

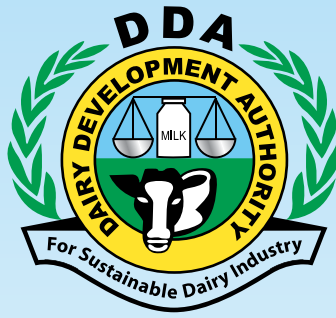


DAIRY DEVELOPMENT AUTHORITY

MINISTRY OF AGRICULTURE, ANIMAL INDUSTRY AND FISHERIES



ANNUAL PERFORMANCE REPORT FY 2019/20



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October 2020

DAIRY DEVELOPMENT AUTHORITY
MINISTRY OF AGRICULTURE, ANIMAL INDUSTRY AND FISHERIES

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List of Acronyms

ASSP	Agriculture Sector Strategic Plan
COMESA	Common Market for Eastern and Southern Africa
DDA	Dairy Development Authority
DDA SP	Dairy Development Authority Strategic Plan
DFCS	Dairy Farmers Cooperative Society
EAC	East African Community
ED	Executive Director
FAO	Food and Agriculture Organization
FY	Financial Year
GOU	Government of Uganda
KPIs	Key Performance Indicators
MCC	Milk Collection Centre
MT	Metric Ton
MTEF	Medium Term Expenditure Framework
NDP	National Development Plan
NDS	National Dairy Strategy
NTB	Non-Tariff Barriers
SADC	Southern African Development Community
SDGs	Sustainable Development Goals
SMP	Skimmed Milk Powder
UAE	United Arab Emirates
UGX	Uganda Shillings
USA	United States of America
USD	United States Dollars
WMP	Whole Milk Powder
BOP	Balance of Payments



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Message from the Executive Director

Financial Year 2019/20 marked the end of the implementation of the interventions that had been highlighted in the Authority's Strategic Plan II (FY 2015/16 -2019/20). As a norm, the Authority's plans were being guided by the National Development Plan II, Agriculture Sector Strategic Plan II, Presidential Manifesto and the Authority's Strategic Plan II.

The Authority managed to register incredible success in key result areas. The rehabilitation of the Gulu Milk collection center and construction of a Regional Office Block in Gulu was concluded.

The Authority also embarked on the rehabilitation of Kitgum milk collection center and National Dairy Analytical laboratory.

The Entebbe Dairy Training School factory was tiled was also equipped with state of art dairy equipment to scale up skilling dairy stake holders in value addition and

also prepare it to become a National Dairy Training and Incubation College.

However, the FY 2019/20 is also a year in which some of the Authority's activities were disrupted by the Covid-19 pandemic. The activities included trainings, regulatory activities such as business registrations; among others. The implementation of the key planned activities was further curtailed by budget cuts experienced during the Financial Year. For instance, the Authority had planned to rehabilitate two (2) milk collection centers and managed to rehabilitate only one due to partial releases.

It's my pleasure to present to you the DDA Annual Report for the FY 2019/20.

A handwritten signature in black ink, appearing to read 'Kansime Michael'. The signature is written in a cursive, somewhat stylized font.

Dr. Kansime Michael
EXECUTIVE DIRECTOR.



1.0 Introduction

Dairy Development Authority is a statutory body under the Ministry of Agriculture, Animal Industry and Fisheries. It was established under the Dairy Industry Act, 1998 with a mandate to develop and regulate the Dairy Industry.

Vision	Mission	Objective
<p>"A dynamic, profitable and a well-regulated dairy sector"</p>	<p>To provide sustainable dairy development and regulatory services for increased production, processing, marketing, consumption of milk and milk products.</p>	<p>To provide proper coordination and efficient implementation of all Government policies which are 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.</p>

Duties of the Authority

Under section 5 of the Dairy Industry Act 1998, the Authority: -

- Registers and licenses milk processors and traders;
- Supports dairy farmers' marketing organizations;
- Advises the Government on milk standards and coordinate the enforcement of those standards in liaison with the Uganda National Bureau of Standards;
- Controls and regulates dairy and dairy-related import and export activities in conformity with the External Trade Act, but without violating the Animal Diseases Act;
- Implements Government policy designed to promote the development of the dairy sector;
- Supports various dairy development activities such as dairy extension, dairy breeding, dairy research, dairy training, dairy products development and general market promotion, including promotion of dairy export(s);
- Acts as arbitrator in any conflict between dairy companies and processors;

- Coordinates all dairy processing and marketing promotional activities, such as seminars, trade fairs and workshops;
- Pools dairy processing and marketing data;
- Advises the Government on research priorities of the dairy sub sector and
- Does anything connected with, or necessary for the performance of the foregoing duties.

About the Report

This report is in fulfillment of the M&E requirement of the NDP II implementation and reporting framework as well as the top Governing body of the Authority. In that regard, it presents an overview of the performance of the Authority for the FY 2019/20 and the general sub sector performance. The document is composed of four main sections that include; Status of dairy sub sector; detailed achievements in the FY, Effects of the Covid-19 Pandemic and constraints and challenges.

2.0 Status of the Dairy Sub Sector

2.1 Milk Production

Milk production has been steadily increasing over the years. This increase is attributed to key interventions by the Authority, other Government players, Development partners and the private sector.

Some of the interventions that led to increased milk production included provision of improved pasture seeds and planting materials, skilling dairy farmers in good dairy farming practices; among others.

The country's total milk production has increased from 2.5 billion litres in 2018 to 2.7 billion litres in 2019.

Table 1: Uganda's Milk production (Billion Litres) of the last four years (2015-2019)

Years	2015	2016	2017	2018	2019
Production	2.08	2.20	2.28	2.51	2.7

Source: DDA database

2.2 Milk Collection and Bulking

Milk collection/bulking has improved tremendously with a number of players in the market. Currently, dairy cooperatives, private individuals, companies and processors own milk collection centres country wide. Government through Dairy Development Authority has also been investing in rehabilitation of the dilapidated milk collection centers that were being run by Dairy Corporation.

Rural milk collection centers have increased from 471 with collection capacity of 1.8 million litres in 2018/19 to a total of 483 (Private and Public), with a total collection capacity of 1.9 million litres of milk in 2019/20. The value of marketed milk stood at USD 835.9 in 2019

Table 2: Summary of milk collection centres countrywide

Region	No. of Milk Collection Centres/ Bulking centres	Total Installed Capacity
Central	86	234,330
Eastern	16	35,107
Mid-Western	57	197,800
North Eastern	20	70,700
Northern	15	39,300
South Western	289	1,361,285
Grand Total	483	1,938,522

Source: DDA database

2.3 Milk Processing

Milk processing constitutes part of the milk that is marketed. The percentage of the marketed milk that is processed stood at approximately 34% in 2019. Uganda's processing companies have increased from 120 with processing capacity of 2.72 million litres in 2017/18 to 135 with processing capacity of 2.8 million litres by end December, 2019. This has been as a result of new players joining the market and some processors upgrading their processing capacities.

Dairy processing which range from large, medium, small scale and cottages processed a variety of products such as Powdered milk, Ghee, Butter; UHT milk; Casein/whey; Pasteurized milk; Yoghurt, Cream; Ice cream; Fermented Milk; Cheese, to mention but a few.

Table 3 : Regional dairy processing capacities

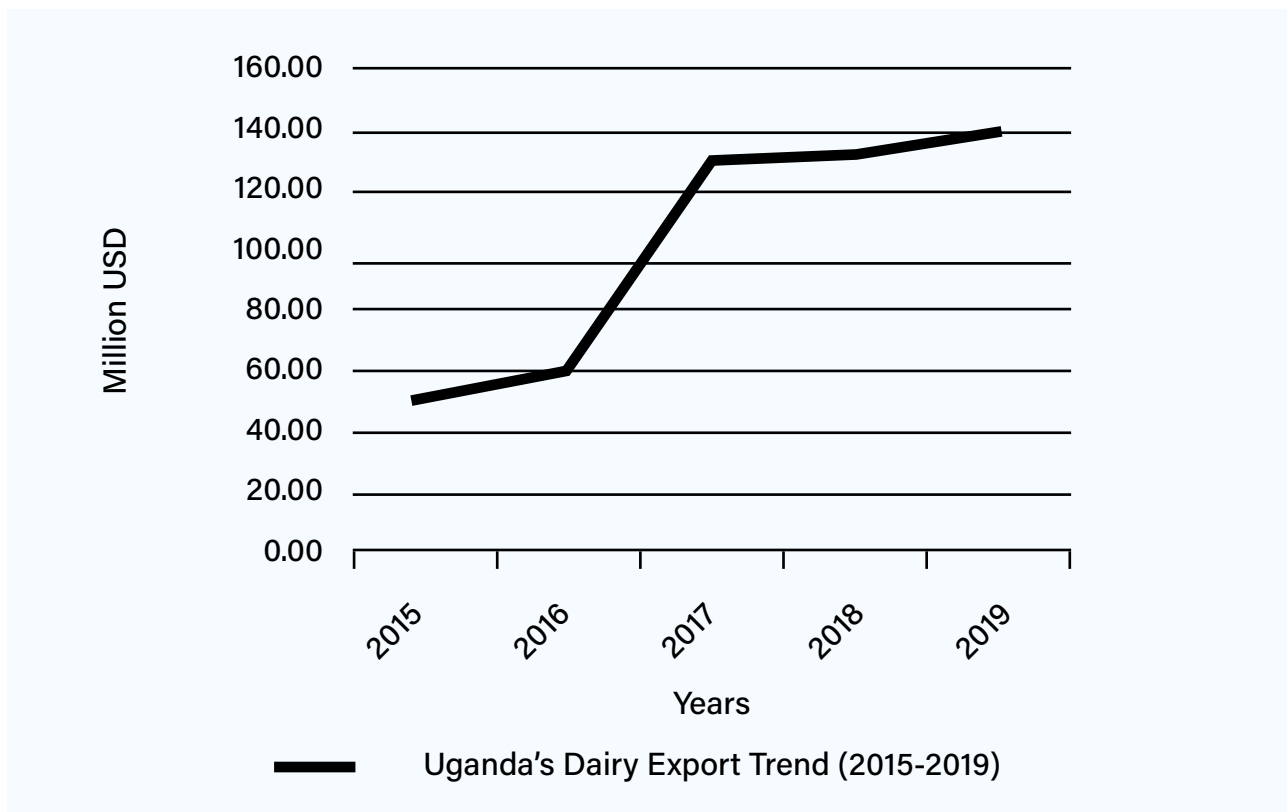
Region	Large Scale	Medium Scale	Small Scale	Cottage	Grand Total
Central	725,000	88,200	8,420	350	821,970
Eastern			1,500	400	1,900
Mid-Western			450	100	550
North Eastern			2,350	465	2,815
Northern			1,900		10,900
South Western	2,010,000	36,000	6,450	2,360	2,054,810
Grand Total	2,735,000	124,200	27,070	3,675	2,892,945

Source: DDA database

2.4 Dairy Exports & Imports

Dairy processing for export has continued to grow and this has resulted into an increase in foreign exchange. Dairy export has increased from USD131.5 million in 2018 to USD 139.5 million in 2019. The increase in the net exports has been as a result of increased compliance of Uganda's milk and milk products on both regional and international market standards. Exports included casein, whey proteins, UHT, milk powder; among others. The Dairy exports mainly went to EAC, COMESA countries, SADC, UAE, Syria, Japan, Oman, USA, Nepal & Bangladesh.

Figure 1: Uganda's Dairy Export Trend (2015-2019)



Source: DDA database

Imports

With an increase in the country's capacity to process various dairy products, imports have drastically gone down. There is plenty of products being processed locally such as Powdered milk; Ghee, Butter; UHT milk; Casein/whey; Pasteurized milk; Yoghurt, Cream; Ice cream; Fermented Milk; Cheese ; among others. This has greatly contributed to the reduction in spending on dairy imports and as a result, the country's BOP has improved in regard to dairy industry. The major dairy imports are currently the Infant Formula various types of cheese because it is not locally processed. Dairy imports have been fluctuating between USD 5.4 million in 2015 and USD 5.19 million in 2019.

2.5 Milk Consumption

Milk per capita consumption in Uganda has significantly improved. However, consumption is still relatively low as per WHO's recommendation. The Government's effort through Dairy Development Authority is to have every one consuming at least 200 litres of milk annually; as recommended by the World Health Organization. This is being done through milk consumption campaigns and other initiatives such as School Milk Program. Consumption has increased from 60 litres in 2015 to approximately 63.8 litres in 2019.

2.6 Raw Milk Prices in the FY 2019/20

2.6.1 Regional Milk Prices

During FY2019/20, farm gate price was lowest in South Western region and retail price was lowest in Mid-Western region. A litre of milk was sold at a farm gate price of UGX581/= and retail price of UGX1,117/= in South Western and Mid-Western regions respectively.

The Northern Region recorded higher milk prices for both farm gate and retail. A litre of milk was sold at a farm gate price of UGX1,057/= and retail price of UGX1,818/= in Northern region.

Table 4 : Average Farm gate and Retail Milk Prices, UGX

Regions	Farm Gate (UGx)	Retail Price (UGx)
South Western	581	1,203
Central	634	1,525
Eastern	767	1,354
North Eastern	913	1,621
Northern	1,057	1,818
Mid-Western	629	1,117
Overall Average	763	1,440

Source: DDA database

2.6.2 National Farm Gate Milk Prices

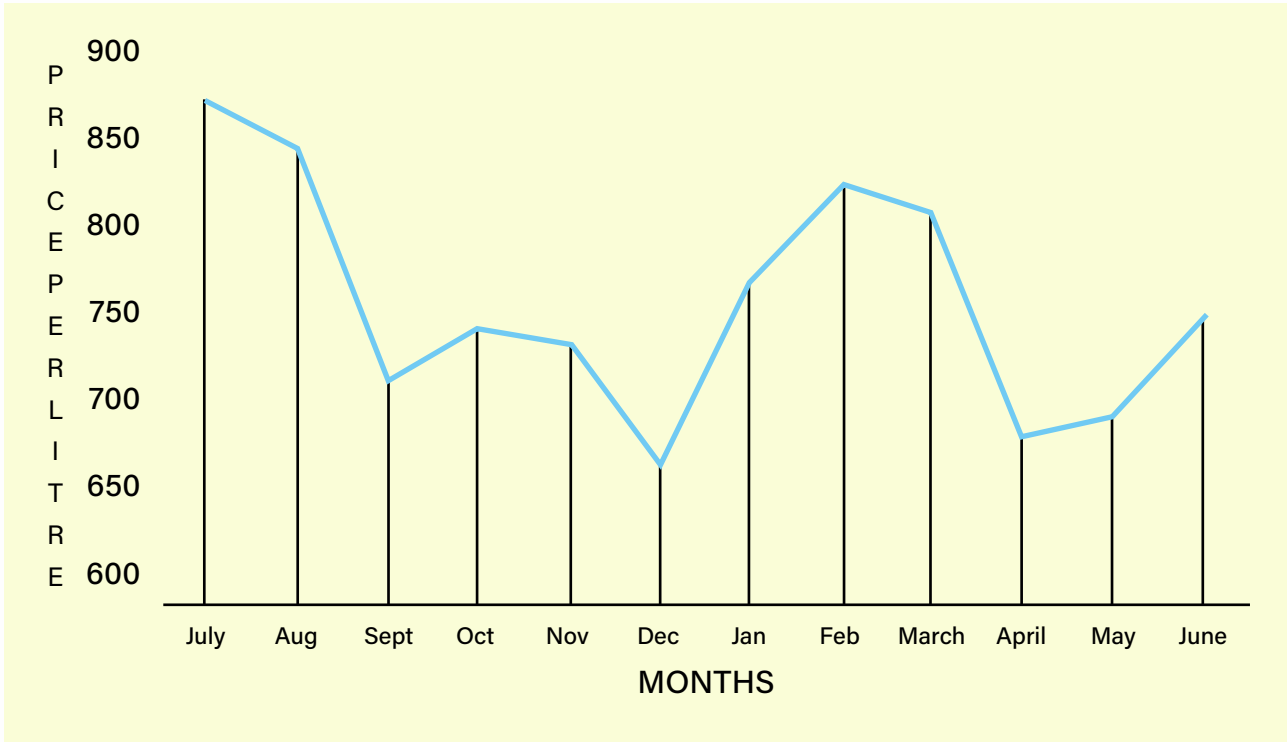
During the FY2019/20, the national average the farm gate prices of raw milk ranged from UGX581 ≤ UGX763 ≤ UGX1,057 per litre showing a decrease in price from UGX984/= in FY2018/19 due to seasonal fluctuations and regional price disparities.

Farm gate milk prices are low in the milk surplus (South Western region) and high in the milk deficit (Northern region) areas. The low farm gate price offered to farmers especially during the peak season in relation to the increasing prices of imported inputs (e.g. veterinary drugs and acaricides) is a big source of instability in the milk surplus South-Western region.



The average farm gate price of raw milk dropped drastically in South Western region and the decline started in the month of August 2019. The average farm gate prices declined to as low as Ugx400 in the month of December 2019 due to seasonality and market dynamics.

Figure 2: National average farm gate prices during FY2019/20

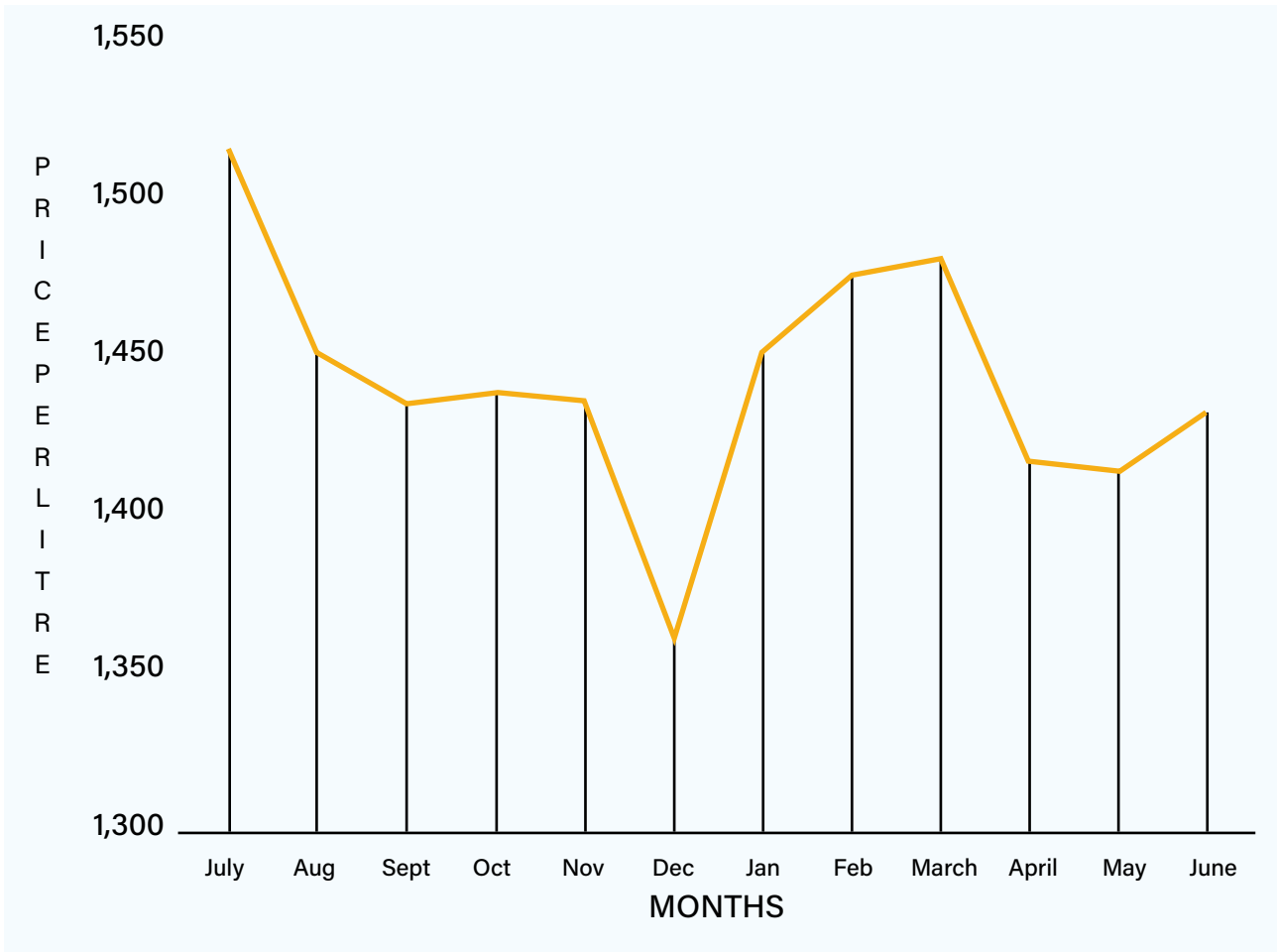


Source: DDA database

2.6.3 National Raw Milk Retail Prices

During the FY2019/20, the national average retail price of raw milk to the end consumer in the formal market varied widely from UGX1,117 ≤ UGX1,440 ≤ UGX1,818 per litre. The retail prices were highest in the Northern region and lowest in Mid-Western region. Market milk prices have a strong bearing on milk productions in the country and provides farmers an impetus to stimulate milk production. A High variation of milk prices in last FY 2019/20 provides mixed fortunes for dairy farmers across the country.

Figure 3 : National average retail prices during FY2019/20



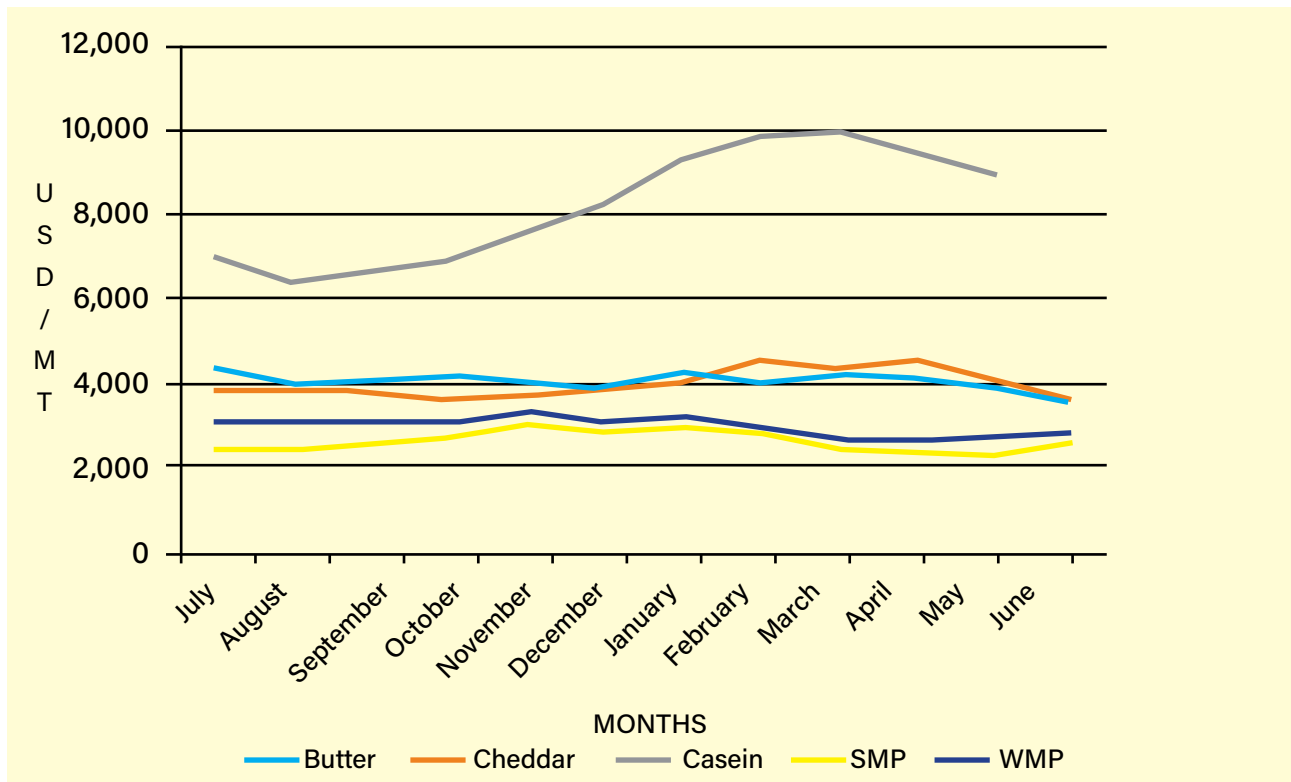
Source: DDA database

2.7 International Market Prices for Selected Dairy Products

During FY2019/20, the international milk prices showed a down ward trend for most of the dairy products. However, the price of casein increased to 9,987 USD/MT in March and then dropped to 8,891 USD per MT in May.

During FY2019/20, the average prices for Skimmed and Whole Milk Powder were 2,665 USD/MT and 3,011 USD/MT respectively. The average prices for Butter and Cheddar Cheese were 4,056USD/MT and 3,998 USD/MT respectively.

Figure 4: Average Weighted Price (USD/MT)



Source: DDA database

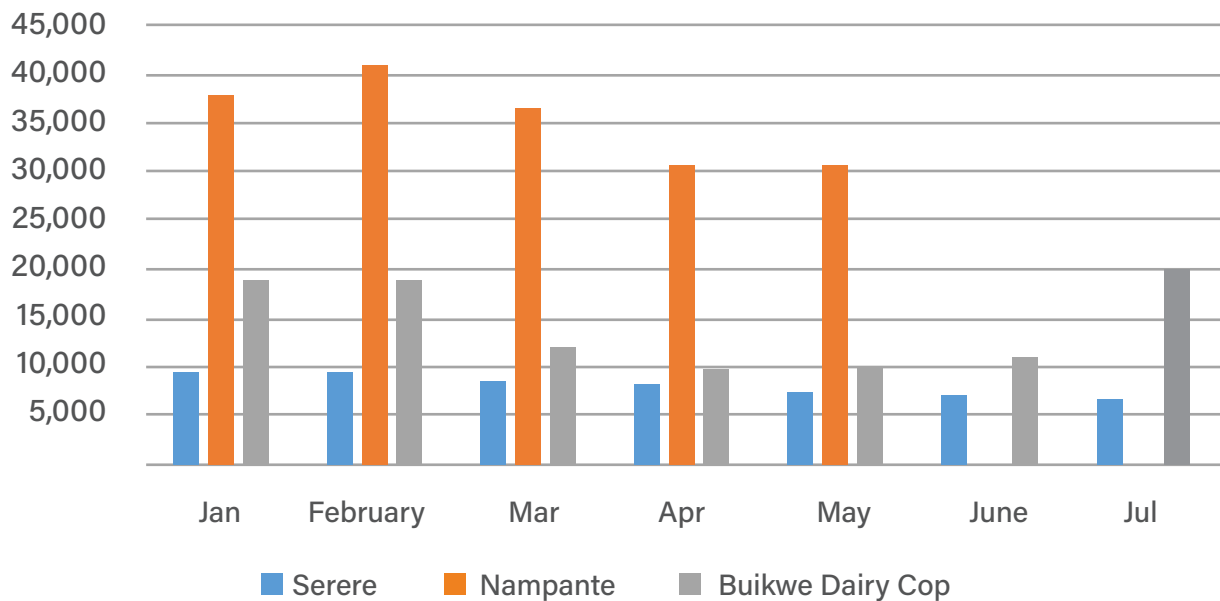
2.8 Effects of Covid-19 on the Dairy sub sector performance

Globally, the Corona virus Disease 2019 (COVID-19) pandemic disrupted all forms of farming, life and businesses. Domestically, the Government of Uganda in response to the pandemic first instituted light measures to restrict mass movements and spread of COVID-19. More measures were put in place to minimize the spread of COVID-19. These measures included total movement restrictions, lock down of education institutions, prohibiting public gatherings, eateries and restaurants. More measures like total ban on public transport, mandatory quarantine, social distancing, foreign travel and restrictions on private transport followed. Although these measures slowed the spread of the virus in the first phase, they disrupted operations of the dairy value chain actors. The main effects of the Covid-19 were felt in the following;

Milk Production

During the Pandemic, milk production reportedly dropped in all milk collection centers. Monitoring findings indicate a reduction in milk received from farmers during the period of the pandemic in a few selected milk producing areas and bulking centers. The graph below shows a reduction of bulked milk from the three Milk Collection center visited in Mukono, Buikwe and Serere MCCs. In Nampante MCC after the declaration of the lockdown, milk quantities dropped from 40,848 liters in the month of February to 30,459 in May meanwhile Buikwe dairy dropped from 18,617 Litres in February to 9,824 in May.

Figure 5: Total Milk Production (Litres) per month in selected MCCs



Source: DDA database

The reduction of milk produced and collected at the center was attributed to low productivity at farm level. Farmers could not have access to farm concentrates from the sugar factories because they closed and also limited transport means to access the animal feeds. Additionally, farmers lost access to veterinary services during the lock down. Veterinary drugs like acaricides and pesticides became expensive because of inadequate access due to increase in drug prices and limited transport access. All this contributed to decline in farm productivity majorly in Central region. In North region, dairy farmers lost animals to pests and diseases due to inadequate access to veterinary services for improved animal health.

Milk Transportation

To complete the value chain, milk has to be transported from the farm to collection/ balking premises and marketing points e.g Factories. Most of the milk transporters could not operate within the curfew time frames. Milking and transportation in the evening hours was affected and led to high post-harvest losses during the lock down. Milk was lost to spoilage, confiscation and rejection during the lock down. Farmers then preferred not to milk during the evening times to avoid further milk losses. A significant number of employees lost jobs during the lock down.

Milk Marketing, Demand and Consumption

Disruptions of demand were highly reported during the Covid-19 pandemic. Some Milk vendors closed and collection bulking centers reduced on milk supplied from farmers. Findings revealed that major consumers from vendors were schools and restaurants. During the lock downs, schools and restaurants were closed and this affected absorption of milk. Demand and consumption dropped by more than 50 percent. Milk prices also reduced to accommodate the drop in supply and demand. Milk retail prices dropped from an average of 1,200/- to 800/- in Western and Central

region. The lack of business forced premises and factories to reduce production and eventually some closed.

2.9 Key Investment Opportunities in the Dairy Sub Sector

Despite the Covid-19 pandemic; opportunities for business and investments still exist in the dairy subsector. These include the following:

Establishing Milk Collection and Bulking Centers

The country registered substantial increase in milk production and productivity. This increment requires much more investments in cold chain infrastructure to mitigate post-harvest losses. Private sector players can continue setting up milk collection and bulking centers to supply chilled milk for market access and reduction of post-harvest losses. The Authority inherited 40 dilapidated Milk Collection Centers (MCCs) and about 35 of them can be rehabilitated through partnerships with the private sector.

Milk Transportation

The steady increase in milk production coupled with continuous investment in dairy milk collection and processing facilities requires more insulated road milk tankers as one of the recommended means of milk transportation.

Animal Breeding and Supply of Stock

National Herd stands at 14 million and approximately 93 % are local breeds characterized by low milk production. Opportunities still exist in areas of breed improvement such as embryo transfers, importation of improved stock and Artificial Insemination to further increase milk production.

Dairy Processing and Value Addition

With an increase in milk production, investments in dairy processing for local, regional, international markets is critical. Currently, 80.2% of the total milk produced is marketed and only 34 % of the marketed milk is processed; leaving 66% to be sold in the raw form.

Establishment of Dairy Industry Support Services

Opportunities exist in provision of dairy related support services that include; farm input supplies, dairy additives, provision of dairy equipment's and maintenance services as well as dairy market information.

3.0 Key Issues that Interventions were addressing in 2019/20

(a) Reducing post-harvest losses and enhancing market access

This was done by rehabilitation of non-operational MCCs in some strategic areas with a lot of milk but no post-harvest infrastructure and areas where there is high demand of fresh milk. Gulu, Soroti, Masindi, Kayunga, Busia, Kaberamaido and Severe MCCs have been completed while Kitgum MCC is under revovation. This has reduced to some extent post-harvest loses and enhanced market access in those trading centers and cities.

(b) Increasing milk production and productivity at the farm

We have through capacity building activities to farmers encouraged and supported farmers to keep good breeds, improve nutrition of animals by supplying them with superior pasture seeds, legumes and fodder cutting and fodder choppers. We have also provided advisory services on animal health. This has enabled among others increased milk production as indicated in section three of this document, therefore enhancing household incomes.

(c) Improving the quality & Safety of milk and milk products.

With the help of the Mobile laboratory Van, we intensified on-spot milk testing on the farm, on the road, raw milk selling outlets and in the processing facilities. We have collected milk and milk product samples and analyzed them in our laboratories including our reference National Dairy Laboratory in Lugogo. This has greatly improved milk quality for processing.

(d) Increasing the volume of dairy exports.

Our quality assurance activities as mentioned above, have improved consumer confidence in milk and milk products and there has been no incident of rejection of our milk and milk products on the local, regional and international markets. This has consequently improved the milk and milk exports both by value and volume and the sector is among one of the largest foreign exchange earners for Uganda.

(e) Increasing compliance to dairy standards and regulations.

Our regulatory enforcement and routine inspection activities especially for clean milk practices e.g. milk handling, milk transportation in appropriate utensils, milk adulteration campaigns among farmers, milk transporters and vendors have greatly improved compliance to dairy standards and regulations. Incidences of non compliance issues have reduced.

(f) Building value addition capacity through Human capital development (Skilling and Training).

We have conducted trainings and skilling programs at the Entebbe Dairy Training school to entrepreneurs, milk handling personnel of MCCs, processors, farmers and upcoming stakeholders . This has increased the number of emerging small scale and cottage processing facilities

4.0 Financing and Budget Performance for the FY 2019/20

The Authority's total budget was UGX 10.13 billion. This included UGX 1.57 billion for recurrent wage, UGX 4.91 billion for Non-wage recurrent, UGX 3.64 billion for Development. The budget was entirely financed by GoU.

Out of the approved budget of UGX 10.13 billion, only UGX 7.42 billion was released; representing 73.3 % of the total approved budget, as summarized in the table below:-

Table 5: DDA Budget Performance, FY 2019/20

Budget Type	Item	Ap-proved Budget (UShs Billion)	Total Release (UShs Billion)	Total Spent (UShs Billion)	% of the Budget Released	% of the Budget Spent	% of Releases spent
Recur-rent	Wage	1.570	1.570	1.570	100	100	100
	Non-Wage	4.919	3.563	3.563	72.4	72.4	100
Dev't	Gou	3.642	2.290	2.261	62.9	62.1	98.8
Grand Total		10.131	7.423	7.394	73.3	73.0	99.6

Source: DDA database

Detailed Achievements In The FY 2019/20

5.0 Dairy Production & Marketing

5.1 Enhancing the knowledge and skills of dairy stakeholders

The Dairy sub sector is so dynamic and this calls for continuous training and skilling dairy stakeholders along the dairy value chain. For that effect, Dairy Development Authority plans for dairy sector trainings for dairy stake holders across the country.

In the FY2019/20 , a total of 4,441(#2,763 Men , # 1,678 Women #989 Youth) dairy stakeholders were trained in good dairy farming practices, feed production, management, utilization, identification and prevention of diseases of economic importance among others. Value addition being so critical in the reduction of post-harvest losses, boosting the dairy export base and improving household incomes in the country, the Authority through Entebbe Dairy Training School has been skilling dairy stakeholders in value addition in cheese, yoghurt & ice cream making and entrepreneurship among others. Special consideration is given to the youth and women in an effort of making them financially empowered and addressing gender and equity concerns in general.



The ultimate goal of this skilling program is to promote the establishment of dairy cottage industry; of which some of the past trainees have made substantial progress. Most of the beneficiaries of this program are already adding value to the milk while others have already been employed as Milk Assistants in Rural Milk Collection Centers.

During the FY 2019/20, a total of 413 stakeholders (196 Females, 217 Males; 127 Youth) were trained in value addition and quality control. This group had an opportunity to learn more about HIV/AIDS especially its effects on agriculture and the entire population.



5.2 Promotion of Time and Labor-saving technologies in dairy production

The NDP II highlighted time and labour saving technologies as one of the critical interventions in increasing production and productivity. The Authority has been popularizing the use of chuff cutters in pasture management. During the FY 2019/20, a total of twenty-two (22) chuff cutters were procured and are to be distributed to the selected groups that will use them to do demonstrations in their communities. Chuff cutters are very efficient in preparation of feeds for livestock.



Demonstration of chaff cutters at DDA Regional Office in Soroti Municipality



Inspection of chaff cutters at DDA - Mbarara regional Office



ED, DDA (right) handing over a chuff cutter to a beneficiary of Kyabirukwa in Isingiro District

5.3 Promotion of Pasture Production and Fodder Conservation

Access to planting materials is also another critical intervention as outlined in NDPII. This intervention plays a key role in increasing dairy production and productivity given the seasonality of pasture countrywide. The Authority has been procuring and distributing pasture seeds to dairy farmers across the country.

During the Financial Year 2019/20, a total of 12,998Kgs of Chloris Gayana, 2,803 seedlings of Calliandra, 7,500 seedlings of Bracharia, 322Kgs of lab lab and 316Kgs of Centrocema were procured and distributed to farmers countrywide. A number of farmers have pasture gardens that have ensures a constant supply of feeds throughout the seasons.



An established pasture garden in North Eastern Region.



Promoting feed management on of the farms in Central Region



5.4 Strengthening and formation of dairy groups/ Associations/cooperatives.

Dairy associations / groups / cooperatives are very critical for collective milk marketing. The Authority has been strengthening these groups in terms of leadership and management for their success and sustainability. A total of 03 farmer groups; Kapelebyong Dairy farmers Association, Namanyonyi DFCS, Bushiika DFCS were formed and strengthened in terms of governance and record keeping.

During this Financial Year, a total of 09 farmers of Masaba Dairy Farmers Cooperative taken for a learning and benchmarking visit to Soroti Milk Collection Centre and Atlas farm in Ngora District.

The Authority also strengthened management of Bulambuli Traders and Dairy farmers Association in terms of governance and it is in the process of being registered as a cooperative.

5.5 Promotion of hygienic milk production and transportation

Government banned the use nonfood grade utensils like jerry cans in milk handling due to quality and safety concerns. The Authority has been promoting the use of milk cans and road milk tankers during milk transportation.

During the Financial Year, DDA procured a total of 411 milk cans and the cans will be distributed to the selected beneficiaries, following cost sharing approach. A total of 250 milking buckets were also procured during the same period.

5.6 Promotion of Milk Marketing and Reduction of Post-Harvest Losses.

Milk marketing is a critical activity in terms of reducing milk post-harvest losses and boosting household incomes. Post-harvest losses is of the serious challenges being faced by dairy farmers and the Authority is addressing this challenge through rehabilitation of the milk collection centers; that were inherited from Dairy Corporation that was the custodian by then.

In this Financial Year, the Authority completed the rehabilitation of Gulu milk collection center that will be serving Northern milk producers.

The Authority also embarked on the rehabilitation of Kitgum milk collection center in an attempt to address equity, enhance milk marketing, reduce post-harvest losses and improve household incomes.



6.0 Strengthening Quality Assurance and Regulation

The Authority has been carrying out a number of dairy regulatory activities that are in line with its mandate. Some of the activities include registration of dairy businesses, dairy inspection of milk handling premises/equipment/exports and import consignments, enforcement of dairy standards and regulations on spot testing and analysis and market surveillance.

6.1 Registration of Dairy Businesses

The Authority registers dairy businesses as one of its critical regulatory activities. The registrations are done in line with Dairy (Marketing and Processing of Milk and Milk Products) Regulations, 2003 and as amended in 2006 and 2015. The complying businesses are issued with registration certificates.

In the Financial Year 2019/20, a total of 1,035 dairy businesses were registered. These businesses included importers, exporters, milk collection centers, milk transporters, milk processors; among others.

6.2 Analysis of Milk and Milk Product Samples

The National Dairy Laboratory in Lugogo and three (3) mini laboratories in Gulu, Mbarara and Soroti cities do sample analysis to ensure quality and safety of milk and milk products, and also enable acceptance of our dairy products on local, regional and international market. On spot milk testing is also done during other key regulatory field activities.

During the FY2019/20, a total 5,015 milk and milk product samples were analyzed to ensure quality and safety of milk and milk products.



6.3 Inspections

Inspections are of the routine key regulatory activities conducted by the Authority, to ensure that milk handling premises and equipment, export and import consignments conform to the established dairy standards and regulations. There are well laid procedures in handling non conformity cases as per the pensions in the regulators.

During this financial year, the Authority managed to inspect a total of 3,246 dairy premises, consignments/ equipment country wide.



6.4 Market Surveillance

Market surveillance activities are key in ensuring that the market is not flooded with counterfeit milk and milk products that might pose danger to consumers. By doing market surveillance, the environment is also protected; promotion of fair competition in the market notwithstanding. In the FY 2019/20, the Authority managed to conduct a total of 48 market surveillance visits countrywide.

6.5 Enforcement of Dairy Regulations

Dairy enforcement activities are usually conducted to check on the status of compliance to set standards and regulations.

The activities generally verify compliance to dairy stds and regulations by trading/processing milk without a license issued by the Authority; use of unrecommended milk handling utensils/equipment; milk and milk products adulteration; handling milk in unsuitable premises; boiling milk in unhygienic environment for commercial purposes; poor product handling including offering expired products for sale, among others. In the Financial Year 2019/20, a total of 45 enforcement operations were conducted country wide.





7.0 Institutional Strengthening

7.1 Procurement of dairy equipment

The Authority is in the process of making the Entebbe Dairy Training School a “training and national dairy incubation college” in the country. The school is being equipped with all the necessary dairy equipment in preparation of the incubation programs and offering a credited courses / programs.

In this FY, assorted dairy equipment was procured for the school. The equipment ranged from Electrical control panel, dearator, cooling tower accessory, dump tank, flow meter, chilling units; among others.



*DDA Official in
an enforcement
exercise in
Central Region*

7.2 Rehabilitation of the National Dairy Laboratory in Lugogo.

The Authority embarked on the accreditation process of the National Dairy Laboratory in Lugogo, Kampala, to enhance compliance and conformity assessment activities. Rehabilitation of the laboratory is part of the sequential activities.

In other words, the rehabilitation is meant to prepare the laboratory for accreditation. In this FY, the Authority embarked on the rehabilitation of the laboratory and works will be concluded in the FY 2020/21.



7.3 Completion of construction of the Northern Region Office Block in Gulu

Improving public service delivery and efficiency in Government operations are some of the key aspects in transforming the economy. In this FY, the Authority completed the construction of the Gulu Regional Office Block. The Office Block is currently accommodating the DDA Regional staff that are carrying out dairy development and regulatory functions in the region.



8.0 Sub sector coordination

The Authority coordinates dairy activities within and outside the country. During this FY 2019/20, DDA coordinated/ participated in a number of key events that included the following;

- Hosted the 74th meeting of the National Codex Committee, in which food safety related issues were discussed.
- The Authority exhibited on dairy technologies for farm and feed improvement and quality assurance during the farmers' field day in South Western region; an event that was organized by the Farmers Forum.
- Participated in the 10th Anniversary of FAO– China South-South Cooperation (SSC) Program and 2019 Africa-China Poverty Reduction and Development Conference. H.E The President of Uganda was the Chief Guest of this event that was held at Speke Resort Munyonyo. The Authority exhibited dairy technologies, innovations and services offered to the public.
- Participated in the 15th African Dairy Conference held at Kenyatta International Conference Centre.
- Attended a dairy stakeholder meeting in Nakasongola District, a meeting convened by the Hon. Minister of State for Animal Industry-MAAIF. The meeting was arranged to discuss various issues that were affecting dairy business in Nakasongola, that ranged from tick borne diseases, drought, milk marketing challenges, among others.
- A total of ten (10) follow up visits were made on farms that had received pasture seeds to assess the status of pasture gardens established in Omoro, Gulu, Soroti, Ngora, Kumi and Mbale Districts.
- Coordinated 09 farmers of Masaba Dairy Farmers Cooperative for a learning and benchmarking visit to Soroti Milk Collection Centre and Atlas farm in Ngora District.
- Participated in the Situation Analysis of the National Food Safety Control System in Uganda.

9.0 Contribution of Dairy Sub sector to Sustainable Development Goals (SDGs).

The Dairy sub sector has registered some progress in implementing and integrating Sustainable Development Goals

The sub sector directly contributes to SDG 1: End Poverty; SDG2: Zero Hunger; SDG3: Good health and wellbeing; SDG 5: Gender Equality; SDG 6: Clean water and Sanitation; Goal 7: Affordable and clean energy; Goal 10: Reduced Inequalities and Goal 13: Climate Action.

The other SDG that is indirectly influenced by the dairy sub sector is Goal 4: Quality Education.

Below is a summary of the Dairy Sub sector’s contribution to the Sustainable Development Goals.

Table 6 : Dairy Sector contribution on the SDGs

SDG Goal	Sub sector’s contribution
SDG 1: Zero Poverty	Given the nature of the dairy businesses such as dairy farming , milk collection and transportation , the value chain actors are assured of daily income ; something that has contributed to reduction in poverty. Dairy farmers earn daily from the sale of milk and this has boosted household incomes. Marketed milk is valued at approximately UGX 3 trillion annually.
SDG 2: Zero Hunger	There are variety of milk and milk products on the market, ranging from Powdered milk; Ghee, Butter; UHT milk; Pasteurized milk; Yoghurt, Cream; Ice cream; Fermented Milk; Cheese; among others. The subsector is feeding the entire country’s population and this has contributed to reduction in the prevalence of hunger.
SDG3: Good health and wellbeing	Milk is complete food with a variety of nutrients that are critical for good health. The Authority promotes milk consumption nationwide.
SDG 8: Decent Work and Economic Growth	The dairy sub sector has significantly contributed to the economic growth as evidenced by the increase in dairy exports. Over 100,000 jobs have been directly created and sustained by the sub sector.

10.0 Monitoring & Evaluation

The Authority has registered little progress in the implementation of the National Policy on Public Sector Monitoring and Evaluation. However, Management is committed to enhancing Monitoring and Evaluation function within the Authority. Efforts are being made to fund the implementation of the M&E Plan, Support real time data collection and management and the use of ICT for M&E. Plans in the next FY have been put in place to procure ICT equipment for data collection and reporting, training on the National Food and Agricultural Statistical system and rejuvenate the periodic dairy stakeholder platforms for sharing evidence.

The objectives of conducting M & E in the FY 2019/20 were;

- To assess the impact and outcomes of DDA interventions;
- To establish whether activities were implemented according to the plans;
- To specifically learn lessons that will guide planning and policy in subsequent financial years.

10.1 Lessons learnt

The monitoring and evaluation team managed to capture key lessons learnt during the implementation of the FY 2019/20 key planned activities. These lessons included: -

- Strengthening dairy cooperatives/ groups/ associations in terms of leadership and management can improve on their sustainability and enhance milk marketing.
- Some Districts in the country have made remarkable progress in dairy development such as increase in milk production capacity. Districts like Nakasongola, Kiruhura; among others will need interventions that are more of regulatory than development in nature.
- There is need to strengthen collaboration and coordination with other partners in the implementation of dairy interventions in the sub sector. A lot of success stories from partners go un noticed and are not used for learning.

10.2 Summary of Performance against KPIs for the FY 2019/20

The Authority registered substantial performance against the set Key Performance Indicators for the FY 2019/20.

Table 7: Outcome Indicators for the FY 2019-20

Outcome indicators	Target – FY 2019/20	Achievement – FY 2019/20
Production volume of milk (in billion litres)	2.52	2.7
Proportion of milk and milk products conforming and complying with standards and regulations.	475.2	511.96

Source: DDA database

Table 8 : DDA - KPIs, FY 2018-19

Programme 5: Dairy Development and Regulation	Output Indicators	Annual Target	Achieved	%age
	No. of dairy Stakeholders trained	5800	4854	84%
No. of milk collection centers rehabilitated	2	1	50%	
No. of milk and milk product samples analyzed	5000	5015	100%	
No. of dairy premises/equipment registered	1200	1035	86%	
No. of dairy premises/equipment inspected	2700	3246	120%	
No. of milk handling equipment /utensils procured and distributed.	280	411	147%	

Source: DDA database

10.3 Impact of Covid-19 Pandemic on the Authority Performance

Covid-19, a global epidemic that was first reported in Chinese city of Wuhan has affected performance of the economies worldwide. The Government of Uganda instituted measures to restrict movements and spread of COVID-19 before the first case was confirmed on March 22, 2020. Additionally, more measures were put in place to minimize the spread of COVID-19 like the movement restrictions came in the middle of the third quarter of the implementation of the authority projects and programs.

The Authority's regulatory and development activities have been affected countrywide. Skilling of dairy stakeholders along the dairy value chain has been put on hold in response to Presidential and Ministry of Health guidelines since it involves gathering of dairy stakeholders like farmers.

Regulatory activities such as inspections, enforcement, market surveillance etc. have also been curtailed and the performance shortfalls are already being felt. Training of farmers was put on hold countrywide to avoid infections during meetings. The event that was organized to promote quality assurance was postponed until normalcy returns.

The pandemic impacted on the key performance indicators of the authority especially on training and skilling of dairy stakeholders.

11.0 Performance Challenges by End FY 2019/20

The Authority has noted a number of achievements amidst challenges. Some are specific to the Vote while others are general as seen below;-

Vote Specific Challenges

Chronic budget cuts

Despite the fact that the Vote budget is small in relation to the sector allocations, the Authority suffers from budget cuts. In other words, it does not receive 100% of the approved budget. For instance, out of the approved budget of UGX 10.13 billion, only UGX 7.42 billion was released in the FY 2019/20.

Fixed Wage MTEF and Low Staffing Levels

The Authority has had a fixed wage MTEF of UGX 1.57 billion for over 6(six) years. This has made it difficult to fill vacant positions in the structure.

Currently, the Authority has an approved structure of 144 staff but only 68 positions (47%) have been filled; leaving a gap of 76 (53%) staff. This has crippled human resource capacity and had made it difficult to effectively implement the National dual Mandate of providing development and regulatory services.



Government Assets Management Costs

Securing Government Assets is a very critical responsibility of the Authority. However, the Authority is very constrained by asset management costs amidst budget cuts.

Generalization of Authority's activities in terms of expenditure.

Critical development and regulatory activities of the Authority are considered consumptive expenditure and suffer budget cuts. We are therefore constrained in terms of fully implementing our mandate of development and regulation.

General Sector Challenges

Underfunding to the Dairy Sub sector

The Authority is underfunded. DDA accounts for only 1% of the total allocations to the sector yet it has a national dual mandate of developing and regulating the dairy sub sector.

Encroachment on Authority's land/property

The Authority inherited property from Dairy Corporation and is facing the challenge of encroachment. This is worsened by underfunding, that has made it difficult to process titles for land.

Low adoption of modern dairy farming practices

Despite the fact that the Authority strives to upscale human capital development, adoption of modern dairy farming practices is still low. This has an effect on production and productivity within the dairy sub sector.

Non-Tariff Barriers (NTB) on dairy exports within the region

The dairy sub-sector is facing a challenge of non-tariff barriers within the region and this has negatively affected dairy trade. In the recent past, dairy exports to Kenya and Rwanda have reduced due to these NTBs.

Low domestic milk consumption

World Health Organization recommends that every person should take at least 200 litres of milk per year.

However, the country's current milk per capita consumption is approximately 63.8 litres (2019). Never the less, the Authority continues to promote milk consumption in its interventions.

The FY 2020/21 will mark the 1st Financial Year of implementing the NDP III, ASSPIII, DDA SP III and will basically be building on the achievement registered in the DDA SP II. The Authority will basically be focusing on making a contribution to Agro industrialization outcomes by;

1. Investing in post-harvest handling and market access
2. Reviewing the Dairy Act 1998, identifying sections that are weak and introducing sections to address emerging challenges so as to make the Law relevant, effective and efficient in executing the mandate.
3. Strengthening dairy farmer organizations and cooperatives
4. Engaging constantly with milk traders, transporters, processors and providing oversight and arbitration roles of the dairy sector.
5. Establishing strategic partnerships with agencies and organizations to leverage on synergies (URA, UIRI, UBOS, PSF, abi Trust, Master Card Foundation, MAK, MoTI, MoFPED etc.
6. Strengthening Dairy extension and human capacity development Systems.
7. Strengthening investment in transportation of raw liquid milk from MCC to processing facilities.
8. Improving domestic consumption from 63 litres per anum to 120 litres per annum.
9. Strengthening farmers capacity to improve genetics of their cattle.
10. Curbing milk adulteration.
11. Strengthening our mobile laboratory capacity through procurement of more Mobile Laboratory Vans.
12. Provision of Artificial Insemination kits to all MCCs, farmer cooperative societies and training of AI technicians to provide AI services to the farmers.

CONTACTS

<p>HEAD OFFICE Plot 1 Kafu Road, Nakasero P.O Box 34006 Kampala Tel: +256 414-343901/414-343903, Email: info@dda.go.ug Website: www.dda.go.ug</p>	<p>NATIONAL DAIRY LABORATORY Dairy House UMA Show Grounds Lugogo, Kampala +256 414-696154</p>
<p>ENTEBBE DAIRY TRAINING SCHOOL Plot 121 M, Kigungu Road P.O. Box 257 Entebbe Tel: +256414662217</p>	<p>SOUTH WESTERN Plot 3 High Street, Mbarara P. O. Box 1398, Mbarara Tel: +256 485-421017</p> <p>NORTH EASTERN Plot 5-9, Old Mbale Road. Soroti City, Uganda</p>
<p>NORTHERN Plot 6/8 ,Keyo road ,Gulu City</p> <p>BORDER POST OFFICES MALABA Malaba Customs Area MAAIF Building</p>	<p>BUSIA Busia Customs Area MAAIF Building</p>
<p>ENTEBBE INTERNATIONAL AIRPORT Customs Business Centre(CBC)</p>	<p>MUTUKULA One Stop Boarder Post Mutukula Customs Offices Agricultural Inspectors Room</p>



Dairy Development Authority
Plot 1 Kafu Road, Nakasero
P.O.Box 34006 Kampala
Tel: 0414 343901/3
www.dda.go.ug