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Dairy Data • Knowledge • Inspiration

Dairy development happens everywhere

Outcome from the Dairy Development Day
during the IFCN Dairy Conference 2017

- Key take away messages
- Role and nexus from global perspective
- Dairy development from company perspective
- What are the priorities?
- Who can take the lead in dairy development?

Event hosting partners



GLOBAL DAIRY PLATFORM
KNOWLEDGE • INSIGHT • GUIDANCE



18th IFCN Dairy Conference Kiel,
Germany; 10 - 14 June, 2017
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The IFCN Dairy Conference is an annual platform for the IFCN Researcher Network of dairy economists and experts to discuss dairy sector developments, farm economic analysis, research methods and special topics.

From June 10-14 the conference themed “Dairy development: past, present and future” brought together 98 participants representing 43 countries.

They represented universities, research centers, dairy boards and associations, private and public-sector representatives, consultants and farmers. For more information about the conference please see www.ifcndairy.org/press/.

Coverage of IFCN Network



KEY TAKE AWAY MESSAGES

1. **The dairy sector is heterogeneous**, with competing narratives shaping the global view and proposing different solutions.
2. **Transformative power** of dairy development on subsistence and poor farmers is important for livelihoods, incomes and other social dimensions.
3. **Business approach**: Dairy development should create value following business and market oriented approaches for farmers, processors and the broader value chain.
4. **Leadership** needs to be under the responsibility of private organizations in developed countries and through public-private partnerships in developing countries.
5. **Fitting dairy development programmes** depend foremost on the current status of the country or region. Data, metrics and impact analysis are crucial to define the right strategy. Investing resources for project design and monitoring are essential for a successful programme.
6. **Dairy development happens** in every country at different levels and has potential to be done more strategic in the future.

ROLE AND NEXUS FROM GLOBAL PERSPECTIVE

The organizers, **IFCN Dairy Research Centre**, paved the way for dairy development discussions by informing of the status of the world dairy sector and farms. Ernesto Reyes stressed the importance of joint efforts necessary and under way for facilitating the process of dairy development, which happens everywhere in the world, including through ongoing joint work between IFCN and the Global Dairy Platform.

Ugo Pica-Ciamarra from the Food and Agricultural Organization of the United Nations (**FAO**) called for an integrated approach placing the dairy systems at the center of livelihoods, public health, and environment nexus. The proposed approach is multi-stakeholder (various ministries for example) and multi-disciplinary. Implementing such an approach requires first of all to reach a consensus on the characteristics of the dairy production systems. In this regard, joint IFCN and FAO activities are going on getting the metrics around the dairy farms and systems right. Changing consumer preferences and production structures in response to economic development and climate change are among the important factors shaping up the future developments of the dairy sector. Highlighting the alignment with the Sustainable Development Goals, Isabelle Baltenweck from International Livestock Research Institute (**ILRI**) stressed the multiple roles and benefits of dairy. A strong focus on improving value chain is advocated by ILRI, for example through the business hub approach of the East Africa Dairy Development Project implemented in Kenya, Uganda and Tanzania. “**Send a cow**” NGO, represented by David Bragg, elaborated on case studies of an integrated approach of dairy development in Africa. This includes the following elements: leadership training, shared family workload, savings & credit schemes, health & hygiene, family nutrition, equal education opportunities for boys & girls, farming systems approach, business enterprise training.

All participants recognized the importance of dairy for *income-generation* and livelihoods, for *nutritional security* to advance global efforts on eradicating malnutrition, for *gender empowerment*, as it makes sense from an efficiency perspective to invest in women to promote the development of the dairy sector perspective. Additionally, market access both formal and informal, was recognized in multiple arguments. International organizations were also stressing the need for south-south cooperation and learning from good practices and understanding their context, while aligned with the Sustainable Development Goals.

DAIRY DEVELOPMENT FROM COMPANY PERSPECTIVE

A number of leading companies – Fonterra, Royal FrieslandCampina, Tetra Laval and DMK – shared information on their dairy development programmes in developed and developing countries.

Tanja Goedhart from **Royal FrieslandCampina** explained the company's priority on nutrition provision, sustainability (incl. socially; providing a good living for farmers) and climate neutral approach. With farmers in **China, Indonesia, Thailand, Vietnam, Romania, Pakistan and Malaysia** they share dairy knowledge and expertise on milk quality, productivity and market access. The Farmer to Farmer programme involves trained Dutch dairy farmers giving peer to peer advice, while employee missions, contracted experts, knowledge partnerships such as Sino-Dutch Dairy Development Center, infrastructure projects to optimize the milk chain and field trips complement the holistic efforts. These programmes are based on business sense and the speaker mentioned that: *"For us it is very important to work with local partners e.g. local governments and NGOs"*.

Mik Harford from **Fonterra** talked specifically about activities in **Sri Lanka**, where the company has been active for many years. It operates a large and growing number of milk collection centers and manages an extension group of 21 local experts responsible for assisting farmers. Uniquely, they setup a training farm as a free access venue for extension exercises of Fonterra and external providers. Farm performance monitoring and tracking has been also stressed as an important pillar that generated in recent years a robust process to collect data. The findings show that programme top performing farmers substantially outperform published industry averages of yield per cow, farm income and farm profit.

Katarina Eriksson from **Tetra Laval**, working in a project 'Food for Development', discussed the company focus on developing the entire value chain. One element of this has been creating demand through school milk programmes in more than 50 countries. On the production side, she presented the project implemented in **Bangladesh** where a Dairy Hub partnership has been set up. The Dairy Hubs, established in partnership with local processors and development agencies, offer farmers access to knowledge, inputs and financing. For this, key is the long-term commitment of processors to buy all the milk of sufficient quality, invest in collection and transport and data for monitoring and evaluation. In order to engage farmers the training programme initially focuses on short-term farm profitability and then expands to long-term interventions in feeding, health, calf management and milk quality. Developing the dairy farmers from traditional to progressive to model farmers resulted in an average yield increasing from 4,5 to 10.8 l/day with milk collection raising from 2000 to 41000 liters, further strengthening monthly incomes. Katarina acknowledged that the key success factors are: *"market demand, long-term view and commitment, people, data collection and monitoring of impact, multi-stakeholder partnerships"*.

Alexander Godow from **DMK** discussed the Milk Master Sustainability Programme in **Germany** since 2014/15. Trust-building with the farmers and consumers was a key component for the success of the programme, which included: feeding, calf treatment, welfare, role of farmer in the whole chain. It also involves points and bonus elements as incentives and continuous refinement and enhancement of the goals. Regular audits are undertaken and checked by farmers, also online. The programme as of today involves every tenth German dairy farm. A strong argument is to fulfill the demand of the farmers in their transparency to consumers – this is important for DD programmes in developed countries. This strengthens the brand, by exceeding the global standard, differentiating the company and making products more competitive.

Lessons learnt by the companies from their dairy development programmes:

- ✓ More communication and transparency to consumers needed
- ✓ Should involve farmers more in the bonus systems
- ✓ Differentiating better between small and large businesses
- ✓ Good to involve external partners and ask for their requirements
- ✓ Knowledge and links to local conditions and stakeholders are important
- ✓ Performance and impact tracking is important, knowing data and connecting it to SDGs
- ✓ It is necessary to measure farm level impact
- ✓ Project partners need to have aligned objectives, resources and complementary skills.
- ✓ Readiness to share knowledge on non-competitive basis is important

PRESENT: ACTIONS FROM RESEARCHER PERSPECTIVES

The discussions among the IFCN Research Partners from 43 countries elicited numerous diverse dairy development activities that are important in their countries and are currently ongoing. For better specification, the activities were categorized in farmer-, value chain- or consumer-focused.

Main drawn conclusion:

1. Dairy development should be a broad concept covering multiple areas and perspectives
2. Dairy Development takes place everywhere in both developed and developing countries

Outcome table: What is the **most impactful** dairy development activity/programme in your country **today**?

Farmer focus	Value chain focus	Consumer focus
<ul style="list-style-type: none"> – Denmark: new source of equity financing – Finland: social security important – Austria: product differentiation (hay milk) – Iran: no tax VAT for farmers, changing dual purpose breed with HF – Norway: bonus for difficult times and financial coach – Uzbekistan: microfinance – Japan: investment subsidy for joint venture – Belgium: training in use of farm accounting data for management – Poland: Farm management and monitoring – Chile: technical and financial service support to small farms – China: training in manure management – Germany: 3-year income tax delay programme – Ireland: knowledge transfer – Bangladesh: Dairy Enhancement and Hub Programme – Luxemburg: Changing part of farm to organic – The Netherlands: phosphate reduction plan, Dutch sustainability programme regarding energy, health, grazing, longevity – USA: “Farm program” – Switzerland: grass-based dairy payments – Russia: farm investment grants – Czech Republic: voluntary coupled subsidies – Australia: improving employment practices at farms 	<ul style="list-style-type: none"> – Israel: zero tax for import quota for hard cheese – India: National Dairy Programme – Turkey: Intervention purchase – Kenya: consolidating of processors, linking families – Germany: EU subsidies, extra money for limiting milk – Hungary: Hand-made cheese support and small farm support – Spain: levy organization developed by interbranch “INLAC” – Sri Lanka: government policies, predictable behavior – investment climate – Ukraine: legal SPS harmonization to EU under Association Agreement – Indonesia: strategic plan to move cattle, decreasing meat price – France: good dairy practices, coops – Kenya: joint initiatives, joining existing cooperative efforts – Brazil and Colombia laboratory network for milk quality – South Africa: private public partnership to manage contagious diseases – Uruguay: formalize artisanal cheese hand makers, and commercialized fund from private and public banks to top up milk price and future milk supply – Argentina: removing export taxes for milk and lowering export prices for grain 	<ul style="list-style-type: none"> – Italy: adopting to organic products – Turkey: school milk programme – Sweden: animal welfare – Germany: consumer preferences for or against various attributes
		Other
		<ul style="list-style-type: none"> – Mexico and Ukraine: no programme now, need a programme

FUTURE: IMPORTANT DAIRY DEVELOPMENT ACTIVITIES AND LEADERSHIP

A recurring argument from the speakers and audience has been that not one size fits all. It can be inferred from the presentations that knowing the starting situation in each country, i.e. farm size and milk production, is important before defining what to do (see chart). Afterwards, good quality data is needed to make the initial right decisions and take the following steps. As a thought-provoking exercise the IFCN Research Network Partners discussed the future of dairy development for their respective country and region; the most important or impactful dairy development activities should be defined and also, who should take the lead in these activities was discussed. From about 75 participants, 50% were from the EU and CIS countries, the remainder from other continents.

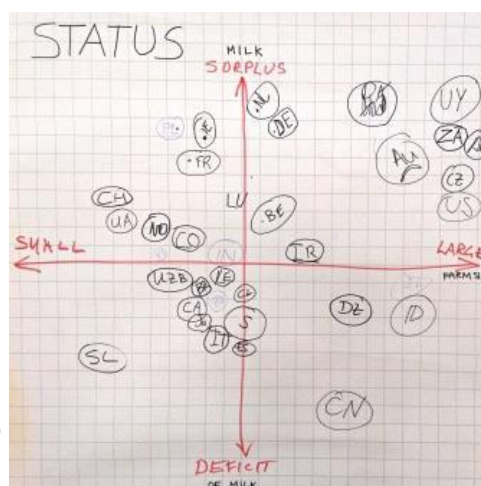


Chart: Status of countries re: farm size and milk production

Main drawn conclusion: *Leadership needs to be under the responsibility of private organizations in developed countries and through public-private partnerships in developing countries.*

Outcome table: Define a **very impactful** dairy development activity/programme for the **future**

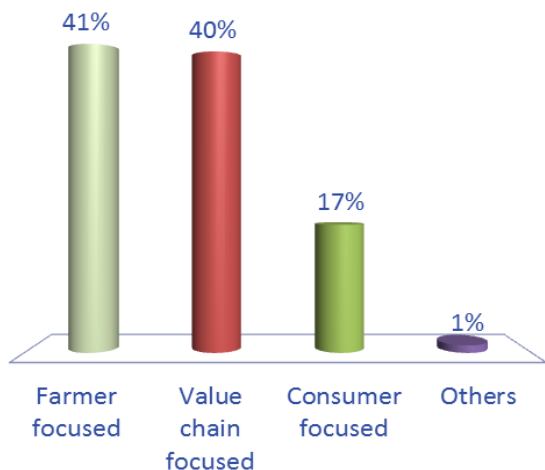
Working group	Dairy development activity	Leadership
EU1 (FR, DE, IT, ES)	Consumers (and retailers) are driving the change in dairy development	Private stakeholders
EU2 (CZ, DK, IE, NL, LU, BE)	Sustainability is a license to produce! Securing vital input factors (capital & management)	Shift from government to farmers and processors
EU+CEEC (HU, PL, RU, TR, UA),	Programme for stimulation of dairy development (individual solutions including animal welfare, investment support, model farm size, rural development)	Government support in order to lend the sector and create a "leader" in national dairy chain
South America (AR, CL, CO, UY)	Tailor made financing Increase consumption per capita	Government (first) and private sector
Africa (IR, East Africa, KE, UG, ILRI)	Better utilization of indigenous cattle and resources Improving extension services for farmers needs	Private with government resources and cooperation, but driven by market demand
Asia (BD, CN, IN, ID, IR, LK)	Strengthening value chain for enhanced efficiency and competitiveness	Public-private partnership with government first
High returns per kg milk (AU, CA, FI, JP, NO, CH)	Lower unit costs and value-added products	Farmers
Other (Oceania, US, MX, ZA, IL)	The social license to produce Productivity and performance improvement	Industry organizations acting in the best

From the international organizations presentations and discussions, the clear crucial role of private sector was acknowledged, yet it was underscored that farmers as businesses can be considered in this group. From the companies' discussion, it emerged that companies have a wide range of activities under way and planned, yet those require close engagement with farmers.

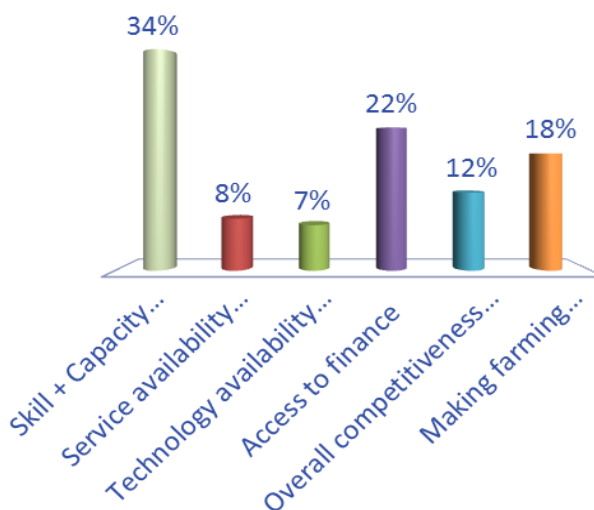
ANNEX I. VOTING RESULTS

Concluding the workshop, electronic voting on dairy development questions generated the following results as food for thought:

Q1: What should be the top priority for dairy development in your view?

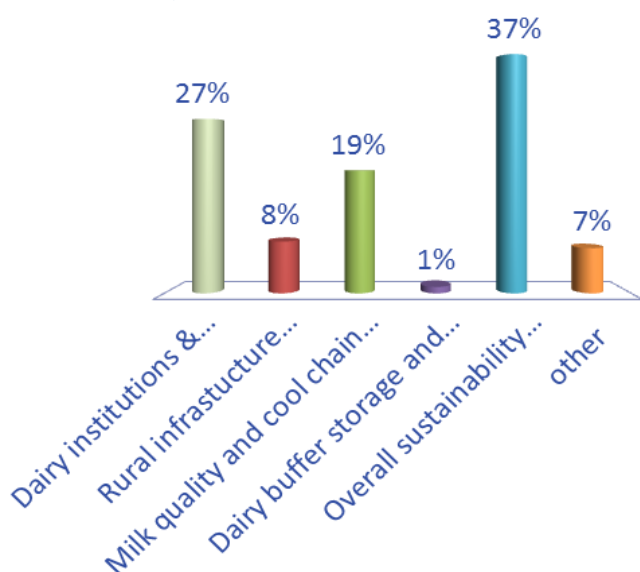


Q2: If farmer focused, then highest priority should be given to



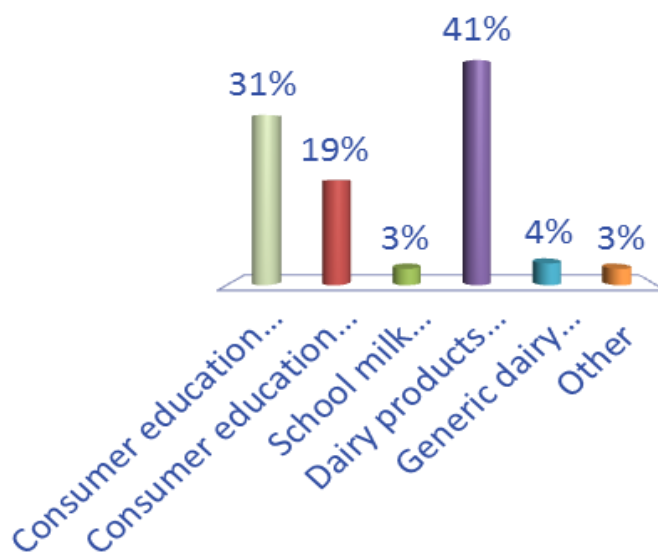
Skill + Capacity development
 Service availability (veterinary, feed input, etc.)
 Technology availability (equipment, genetics, etc.)
 Access to finance
 Overall competitiveness to attract land/labour
 Making farming attractive for youth

Q3: If dairy chain focused, then highest priority should be given to



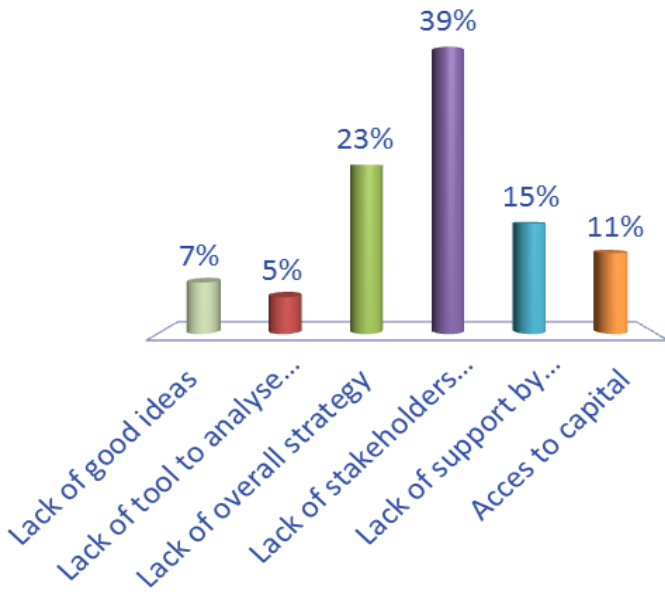
Dairy institutions & structures development
 Rural infrastructure investment roads, electricity
 Milk quality and cool chain investment (link small farmers to market)
 Dairy buffer storage and intervention
 Overall sustainability programme
 Other

Q4: If consumer focused, then highest priority should be given to



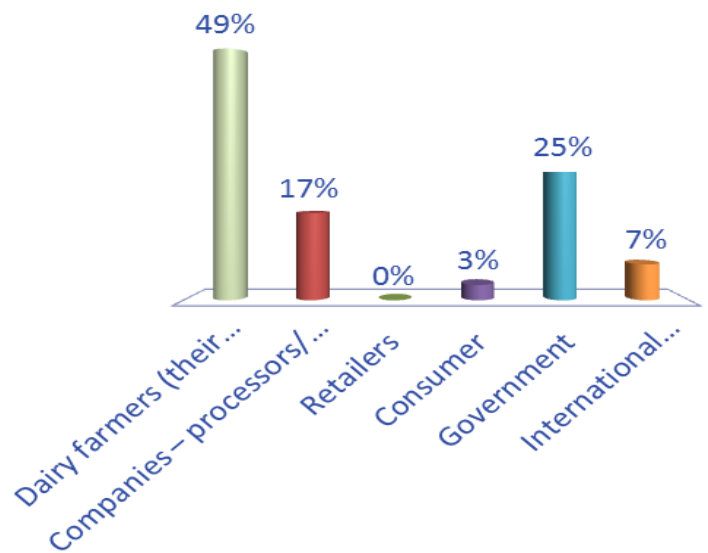
Consumer education on dairy products and nutrition
 Consumer education on modern dairy farming/technology
 School milk programme
 Dairy products development/ innovations/quality standards
 Generic dairy marketing
 Other

Q5: The most hindering factor for successful dairy development is



- Lack of good ideas
- Lack of tool to analyse impact
- Lack of overall strategy
- Lack of stakeholder coordination/agreement
- Lack of support by government
- Access to capital

Q6: Leadership should be taken by



- Dairy farmers (their unions/cooperatives)
- Companies – processors/ farm input companies
- Retailers
- Consumer
- Government
- International organisations/ NGOs

ANNEX II. SURVEY SUMMARY FROM FARM PERSPECTIVE

In the spring of 2017, IFCN has explored the topic of dairy development within the annual survey to research partners who involve dairy farmers' perspectives in their assessments. Below are some insights from 52 countries (several answers per country were possible and reflected).

Which policies supported dairy development from 2010 – 2016?

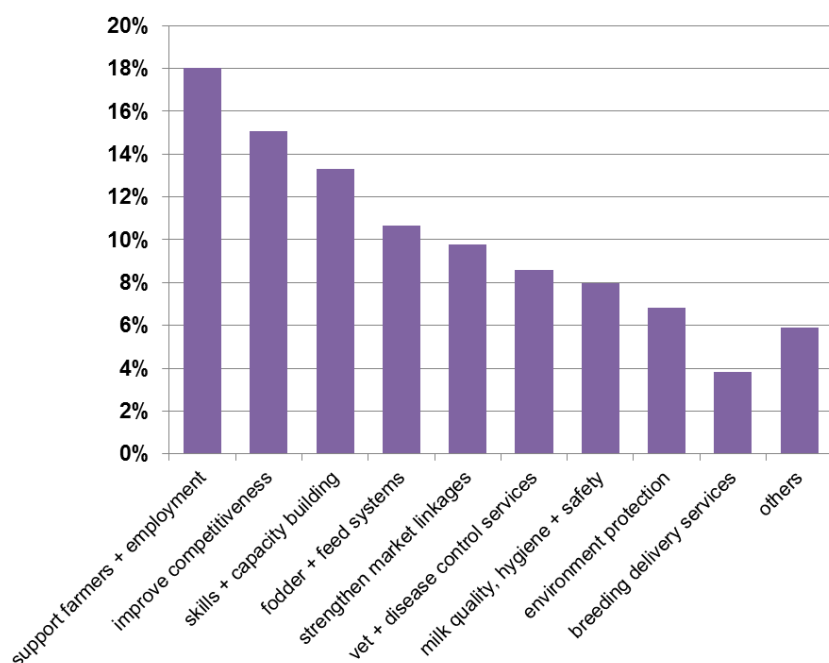
On farm level	On value chain or consumer level from
<ul style="list-style-type: none"> Subsidies and any financial services support dairy farmers in many countries Support of dairy farming practices (nutrient management, genetics, feeding, also capacity building) by the government or agencies is beneficial 	<ul style="list-style-type: none"> Positive influence by the government (through taxes, import regulations) Policies or projects improving the infrastructure Consumers benefit and increase consumption through diversification of products and higher quality standards

The government has been mentioned to have big influence on the dairy sector in many countries through quota, taxes, import/export regulations and other special regulations. The prevailing reason for the government to interfere was to provide support to farmers and to generate rural employment.

Among the **main constraints** for farm development were listed **labour** (Europe, Latin America and Oceania), **land** (all world regions apart from Latin America), **access to finances** (Europe, Latin America, Asia and Oceania), **feed** (Mid East and Africa and Oceania), skills and technology (Africa and Latin America).

On the other hand, the **most beneficial services** were mentioned to be **training and extension** in Europe, North America, the Mid East and Oceania, while **feeding** is mentioned as important in most world regions, with a high priority in Asia, Latin America and Africa. Lastly, **financial services** are among the top three priorities in all world regions, except Africa.

Main priorities for dairy development from farm perspective



- **Supporting farmers and rural employment and capacity building** are important both for business and small scale farms.
- **Improving competitiveness** has the second highest priority for business farms, while it does not play a role for small scale farms.

ANNEX III. Outcomes from researcher working groups and hearing

Workshop on Dairy Development
Areas, priorities and leadership in the future

GROUP 1: EU1

COUNTRY	MOST USEFUL DAIRY DEVELOPMENT PROGRAM / ACTION IN FUTURE	LEADERSHIP
CZECH REPUBLIC	DIFFERENTIATION	Private
DENMARK	SUSTAINABILITY	Government
GERMANY	DIFFERENTIATION	Government
ITALY	DIFFERENTIATION	Government
NETHERLANDS	DIFFERENTIATION	Government
SPAIN	DIFFERENTIATION	Government

REPORTING SUMMARY: KEY LEARNING (2 KEY POINTS) AS HEADLINE MESSAGES

A) DAIRY DEVELOPMENT: PRIVATE SHAREHOLDERS

B) LEADERSHIP: Consumers are driving the change (and retailers)

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GROUP 2: EU2

COUNTRY	MOST USEFUL DAIRY DEVELOPMENT PROGRAM / ACTION IN FUTURE	LEADERSHIP
CZECH REPUBLIC	LABELLING QUALITY PROGRAMS	Government
DENMARK	EFFICIENT BARRIERS	Government
GREECE	Animal welfare development	Government
HUNGARY	Animal welfare development	Government
POLAND	Dairy investment support	Government
RUSSIA	increase interest rate for investments	Government
TURKEY	Rural development strategies	Government
UKRAINE	Dairy development program	Government

REPORTING SUMMARY: KEY LEARNING (2 KEY POINTS) AS HEADLINE MESSAGES

A) DAIRY DEVELOPMENT: Sustainability is a license to produce!

B) LEADERSHIP: SECURITY IS A KEY FACTOR (CAPITAL MANAGEMENT)

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Areas, priorities and leadership in the future

GROUP 3: EU+CEE

COUNTRY	MOST USEFUL DAIRY DEVELOPMENT PROGRAM / ACTION IN FUTURE	LEADERSHIP
GEORGIA	Animal welfare development	Government
HUNGARY	Animal welfare development	Government
POLAND	Dairy investment support	Government
RUSSIA	increase interest rate for investments	Government
TURKEY	Rural development strategies	Government
UKRAINE	Dairy development program	Government

REPORTING SUMMARY: KEY LEARNING (2 KEY POINTS) AS HEADLINE MESSAGES

A) DAIRY DEVELOPMENT: Program for stimulation of dairy development

B) LEADERSHIP: Government support in order to lead the sector and create a 'leader' in national dairy chain.

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Areas, priorities and leadership in the future

GROUP 4: SOUTH AMERICA

COUNTRY	MOST USEFUL DAIRY DEVELOPMENT PROGRAM / ACTION IN FUTURE	LEADERSHIP
ARGENTINA	Tailor made financing	Government
BRAZIL	Tailor made financing	Government
CHILE	Result oriented technical and financial services	Government
COLOMBIA	Increase per capita milk consumption	Government
PERU	Increase per capita milk consumption	Government
URUGUAY	Long term fund for medium small farms: increase efficiency	Government

REPORTING SUMMARY: KEY LEARNING (2 KEY POINTS) AS HEADLINE MESSAGES

A) DAIRY DEVELOPMENT: Dairy tailor made financing, Increase per capita consumption

B) LEADERSHIP: Government + Private sector

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Areas, priorities and leadership in the future

GROUP 5: AFRICA

COUNTRY	MOST USEFUL DAIRY DEVELOPMENT PROGRAM / ACTION IN FUTURE	LEADERSHIP
BRUNDAI	use indigenous breeds selection	PPP
EAST AFRICA	VAAW → capacity building	Government
UGANDA	capacity building through practical training + farm investment	Government
ILRI	facilitator	Government

REPORTING SUMMARY: KEY LEARNING (2 KEY POINTS) AS HEADLINE MESSAGES

A) DAIRY DEVELOPMENT: better utilization of indigenous cattle + resources + improving extension services → solve the farmers' need

B) LEADERSHIP: private + government research + cooperation, market driven by market demand (→ indoor farmers)

Workshop on Dairy Development
Areas, priorities and leadership in the future

GROUP 6: ASIA

COUNTRY	MOST USEFUL DAIRY DEVELOPMENT PROGRAM / ACTION IN FUTURE	LEADERSHIP
BANGLADESH	Cost (feed) competitiveness enhancement program	Govt/Amerson
CHINA	Promotion of dairy products consumption	Govt.
INDIA	New Generation Coop	Govt/semi-govt
INDONESIA	Productivity increase through better feeding program	Cooperation
IRAN	Milk value chain productivity development	Govt.
SRI LANKA	Dairy Hub Program	Govt/Cooperation-Govt.

REPORTING SUMMARY: KEY LEARNING (2 KEY POINTS) AS HEADLINE MESSAGES

A) DAIRY DEVELOPMENT: Strengthening value chain for enhanced efficiency and competitiveness

B) LEADERSHIP: Public-Private Partnership

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Areas, priorities and leadership in the future

GROUP 7: HIGH RETURNS PER KG MILK

COUNTRY	MOST USEFUL DAIRY DEVELOPMENT PROGRAM / ACTION IN FUTURE	LEADERSHIP
AUSTRIA	High quality - niche production	Value chain
CANADA	Programs in implementation of milk and crop production for dairy and beef farmers	Government
FINLAND	Programs in implementation of milk and crop production for dairy and beef farmers	Government
JAPAN	Change feeding and managing practices	Cooperation
NORWAY	PROGRAMME FOR SHARING EQUIPMENT	Cooperation
SWITZERLAND	COUNTRYWIDE DIFFERENTIATION STRATEGY BASED ON ENVIRONMENTAL AND WELFARE ISSUE	Value chain

REPORTING SUMMARY: KEY LEARNING (2 KEY POINTS) AS HEADLINE MESSAGES

A) DAIRY DEVELOPMENT: LOWER UNIT COSTS + ADDED VALUE TO PRODUCTS FARMERS

B) LEADERSHIP: FARMERS

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Areas, priorities and leadership in the future

GROUP 8: OCEANIA, AMERICA, SOUTH AFRICA, ISRAEL

COUNTRY	MOST USEFUL DAIRY DEVELOPMENT PROGRAM / ACTION IN FUTURE	LEADERSHIP
AUSTRALIA	Farm Business Management skills	Dairy Australia
ISRAEL	To get larger farms to benefit from economies of scale	Government
MEXICO	To increase productivity on small scale farms	Mexican Dairy Council
NEW ZEALAND	Environmental social animal welfare role to farm	Dairy Production Organisation
SOUTH AFRICA	Consumer education / generic advertising	Producers & Processors organisations
USA	Farm Consumer Interface	Farm organisations

REPORTING SUMMARY: KEY LEARNING (2 KEY POINTS) AS HEADLINE MESSAGES

A) DAIRY DEVELOPMENT: The social license to produce, Productivity & Performance improvement

B) LEADERSHIP: Industry organisations acting in the best interest of society

1. Farmer focused

2. Value chain focused

3. Consumer focused

4. Others