



Factsheet

Dairy Sector Uganda

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Uganda is a landlocked country in East Africa. Situated on Lake Victoria, it is bordered by the Democratic Republic of Congo (DRC) to the west, Rwanda to the south, South Sudan to the north and Kenya to the east. The transformation of Uganda's dairy subsector is driven by a growing consumer population, production and productivity, processing capacity, disposable incomes, urbanization and surplus demand for dairy in the country and the East African community. The dairy herd comprises both exotic and indigenous breeds, managed under zero grazing and free ranging systems. Majority of the producers are small holders using traditional livestock management systems. Increasing demand for dairy products has given rise to market-oriented farmers who have invested in feed and water management systems.

Facts and Figures

- Uganda has a regional function as net exporter, exporting a.o. to Kenya, South Sudan, DRC and Rwanda
- The dairy sector is growing at an annual rate of 8-10%, mostly attributed to expanding national cattle stock.
- Processed milk is growing even more; annually 11%
- This increase is 2.08 billion litres in 2015 to 2.5 billion litres in 2017/18 (source: DDA)
- Consumption per capita has increased from 25 litres in 1986 to 62 litres in 2017 (source: DDA)
- Milk is produced under three systems: 1. Pastoral, 2. Peri-urban small-scale, 3. Commercial dairy farms
- A small share of the market is in the formal sector with processed milk with products including pasteurized milk, UHT, yoghurt, ice cream, powder milk, cheese
- The largest market share is raw milk through informal channels

- Many farmers experience (temporary) low milk production, due to wrong (or seasonal) feed, breed and lack of knowledge.
- Central region: has the highest milk productivity per cow per week (9.8 liters)

Milk Shed (region)	Contribution to national milk production (%)
South-western	25 %
Mid-western	12 %
Central	24 %
Eastern	21 %
Northern	11 %
Karamoja	7 %
TOTAL	100%

Source: Uganda Dairy Development Authority

Challenges

- Limited access to clean water
- Low productivity of dairy
- Small-scale farmers
- Low production of quality dairy feed and dairy concentrates
- Lack of quality based milk payment systems which disincentives investment in quality feed
- High feed prices
- Inadequate veterinary services and poor animal health management practices
- Subsistence methods of dairy production depend on low genetic breeds
- Limited infrastructural support systems such as poor road networks, inadequate electricity supply and limited milk handling facilities (such as coolers, cold chain transportation trucks and milk graders)

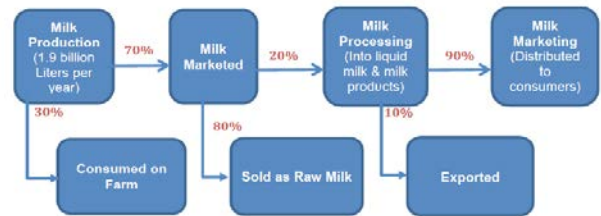
Trade and investment opportunities

- High potential to increase milk production through better storage, a stronger value chain and improved breeds
- Animal genetics: improving dairy breeds through cross-breeding through artificial breeding technologies.
- Quality animal feed, commercialization of forage production, conservation and marketing
- Quality veterinary services
- Milk handling and processing equipment
- Cold chain transportation trucks
- Agri-financing
- Large share of raw milk present opportunities for value addition
- Improves pastures/fodder crops and forage conservation

Current initiatives

The Inclusive Dairy Enterprise (TIDE) Project, funded by the Embassy, started in 2016 and is run by SNV. The project aims to improve the functioning of the dairy sector in Southwestern Uganda through a Business Case approach. It increases productivity of dairy animals and reduces seasonal production variations, pilots paying for quality of milk, makes sector more attractive for investment by improving regulation and improves nutritional status of dairy households.

Figure 1: Milk value chain with the quantities that go through the value chain



Uganda Dairy Market Study, 2016

Governmental agencies & authorities

Ministry of Trade, Industry and Cooperatives

Ministry of Agriculture, Animal Industry and Fisheries (MAAIF): identifies livestock and agriculture as priority sectors in climate change.

Dairy Development Authority (DDA): has the mandate to regulate, coordinate and harmonize the liberalized sector to achieve and maintain self-sufficiency in milk production and dairy products.

National Animal Genetic Resources Centre and Data Bank: responsible for promotion, regulation and control of import, export and market animal genetic material, including quality assurance

National Agricultural Advisory Services: mandated to implement the transition from the funded to private sector agricultural advisory/extension services

National Agricultural Research Organisation: semi-autonomous public sector research organization. Mandated to undertake, promote and coordinate research on all aspects of crops, livestock, fisheries and forestry.

Interesting links:

- The Agribusiness market scan for Uganda (2016)- RVO (uploaded)
- <https://www.independent.co.ug/dairy-ugandas-unmilked-sector/>
- Climate-smart Dairy Livestock Value Chains in Uganda (2017)
https://www.unclearn.org/sites/default/files/inventory/nama_uganda_agriculture.pdf

The Embassy

The Embassy of the Netherlands in Kampala provides sustainable trade and investment support to Dutch companies active in or exploring economic opportunities in Uganda. The potato sector has been identified as a high potential value chain. The embassy is involved in value chain development through government to government dialogue. In addition, the government of the Netherlands has developed several business support instruments, including financing for demonstration projects, feasibility studies and knowledge acquisition. For more information please visit

<http://english.rvo.nl/subsidies-programmes>.

You can also contact the Embassy by sending an email to kam@minbuza.nl.

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