

DAIRY NOURISHES AFRICA (DNA)

Dairy Nourishes Africa (DNA) is building towards a 15-20-year public-private partnership leveraging the collective strength of the Global Dairy Platform and a wide array of industry, community, and governmental stakeholders to drive the accelerated transformation of African dairy industries. DNA takes a market-led, systems approach, where farmer-allied enterprises are the linchpin for accelerating transformation, driving optimal outcomes from farm to consumer and across the operating environment.

The East African dairy industry is facing significant challenges across the value chain, including insufficient consumption, inefficient processing, and weak farmer linkages to markets. This results in a missed opportunity for all value chain participants. To address these challenges, DNA brings a different approach to development, by relying on proven principles that have helped to build resilient and sustainable agricultural industries in other contexts and applying them to dairy in East Africa, including:

- 1 Focusing on demand generation to create a “pull” mechanism for farmer supply increases
- 2 Moving beyond grants to secure the right mix of capital to sustain positive impacts
- 3 Bringing together Venture37, Bain & Company and the Global Dairy Platform to provide world class strategic and operational support for free or at a significantly reduced cost



Dairy is unique because of its ability to provide significant nutrition to consumers and daily cash flows to smallholder farmers, creating advantages over rain fed crops. By leveraging these unique attributes, DNA aims to create a thriving dairy sector with societal, economic, nutritional, and environmental impacts (e.g. job creation, larger contribution to GDP from the sector, reduced malnutrition, less waste production, and mitigation of environmental impacts) that are sustainable in the long term.

DNA has begun initial pilots in Tanzania with planned expansion into other East African countries with the potential for catalytic impact. Potential countries include Kenya, Uganda, Rwanda and Ethiopia.

STRATEGIC FRAMEWORK



Activities will take a **full value chain** approach, contributing to the development of the dairy sector:

- **Growing consumer demand:** Developing and launching targeted demand campaigns and supporting local efforts to increase consumption of safe and affordable dairy products – particularly for expectant mothers and youth

- **Driving dairy enterprises to full potential:** Investing in farmer-allied small and medium dairy enterprises across the value chain to successfully scale, industrialize and professionalize the dairy industry
- **Increasing farmer production:** Supporting commercially oriented farmers with appropriate inputs, techniques and technologies to sustainably increase dairy production and linking them to markets to meet growing consumer demand
- **Strengthening the operating environment:** Fostering an ecosystem of improved food safety and quality, appropriate financial products, industry-wide data and effective forums for policy advocacy to support the production and consumption of safe high-quality dairy products

Additionally, five key underlying principles will inform all DNA activities: demand-led, environmentally sustainable, agile and adaptive, gender and youth inclusive, and data-driven.

WHY DNA IS DIFFERENT

DNA focuses on strengthening **existing farmer-allied enterprises** with **proven track records or significant potential**, partnering deeply with them to design **value creation plans** that will **accelerate their growth** in a profitable, scalable, and inclusive way

DNA differs from traditional development efforts, but relies on **proven principles** to build a **more resilient and sustainable** dairy industry

Strong emphasis on growing demand to ensure full industry transformation

Many development efforts focus only on supply – or enhancing farmer productivity without putting in place the necessary initiatives to ensure demand grows to “pull through” increased production

Putting **farmer-allied enterprises at the center** of transformation, as linchpins of industry prosperity

Other market-driven approaches to supporting SMEs have **not focused on farmer-allied enterprises** – companies that invest in long-term growth by strengthening farmers’ capacity and livelihoods

Securing the right mix of funding to optimally align target outcomes, actors, and financial instruments

Too many development efforts are exclusively reliant on **grants** and do not secure the required debt and equity that is critical to helping enterprises invest and grow

Powered by leading global companies, including GDP members, Land O’Lakes Venture37, and Bain & Company

DNA participants access **world-class advice and expertise on a pro-bono basis or at a significantly reduced cost** – advice that would typically only be afforded by Fortune 500 companies

EARLY RESULTS

Grande Demam: A DNA Case Study In early 2020, Tanzanian borders closed due to COVID-19, collapsing the tourism industry and cutting off Grande Demam’s primary source of revenue. As demand dried up, this **small, farmer-allied enterprise immediately faced enormous financial strain**, experiencing a 70% decline in revenue and a 75% reduction in daily processing utilization. Grande Demam was forced to ask employees to work for only half the month, reducing pay by 50%, and worried about its ability to secure offtake from its farmer suppliers.

After less than 6 months of support from DNA, **Grande Demam’s business stabilized, protecting the livelihoods of its 20 employees and ~800 smallholder suppliers**. Impressively, the business **exceeded annual FY19 revenue by >35%**. The management team was also equipped with a **medium- to long-term value creation plan**, giving the business a **playbook for resilience**. This set of recommendations included repositioning for more B2C sales (diversifying from B2B) and expanding their product line to include faster-moving goods that create a broad-based foundation for their product mix (e.g., milk). With DNA’s continued support, Grande Demam is **well-positioned to achieve profitability and scale**, becoming a notable player in Tanzanian dairy in the next 3-5 years.

Processor-led Extension Services In collaboration with local processors, DNA launched processor-led extension services to combat milk waste and increase practical knowledge on the importance of enhanced milk production. DNA successfully recruited **10 extension officers to offer farming training and extension home visits** beginning in November 2020. The extension officers have work with two processors in Arusha, Tanzania with a combined capacity of 140K L/day. By January 2021, **401 farmers were trained** on a multitude of practices, including increased knowledge of milk hygiene, feeds and feeding, animal health, animal breeding and record keeping. Following training, Mborenyi Cooperative’s milk rejection is now nonexistent, and farmers have reported an **increase in milk volume sold from ~700 liters per day in November 2020 to ~900 liters per day in January 2021**.