Extending these links, PPLPI facilitated the establishment of a network of partners and organized a broad *livestock sector stakeholders' meeting* in Kampala in November 2004. In addition, PPLPI conducted some general background studies, including a review of the existing

livestock-related policies in Uganda, an analysis of the political economy of the livestock sector, and a study of the linkages between poverty, livestock and the environment.

The consultations with stakeholders as well as the economic and policy analyses led to the conclusion that, despite dairy providing excellent opportunities for agricultural growth and poverty alleviation, the relevant Ugandan authorities did not have a comprehensive dairy policy in place and that existing livestock sector policies did not adequately consider the needs of poor milk producers and informal processors and traders.

Consequently, PPLPI was requested to assist in the development of a 'pro-poor' dairy development policy and strategy for Uganda.

2. Main Partners & Institutional Set-up

To ensure stakeholder representation in the policy formulation process a Task Force was established early in 2005, charged with reviewing the dairy sector and collecting and collating information to draft a pro-poor dairy policy, eventually to be submitted to the Cabinet. The Task Force comprised senior representatives of the following government-linked institutions responsible for policy formulation:

- The *Ministry of Agriculture, Animal Industry and Fisheries (MAAIF)*, whose prime responsibility is to review and formulate national policies and plans for the agricultural sector. Within MAAIF, the key partner is the Directorate of Animal Resources (DAR) responsible for all livestock activities and with a mandate to achieve and maintain national self-sufficiency in animal products and by-products.
- The *Dairy Development Authority (DDA)*, which is the statutory body responsible for the 'proper co-ordination and efficient implementation of all policies designed to achieve and maintain self-sufficiency in the production of milk in Uganda by promoting production and competition in the dairy industry and monitoring the market for milk and dairy products'. The DDA has a Board of Directors constituted by representatives of dairy farmers, dairy cooperatives, dairy processing companies, Uganda Veterinary Association, dairy traders, MAAIF and the Ministry of Finance, Planning and Economic Development.
- The *Secretariat of the Plan of Modernisation of Agriculture (PMA)*, which is based in, and accountable to, the Ministry of Finance, providing technical and analytical support to the Ministries responsible for the implementation of the PMA to 'eradicate poverty through multi-sectoral interventions'.
- The *National Animal Genetic Resource Centre and Data Bank (NAGRC & DB)*, which is responsible for the breeding aspects of the animal industry.

- The *Uganda Bureau of Statistics (UBOS)* which collects, processes and disseminates socio-economic data, including poverty, agricultural and livestock statistics.

Through a series of consultative workshops, facilitated by the Task Force, a much wider network of stakeholders in the dairy sector was involved in the policy process and contributed to the analysis. These composed of representatives of central and regional government; semi-autonomous bodies; a variety of dairy produces, producers' associations and cooperatives; traders; processors; non-governmental organisations; research institutes; and regional and international organisations.

3. Process

The process to facilitate a pro-poor reform of the dairy sector through policy and institutional change followed a two-pronged strategy, whereby PPLPI: a) encouraged continuous stakeholder consultation and b) built capacity in dairy policy analysis and formulation.

- As a first step, a number of stakeholders in the livestock sector both from public and private institutions were brought together in a consultative workshop in Kampala in November 2004. The participants of the workshop identified as a strong priority the need to develop a national dairy development policy. Participants were introduced to EXTRAPOLATE (Ex-Ante Tool for Ranking Policy Alternatives), a user friendly decision support tool, under development by PPLPI and collaborators, designed to assess, ex-ante, the putative impacts of various combinations of policy interventions on identified stakeholder groups¹.
- Three follow-up workshops, focusing on the dairy sector, were held between November 2004 and December 2005. The purpose of these workshops was to establish and brief a Task Force responsible for analysing the dairy sector and formulating a detailed dairy development policy, and to create a constituency supporting policy reforms in the sector.
 - Following an in-depth introduction to the EXTRAPOLATE tool, at the first workshop, in November 2004, participants used a value-chain approach to conduct a stakeholder analysis of the dairy sector. Participants concurred that a number of constraints to dairy sector development were not adequately addressed by the existing policy and institutional environment. These included: a) the low level of knowledge and skills of dairy producers; b) their poor access to veterinary and advisory services; c) the small, seasonally fluctuating dairy markets, compounded by a lack of consumer knowledge on the nutritional importance of milk; and d) the lack of coordination and common vision among the various stakeholders contributing to dairy sector development, such as

¹ See appendix for details about EXTRAPOLATE.

MAAIF, DDA, Uganda Dairy Farmers Association (UDFA), Uganda National Dairy Traders Association (UNDTA), Uganda Dairy Processors Association, NGOs, individual milk producers, etc. The types of policy and institutional interventions that might address these constraints were then discussed. Terms of reference for a Dairy Policy Task Force were outlined by participants, and members of the Task Force nominated. This smaller group would liaise closely with PPLPI in compiling relevant data to support policy formulation, would rationalise the lists of stakeholders and constraints that had been identified during the workshop, enter the information into EXTRAPOLATE and create linkages and report back to the wider group at subsequent meetings. The underlying idea was to have a national constituency drive the policy reform, with marginal external inputs.

- At the second dairy policy workshop, in March 2005, the Task Force presented the EXTRAPOLATE model of the dairy sector in Uganda, based on stakeholders, constraints, and outcomes of relaxing constraints, and their linkages. Participants conducted group exercises to identify policy interventions that could act to alleviate those constraints, and the modelled impact of those interventions on stakeholders was demonstrated and discussed using EXTRAPOLATE.
- A third dairy policy workshop was held in December 2005. After the Task Force had refined the model elements and linkages, the results were presented to the stakeholder network. These results were reviewed and assessed by the participants so that the model could be adjusted accordingly.
- In addition to these consultative meetings, a number of training activities were conducted with the Task Force, principally in the use of the EXTRAPOLATE tool, in the collection and analysis of relevant data, and in writing up the results for wider dissemination.

Table 1: Summary of consultative workshops and missions organized in Uganda within the dairy policy development process.

Date	Venue	Topic/Purpose
8 November, 2004	Ridar Hotel, Seeta, Kampala	Livestock Stakeholders' Consultative Meeting. Broad-based consultation to introduce the PPLPI and a policy analysis approach and to identify priority livestock policy issues to be addressed.
9 November, 2004	Ridar Hotel, Seeta, Kampala	First Dairy Sector Stakeholder Workshop. More focussed consultation among dairy sector stakeholders to establish a dairy policy development Task Force; to develop a more detailed understanding of the EXTRAPOLATE policy analysis tool; to conduct a stakeholder analysis of the dairy sector, including the constraints faced by the different groups, and to identify some of the important policy issues that need to be addressed.
16 March, 2005	Regency Hotel, Kampala	Second Dairy Sector Stakeholder Workshop. To review the progress of the Task Force in using the EXTRAPOLATE model to characterise the dairy sector, and to identify and analyse the impacts of policy interventions on different stakeholders.
6 December, 2005	Ridar Hotel, Seeta, Kampala	Third Dairy Sector Stakeholder Workshop. Presentation, discussion and modification of policy analysis results based on EXTRAPOLATE.
June 2006	Kampala and surrounding districts	Field Assessment of Cost of Milk Production. Detailed economic analysis of household, farm and dairy enterprise economics of seven types of dairy households identified by stakeholder workshops.
In addition there were a number of informal meetings with representatives from the dairy sector and the Task Force.		

- Based on the results of a systematic analysis of the impacts of different constraints and the expected outcomes of their removal on various stakeholder groups using the EXTRAPOLATE tool, the Task Force generated a common vision for the development of the dairy sector. The following four policy areas were identified as being particularly important in terms of their overall positive impact on the poorer stakeholders in the Ugandan dairy sector:
 - improving access to basic dairy inputs and credit;
 - improving access to animal health and extension services;
 - facilitating marketing of dairy products;
 - promoting the consumption of milk and dairy products.

Two further areas of policy intervention were flagged as needing careful formulation and sequencing:

- promoting animal genetic improvement; and
- enforcing production, processing and transportation regulation and standards.

In the absence of improved inputs, services and marketing, these could result in detrimental effects on the poorer dairy sector stakeholders.

- On the basis of the analyses and feedback received from stakeholders The Task Force is now formulating a detailed dairy development policy and strategy for submission to the Cabinet.

4. Supporting Documents

D'Haese L., Speelman S., Saamanya J.P., Kauta N., Kyeyamwa H., Rwamigisa P. (2004) Analytical Framework for a Pro-Poor Livestock Policy in Uganda. Consultancy Report.

Pica-Ciamarra U. (2004) Livestock Sector Policy Brief: Uganda. PPLPI Consultancy Report.

Government of Uganda (2005) Dairy Policy Assistance. Technical Cooperation Programme (TCP) Project Proposal. Submitted to FAO in July 2005.

Thorne P., Thornton P., Robinson T. (2005) EXTRAPOLATE version 1.0 – A Decision Support Tool for Assessing the Impacts of Policy Changes on the Poor. PPLPI User Guide.

Turner R.L. (2005) Livestock, Liberalization and Democracy: Constraints and Opportunities for Rural Livestock Producers in a Reforming Uganda. PPLPI Working Paper No. 29.

Garcia O., Balikowa D., Kiconco D., Ndambi A., Hemme, T. (in prep) Milk Production in Uganda: Farm Economics and Policy Impacts.

5. Key Lessons and Future Priorities

The process of formulating a pro-poor dairy development policy in Uganda is far from being concluded. However, a number of insights are emerging:

- The establishment of a Dairy Policy Task Force has been crucial to start the process of formulating a comprehensive dairy development policy.
- However, even though the Dairy Development Authority represents both dairy farmers and cooperatives, the interests of smallholder producers appear under-represented both within and outside the Task Force.
 - Smallholder farmers stand to benefit most from having a coherent dairy development policy in place as soon as possible, but the progress made by the Task Force is slow, and would probably be even slower without PPLPI providing incentives.

- Uganda has just started enforcing demanding laws and regulations concerning milk safety, with the aim of improving quality, controlling diseases such as Foot and Mouth Disease and enhancing export of dairy products to Kenya, Rwanda and beyond.. These regulations, however, as flagged by the EXTRAPOLATE analysis make life harder for the majority of small dairy producers and informal traders. This suggests that there was minimal consultation with smallholder dairy farmers and informal traders .
- The EXTRAPOLATE tool has been appreciated by both stakeholders and policy makers. It is simple and user friendly and has greatly facilitated discussions about dairy sector policy, including an assessment of advantages and disadvantages of a number of policy alternatives and their impacts on the different stakeholder groups. However, whereas the tool should provide only broad policy indications, it appears to be regarded as a comprehensive analytical tool, capable of providing all necessary answers.

In order to enhance the probability that the policy formulation process leads to a truly successful outcome, PPLPI will endeavour to:

- Broaden stakeholder participation in the Task Force for better representation of smallholder producer interests and enhanced dynamism of the process.
- Work with partners (e.g. IGAD Livestock Policy Initiative and International Farm Comparison Network) to continue to build capacity in dairy policy analysis.
- Increase visibility of the Task Force at national level and to ensure sufficient consultation with actors whose actions also have an influence on dairy sector development.
- Enhance policy makers' understanding of how to make best use of supportive research in policy formulation.
- Ensure broad stakeholder consultation of the dairy development policy formulated by the Task Force before it is submitted to the Cabinet for consideration.

6. Contacts

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Appendix: EXTRAPOLATE

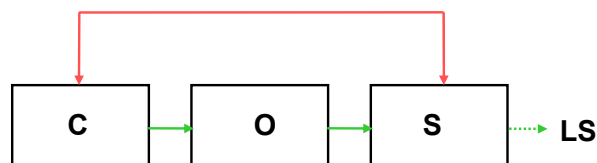
EXTRAPOLATE (the EX-ante-Tool-for-RANKing-POLicy-ALTErnatives) is a participatory decision support tool designed to help assess, ex-ante, the potential socio-economic impact of policy interventions on different stakeholders. The programme serves as a ‘filter’ that helps the user to sift through a range of policy measures, based on simple numerical analyses, and identify the most appropriate combinations for a given policy goal. Referred to by some as a discussion support tool, it also encourages policy discussions to be broad and unbiased, given an appropriate setting.

EXTRAPOLATE is built around four main elements and their linkages: (1) stakeholder groups and their livelihood status – an estimate of welfare; (2) constraints that prevent stakeholders from achieving desirable (3) outcomes, which are the measurable effects of relaxing constraints and which contribute to the livelihood of stakeholders; and (4) policies that impact on constraints.

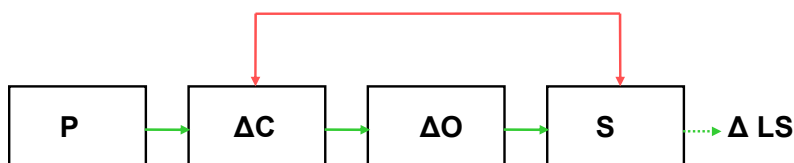
Using EXTRAPOLATE requires two simple steps: defining the model elements, and then quantifying their linkages according to simple numerical scales. The programme calculates the effect of individual or a combination of the proposed policy alternatives on the livelihood status of the different stakeholder groups, through its/their impact on constraints and outcomes. Results are presented both numerically and graphically.

Figure 1: Before and after a policy change (P) in the simple model, showing marginal changes in constraints (C) and outcomes (O) that bring about a marginal change in the livelihood status (LS) of stakeholder groups (S).

1 The status quo (before any change)



2 After a policy change



EXTRAPOLATE has been used to explore the impact of policy change in countries in sub-Saharan Africa, South and Southeast Asia and in Latin America. Initial results indicate that the tool provides a simple but useful framework to help people think more clearly about the likely impacts of particular policies on different groups of beneficiaries, and hence to identify policies that are pro-poor.

The EXTRAPOLATE programme and documentation can be downloaded from the FAO-PPLPI web site, <http://www.fao.org/ag/pplpi.html> .