

ANNUAL REPORT FY 2020/2021



DAIRY SUBSECTOR AND DDA PERFORMANCE HIGHLIGHTS



DAIRY DEVELOPMENT AUTHORITY



Ministry of Agriculture
Animal Industry and Fisheries

DAIRY DEVELOPMENT AUTHORITY

ANNUAL REPORT

FY 2020/2021

DAIRY SUBSECTOR AND DDA PERFORMANCE HIGHLIGHTS

JULY 2021

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Acronyms

CFD	Contract for Difference
COVID-19	Corona Virus Disease 2019
CWT	Hundredweight
DDA	Dairy Development Authority
DFCS	Dairy Farmers Cooperative Society
FY	Financial Year
GMPs	Good Manufacturing Practices
IPF	Indicative Planning Figure
KPIs	Key Performance Indicators
MAAIF	Ministry of Agriculture, Animal Industry and Fisheries
MCCs	Milk Collection Centre's
MoFPED	Ministry of Finance, Planning & Economic Development
NDP III	Third National Development Plan
PDM	Parish Development Model
PIAP	Programme Implementation Action Plan
PSFU	Private Sector Foundation Uganda
SNV	Netherlands Development Organization
SOPs	Standard Operation Procedures
UBOS	Uganda Bureau of Statistics
UGX	Uganda Shillings
USD	United States Dollar
WHO	World Health Organization



Executive Director DDA with the host the MD of K DA on an official visit of the Kenya Dairy Industry

Message From the Executive Director



The Government of Uganda through the Dairy Development Authority (DDA) is committed to improving the health wellbeing and creating wealth and prosperity for all Ugandans. Our pledge does not stop at sustaining job creation through dairy development but also ensuring that milk products sold in our country is safe for human consumption through our regulatory framework. This is the consistent message of confidence and certainty the Dairy Development Authority has proudly promoted and achieved for 20 years of its existence. Never has it been more important than during these recent extraordinary times.

The last two Financial Years; 2019-20 and 2020-21 have never been like others. The Coronavirus (COVID-19) brought with it challenges that our dairy

stakeholders, entire industry and Government had never anticipated. With various restrictions to normal operations, the challenge was ensuring milk and dairy products supply and assuring the public that they were safe for consumption, particularly in a rapidly changing environment. Besides the pandemic, institutional changes and policy shifts defined how and when we operate. The organization spent nearly two years without the board, had new leadership both at political and technical levels. Within the same years, government commissioned the programme approach under the

“
Our pledge does not stop at sustaining job creation through dairy development but also ensuring that milk produced and sold in our country is safe for human consumption through our regulatory framework.”

NDP III and announced Rationalization of its Ministries, and Agencies as one of its sweeping reforms. As the dairy ecosystem evolves within Covid -19 pandemic and reforms continues, so does the Authority.

The last FY 2020/21 alone has been demanding, sometimes and more often challenging but exciting and satisfying for DDA and for myself with a lot of analysis, learning and planning.

It was my first year in office that also coincided with the first year of implementation of the new five-year strategic plan, the NDP III and the Agro-industrialization programme. We have turned every stone and set a course for the next years in the strategic plan which is aligned to national agro-industrialization programme and the

national strategy. We have revised the Vision and Mission of the Authority and I am proud to say that if FY 2020/21 was all about strategy and planning then FY 2021/22 is the year for action.

As part of sustaining its core business functions,

DDA increased its role and responsibility as part of the Government's efforts to mitigate the impacts of COVID-19 in the sector despite accumulated arrears and debts from the last FY 2019/20. Part of these efforts the Authority;

The infographic consists of seven colored boxes arranged in a grid. Each box contains a number, an illustration, and a brief description of an achievement. Box 1 (light green) features a cow illustration. Box 2 (orange) features a farmer with a cow. Box 3 (blue) features a goat illustration. Box 4 (purple) features a cow and goat illustration. Box 5 (dark blue) features an inspector with a spray bottle. Box 6 (green) features a registration clipboard illustration. Box 7 (orange) features a '100% milk' splash illustration.

- 1.** Continued to deliver dairy farmer training and skilling including to hard to reach farmers, providing access to farming inputs in all milk sheds to ensure limited disruptions in milk production.
- 2.** Mobilized farmers in all regions
- 3.** Launched the dairy goats projects
- 4.** Participated in the national livestock census 2021 organized by UBOS in collaboration with MAAIF
- 5.** Increased inspections and enforcements to ensure consumer safety during the pandemic. Our inspectors ensured COVID-19 compliance at dairy premises, and licensed facilities that were also compliant to the SOPs instituted by the Ministry of Health.
- 6.** Supported business sustainability through continuous registration and licensing.
- 7.** Commissioned clean milk programme with the Minister of State for Animal Industry

I am proud to highlight the role DDA plays as a semi-autonomous milk safety oversight body, responsible for regulating and monitoring dairy value chain as per international requirements. This implies that from the farm to the cup or plate, consumers are confident that the Government is working with the industry and other stakeholders to reduce milk dairy products contamination and improve safety and health wellbeing.

I acknowledge and thank the staff and management at the DDA for their continued commitment and proficiency in consistently achieving results amidst unprecedented challenges. And invite you to read our Annual Performance Report for FY 2020/21 to learn more about the positive outcomes the agency continues to deliver as it works to attain its revised mission and vision for the new beginning of the dairy industry.

Executive Summary



A delegation from the Flemming fund project with the Executive Director and the Minister of State, Animal Industry and Fisheries

Financial Year 2020/2021 is a land mark period for the dairy industry. It was the first year of execution of the third NDP III and third five-year strategic plan of the Dairy Development Authority (DDA).

It was also characterized by various reforms in government including the introduction of the programme approach to planning and budgeting, implementation of the rationalization programme of government MDAs. The Authority also changed leadership with the new Executive Director coming on board to steer the mission and vision of the organization. It also filled in the position of the Director Technical Services, the first ever since the creation of the Authority.

In the last FY 2020/21, the Authority received a total of 10.1 billion towards the implementation of its planned interventions and attainment of its core outputs. By executing its mandates and achieving its outputs, DDA influences the outcomes of the entire dairy industry and thus contributes to its performances mainly in the lower nodes of the value chain. Despite the economic challenges brought by the Covid-19 pandemics and administrative gaps especially low staff capacity, substantial performance during the period was registered.

Dairy exports in the country reached a record high of 358.6 billion UGX in the last four years and nearly doubled compared to last

Key Highlights FY 2020/2021

 **10.1
Billion UGX**

In the last FY 2020/21, the Authority received a total of 10.1 billion towards the implementation of its planned interventions and attainment of its core outputs.

 **358.6
Billion UGX**

Dairy exports in the country reached a record high of 358.6 billion UGX in the last four years and nearly doubled compared to last FY 2019/20.

 **12.1
Billion UGX**

Total milk products valued at 12.1 billion UGX were imported.

 **18.9
Billion UGX**

Dairy equipment valued at 18.9 billion UGX were imported in the country.



3,909

Dairy stakeholders were trained in good dairy farming practices



1,891kgs

of pasture seeds (Centrorema, Lablab and Chloris Gayana) were distributed to farmers countrywide.



141

Skilled dairy stakeholders in value addition and quality control and assurance at the Entebbe Dairy Training School.



2,480

Milk handling premises were inspected to ensure compliance to milk quality standards for consumer safety.

FY 2019/20. This is mainly attributed to strong emphasis to compliance to international standards by the authority and also the penetration of the Algerian market. Total milk products valued at 12.1 billion UGX were imported. Dairy equipment valued at 18.9 billion UGX were imported in the country.

This equipment included Dairy machinery, parts of milking machines and dairy machinery, milking machines, refrigerating or freezing equipment. The country had a positive balance of trade since the value of milk products exports continue to significantly outperform the imports. Dairy exports contributed to 42 percent of total agricultural exports for the year. Only 880 businesses including processors, importers, exporters and milk transporters among others were registered and licensed in the period. There was a reduction and slow movement of businesses along the value chain.

At the lower end of the dairy value chain, milk production volume estimates reached 2.81 billion litres short of the target of 3.0 billion litres. Prolonged dry spells affecting natural pastures was experienced in the North East and Northern, meanwhile with the covid-19 pandemic measures disrupted milk productivity in the South West, Midwest and Central milk sheds. Despite the slow estimated growth in milk volumes, farmers enjoyed significantly high farm gate prices compared to the previous period. Average national farm gate milk prices increased to 1,072 UGX per litre compared to UGX 984 in the FY 2019/20. Retail prices also bounced back high in FY 2020/21 to 1,603 UGX.

The Authority rehabilitated two milk collection centers in Katakwi and Kyegegwa. This will boost the current milk chillings and storage capacity and contribute to the reduction of post-harvest losses and increase on milk marketing. 3,909 dairy stakeholders were trained in good dairy farming practices while 1,891kgs of pasture seeds (Centrorema,

Lablab and Chloris Gayana) were distributed to farmers countrywide. These efforts supported farmers to boost milk production and productivity in their regions and contribute to the estimated 2.81 billion. DDA also skilled 141 dairy stakeholders in value addition and quality control and assurance at the Entebbe Dairy Training School.

At the regulatory wing, more than 2,480 milk handling premises were inspected to ensure compliance to milk quality standards for consumer safety. Besides the inspections for quality 3,257 milk samples were collected and tested for adulteration and food contaminants countrywide. At least 31 enforcement operations to curb unlicensed milk transporters and poor milk handling practices countrywide.

Performance over the period is mixed with lows and highs in the performance indicators tracked. The subsector faced quite significant threats of the global pandemic, high prevalence of food and mouth disease in the cattle corridor as well as erratic dry spells. This disrupted animal feeding

patterns, worsened livestock health and access to farming inputs thus reducing milk production and productivity. In spite of increased export volumes and values in the medium term, formidable trade barriers on dairy products on the global market continue to threaten the entire value chain. Dairy exporters experienced quotas and continuous bans in pursuit of external trade.

As the Authority begins the new financial year 2021/22, experiences drawn from the last period shaped the way we plan and intervene for a sustainable dairy industry. Focus will be on strengthening institutional capacity through staff recruitment and training, increasing partner engagement in line with the programme approach and the parish development model. The authority shall also start professionalizing the dairy value chain actors in a bid to make businesses sustainable and milk quality centered.

A. Connect with us

Who we are.

Dairy Development Authority (DDA) is a statutory body under the Ministry of Agriculture, Animal Industry and Fisheries.

Our Vision is to have ***“Dairy for improved health and prosperity of Ugandans”*** with a mission ***“To increase productivity and competitiveness of the dairy sector and enhancing its contribution to population health and wealth of all Ugandans”***.



In our existence, we strive 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.

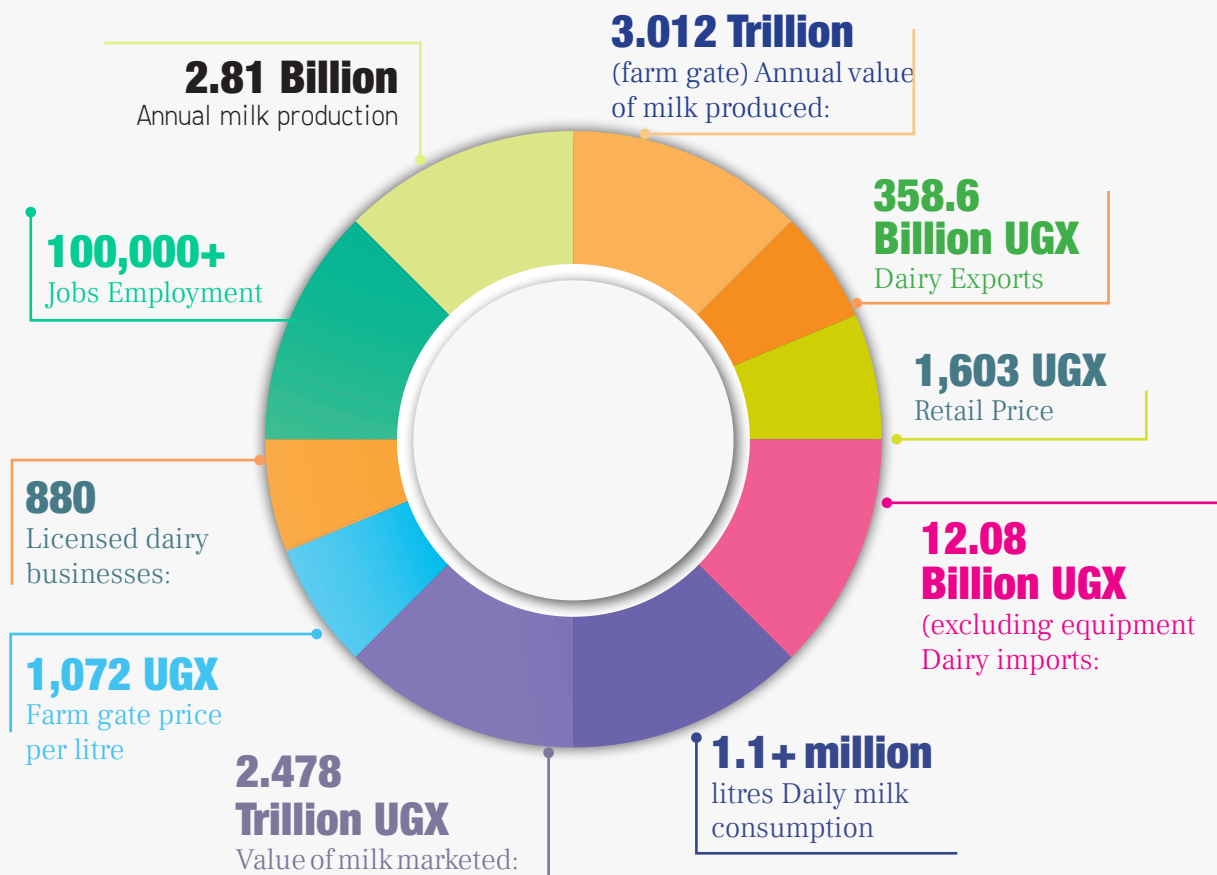
Our charter

The Dairy Development Authority contributes to the overall health and prosperity of the people of Uganda because we work to ensure that the milk produced, stored, transported, processed and sold in the country and exported is monitored and safe at each step it goes through from paddock to plate. Doing this keeps people safe, protected and wealthy as the dairy value chain thrives. It was established under the Dairy Industry Act, 1998 with a mandate to develop and regulate the Dairy Industry.

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.

Economic power of dairy at a glance: Uganda 2020/21



B. Highlights of subsector performance

Over the last Financial Year, growth and sustainability of the dairy subsector was observed as it strives to provide wealth and improved health for Uganda. Performance was tracked in GDP and trade areas of i.e., dairy exports and imports and various nodes of the entire value chain. Highlights of performance are presented here below by the outcomes of the Agro-Industrialisation PIAP of the NDP III.

Outcome 1: Increased Production and productivity

Milk production and productivity

Increasing milk production in the country is one of the top priorities of the Agro-Industrialization programme and DDA five-year strategic plan. In the FY 2020/21, promotion of improved feed production and conservation, extensive training of dairy stakeholders in good dairy farming practices, increased adoption of dairy farming as a business by government and increased private sector investments in the dairy has led to an increase in milk production estimates.

Milk production is estimated to have increased from 2.08 billion litres in 2015 to 2.64 billion litres in 2020 as shown in the table below. By the end of 2021 milk production is estimated to reach 2.81 billion short of the target of 3.0 billion litres. This is due to Covid-19 pandemic restrictions that distorted the dairy value chain and interrupted milk production systems at farm level. Also a prolonged drought spell in the Northern and North East milk sheds reduced natural pastures and water for livestock.

Table 1.0: Uganda's Milk production (Billion Litres) of the last six years (2015-2021)

Years	2015	2016	2017	2018	2019	2020	2021
Production	2.08	2.20	2.28	2.51	2.52	2.6	2.81

Source: DDA Database FY 2020/21.

Outcome 2: Improved post-harvest handling and storage of agricultural products Milk Collection & Storage.

Milk loss at milking, storage and processing points in the value chain contribute to loss of production output and thus income earnings for farmers and other players in the value chain. In a bid to reduce high post-harvest losses, Milk collection, storage and processing is one the key sub programme interventions. Rural Milk Collection Centres increased from 461 with total installed capacity of 1.7 million litres

in 2017/18 to 475, with total estimated capacity of 2.21 million litres in 2020/21. The Authority added four milk collection centres in the last two years to boost milk collection and storage in milk producing areas. New rehabilitated MCCs include Gulu, Kitgum, Kyegewa and Katakwi. The low milk storage and chilling infrastructure in the country cannot hold daily production capacity of 7.7 litres reported above.



Kitgum Milk Collection Center before (Left) and after Renovation (Right)

Outcome 3: Increased agro-processing and value addition

Milk Processing and value addition

Dairy processing plants (Large, Medium, Small scale and Cottages) have increased from 100 with processing capacity of 2.7 million litres in FY 2017/18 to 116 in 2021 with estimated total processing capacity of 3.1 million litres.

This increment is contributed by dairy cottages in South West and Central milk sheds adding value to the milk as the sector strives to reduce post-harvest loss, improve on milk marketing and create jobs along the dairy value chain.



Locally processed dairy products in the market

Dairy cottages driven by passion for value-addition: A story of AWA Foods Uganda Limited



Betty Kasabiiti Mbaziira was born into a cattle keeping family in Kiruhura district. Her father Mr. Esau Rukumba was a cattle-keeper and that developed her passion for farming from childhood. Farming was largely a hobby for her until, unfortunately, her husband's death in 2003. Betty used to run other businesses in Kampala, dealing in phones, electronics, and saloon till her husband's death when she realized that she would not be able to look after her children.

She needed to supplement her income with farm work. Tired of things in Kampala and buying expensive milk yet in her farm they sold a litre of milk at 200 shs. Betty acted and thought of a sustainable way of living. A yoghurt processing company called AWA Foods Uganda Limited was conceived and founded. "Awa" styled to refer to the local Ugandan pronunciation of 'Our'; meaning "Our Yogurt" – utilizing "our" green earth, for "our" healthy consumption, produced by "our" people. Betty started the yogurt processing business using 25 liters of milk from her farm.

Now, AWA foods has grown from a supply of 25 liters to a monthly average of 10,000 liters of great quality farm fresh yoghurt processed within the farm and home premises. She supplies the company with 5,000 liters from her farm and outsources 5,000 liters from other dairy farmers, supporting her fellow farmers and promoting their milk businesses. This was made possible when she joined other farmers in a Dairy Farmers Co-operative. She supports the cooperative by selling and purchasing milk from the society.

Awa foods received a lot of support from DDA since its inception. DDA has trained us in a lot of areas that include Quality control and assurance, clean milk production and handling, good manufacturing practices, Hazard analysis and critical control points (HACCP), food safety system, standards and regulations.

They also supported us to acquire a Quality Mark (Q) from Uganda national bureau of standards (UNBS) since our products improved in quality. And in order to keep us on our toes to ensure product quality and safety, DDA conducts routine quality testing on our products. This has earned us confidence and consumer loyalty and with their annual registration certificate, they have promoted AWA Foods as legal and complying with regulatory requirement. Our journey with DDA, has provided a forum for marketing and increasing visibility of AWA farm regionally and country wide by participating in several promotion activities and quality award competitions. Betty through the AWA Foods has won several awards including Best Farmer 2018 and Rising Woman Award in several farming categories including value addition.

Through the awards and competition, she has travelled to several countries, gained knowledge and more skills. Her farm also received an asset acquisition reward that enabled the purchase of a solar water pump that helped in the distribution of water in the paddocks and in the processing unit courtesy of Vision group as a Best farmer in 2018.

"Besides DDA, I would like to give a special thanks to my family, friends and staff for all of their continuous support. No man is an island and when we achieve we usually do so because others have helped. I am also grateful to organizations such as SNV, PSFU, Nyamitsindo dairy cooperative, Vision Group, etc –thank you for sharing the vision of an integrated and innovative community for dairy farmers. You all understood what we were trying to achieve and helped make it possible. Your generous gifts of time, expertise and funds are deeply appreciated" As the founder of Awa Foods Uganda, Betty Mbaziira aspires to empower herself to bring a better future to Uganda and hopefully inspire women to dream bigger as well. Successful entrepreneur Tony Hsieh once said 'Stop chasing the money and start chasing the passion.' With this mentality, women can do so much, the sky is the limit.

Outcome 4: Increased market access and competitiveness of agricultural products in domestic and international markets

Through various interventions in the dairy industry, DDA contributed to the marketing of milk, facilitated increased international trade of dairy products and monitored the performance of both domestic and international milk prices.

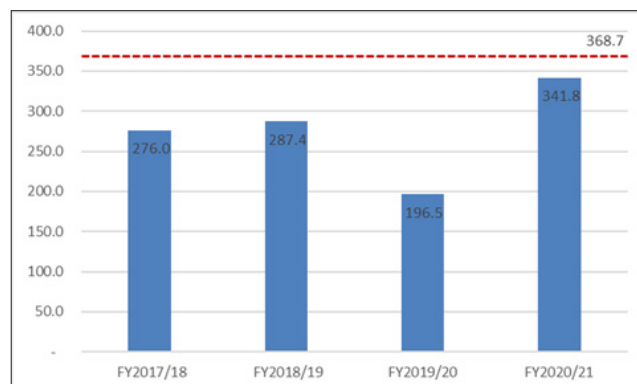
Milk marketing

Marketed milk in 2021 is estimated at 82 % of the total production. Daily milk marketed estimates stand at 6.7 million compared to the 7.74 million daily produced implying that more than 1 million litres is consumed locally at household. The annual value of marketed milk increased from UGX 2.24 trillion in 2020 to UGX 2.478 trillion in 2021.

Dairy exports

Dairy exports in the country have reached a record high of 358.6 billion UGX in the last four years. The export values nearly doubled compared to last FY 2019/20. This significant surge upwards indicates recovery from the shocks the national exports experienced in the external market. These shocks include the non-tariff barriers from export destination countries and the Covid-19 pandemic that disrupted the dairy global supply chains. However, the dairy export values fell short of the Agro-Industrialisation Programme targets of increasing dairy export values to 368.7 billion UGX in the first year of its implementation.

Figure 1.0: Value of dairy exports (Billion Ugx) in FY 2017/18 – FY 2020/21



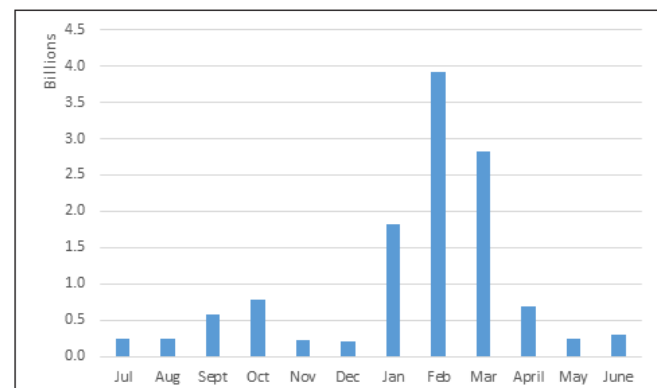
Source: Uganda Revenue Authority Customs Database, July 2021.

The dairy export destination countries also increased to include to Algeria and Malawi in response to government efforts to identify new market for dairy products in the last FY 2020/21. Dairy exports contributed to 89 percent of total exports of livestock products and only 7 percent of total agricultural exports for the year.

Dairy Imports

Uganda continues to import milk products despite government import substitution and aggressive export promotion policy of agricultural products. In the dairy subsector, milk products imported totaled 12,075,441,167 UGX. Milk products imported include milk cream, butter, cheese and yoghurt. The top countries of origin of these milk products are United Arab Emirates, Oman, Ethiopia, Kenya, Netherlands, South Africa, United Kingdom, France and Germany. In comparison with dairy exports that stood at 358.6 billion UGX, the country enjoys a favorable balance of payments in the industry as exports continue to outperform imports.

Figure 2.0: Milk products imports FY 2020/21



Source: DDA Database FY 2020/21.

Dairy equipment imported in the country totaled 18,959,747,243. This equipment included Dairy machinery, Parts of milking machines and dairy machinery, milking machines, refrigerating or freezing equipment.



The equipment imported was largely for milk processing factories and large institutional farms. More equipment were imported in this period compared to last year providing evidence of a steady drive for increasing dairy industrialization specifically for milk processing.

Domestic milk consumption

Due to the rising non-tariff barriers on milk products for exports which the country has little control over, a renewed focus on domestic consumption has grown. The NDP III and the Agro-Industrialization Programme prioritizes prospects for promoting domestic milk consumption to ensure sustainable markets.

Needless to say, Milk per capita consumption in Uganda has significantly improved due to an increased population over time. With the FAO estimate of domestic milk per

capita consumption of 62 litres; the country currently consumes an estimated 2.54 billion litres. Consumption is poised to increase to approximately 65 litres in the short term to rapid urbanization in the country especially the creation of cities and municipalities. Increased milk consumption and awareness campaigns and other initiatives like the School Milk Programme have helped boost per capita consumption in the country. This consumption levels are still relatively low as per WHO recommendation of at least 200 litres of milk annually and the current milk production level. Nevertheless, higher demand for milk and dairy products shall favor domestic production, given the strong preference for fresh (loose) milk among local consumers in the country. By the end of July 2021, the country had 21 dairy products produced, processed and consumed locally in the country. These was an increase from 17 in 2019.



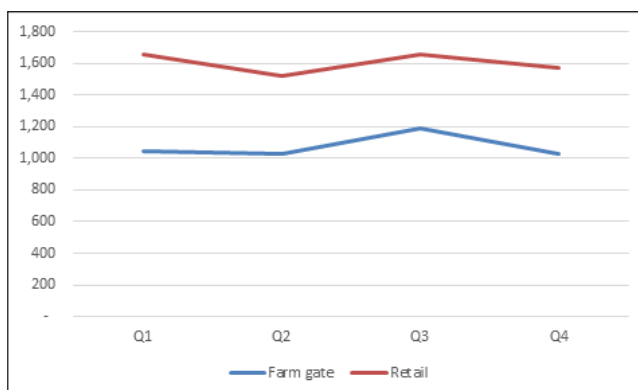
High value processed UHT milk ready for the market

Milk prices

1. National milk prices

National milk prices bounced from the slip experienced last FY. Average national farm gate milk prices increased to 1,072 UGX per litres compared to UGX 984 in the FY 2019/20. Average retail prices also bounced back high in FY 2020/21. Retail prices averaged 1,603 UGX compared to 1,440 UGX in the last FY. The valorization of milk decreased slightly in 2021 due to lower demands among processing factories, which could not be fully compensated by increasing prices of milk. Farm-gate milk prices went up in most milk sheds during FY 2020/21 but yet to exceed the long-term recorded average in the 90s. The seasonal fluctuations of milk prices had been smoothed compared with previous years. The increase after the second quarter of the year was flattened in the third quarter explaining the limited volatility in the period.

Figure 3.0: Annual national milk prices at farm gate and retail- FY 2020/21

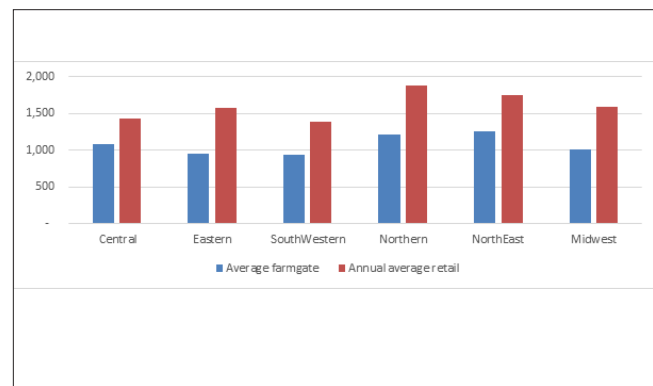


Source: DDA Database FY 2020/21.

2. Regional milk prices

Comparisons of regional raw milk prices support valorization strategies for milk sheds across the country and to understand the source of national price variations. During FY2020/21, both retail and farm gate raw milk prices remained lowest in South Western milk shed at regional averages of 1,390 UGX and 935 UGX respectively. Meanwhile, higher farm gate were recorded at 1,250 UGX in North Eastern milk shed and retail raw milk prices of 1,878 UGX in the Northern milk sheds. These was a shift from Northern Uganda that recorded high farm gate prices of raw milk in the last FY. The effect of the pandemic and drought in the dairy value chain hit dairy farmers in the North and North Eastern milk sheds constraining milk production and productivity causing milk deficits in the region.

Figure 4.0: Regional retail and farm gate raw milk prices in FY 2020/21

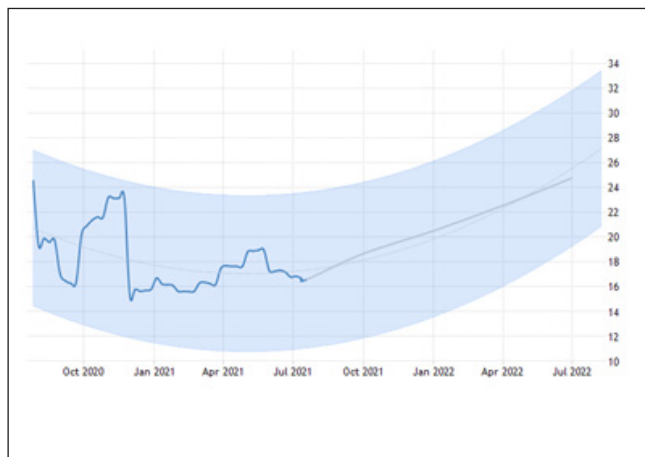


Source: DDA Database FY 2020/21.

3. International milk prices

During the FY 2020/21, global milk prices increased in the first quarter after significant drops in the last FY 2019/20 but significantly dropped in the second quarter of the year due to supply disruptions of the global covid-19 pandemic.

Figure 5.0: International milk price forecast

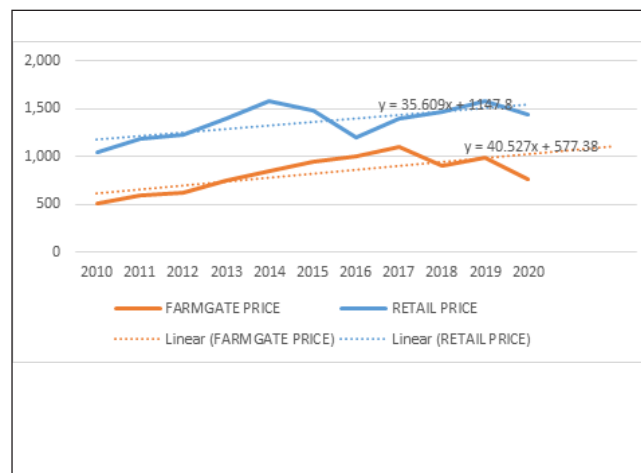


Source: Trade Economics

However, due to increased demand from China, milk increased 0.88 USD/CWT or 5.57% since the beginning of 2021, according to trading on a contract for difference (CFD) that tracks the benchmark market for agriculture commodities. According

to Trading Economics global macro models and analysts, milk is expected to trade at 21.6 USD/CWT by the end of 2021. Looking forward, it is estimated to trade at 24.76 at the end of the FY 2021/22.

Figure 6.0: Local milk prices forecast



Source: DDA Database FY 2020/21.

Global milk prices have a bearing on national milk prices and tend to follow similar global patterns of demand and supply chain movements. National milk prices are therefore predicted to continue an upward trend. This will benefit local farmers who contribute to the global supply chain.

C. Highlights of work plan performance



DDA dairy development officers training farmers in improved dairy farming practices in North East and South West milksheds

In the year where the Covid-19 pandemic affected people, businesses, communities and governments globally, progress to attain sustainable milk for health and wealth in the country continues to be made. In the year of the pandemic;

DDA focused on Increasing milk production and productivity, enhancing milk processing and marketing, increasing market competitiveness and strengthened dairy institutions as per the Agro-Industrialisation PIAP. Performance highlights in

Objective 1: Increase Production and productivity

The Authority conducted training of dairy farmers, provision of dairy inputs, steered dairy farmer organization and strengthening in a bid to increase milk production and productivity in the country.

Training of dairy stakeholders along the value chain

In order to increase milk production, 3,909 dairy stakeholders were trained in good dairy farming practices. The Authority continues to professionalize

the dairy value chain through informal training of dairy farmers in Fodder production and conservation, hygienic milk production and testing, silage and hay making, group dynamics and breeding technologies, clean milk production and handling practices. Dairy farmer development and trainings were conducted in districts of Bushenyi, Ishaka, Sheema, Kiruhura, Gulu, Lira, Ngoma, Mukono, Kiboga, Masindi, Kikube, and Kyankwanzi districts and so on.



Training of dairy stakeholders in Central region

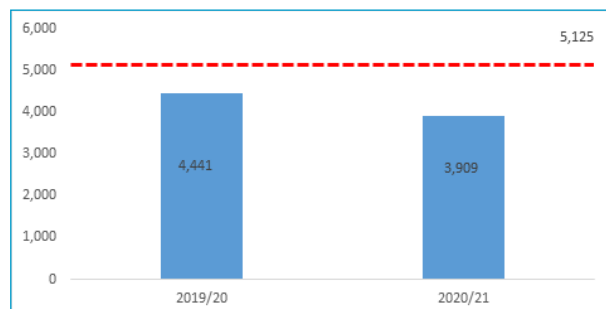


Dairy farmer group formation and strengthening session in Karamoja sub region in the North East Milkshed

the FY 2020/21 include; Furthermore, 19 trainings in dairy processing standards, business entrepreneurship, product development and GMPs in South Western milkshed (Kiruhura, Isingiro, Bushenyi, Mbarara) and Eastern region (Tororo, Bugweri, Malaba).

These stakeholders include of small scale processors/cottages. The number of dairy stakeholders trained fell short of the five year target as shown in the figure below. The Covid-19 pandemic control measures limited gatherings for trainings of dairy stakeholders.

Figure 7.0: Number of dairy stakeholders trained



Source: DDA Database FY 2020/21.

Farmer group strengthening

Dairy farmer organization is a key component under the Parish Development Model (PDM). Fourteen (14) Dairy farmers’ cooperatives were also formed and strengthened across the country in the areas of group dynamics, sustainability and Business development and management. In the South Western milkshed, dairy farmers groups in Bushenyi, Sheema and Mitooma were strengthened in the areas of for bulking and Collective Marketing meanwhile in Northern 39 new board members from 4 dairy farmers’ groups were trained on cooperative governance, roles and responsibilities and conflict management. Farmers were also introduced to prospects of dairy financing, promoting financing inclusion and penetration with strong emphasis of de-risking investments in the dairy industry.

Leaving no farmer behind; The story of Dairy farming in Tisai Island in Kumi District



Farmer mobilisation and training session in Tisai Island

Tisai Island is one of the sub-counties in Kumi district located in Lake Bisina at North Eastern milk shed in Uganda. With the highest cattle population of more than 20,000 heads of cattle, the Island is only accessible by boat around deep waters infested with hippos and famous African crocodiles.

More than 90% of the animal population are local breed with low milk productivity. Tisai Island produces an estimated 5,000 litres of milk daily and is ranked as the highest milk producer in Kumi and the neighboring districts of Katakwi, Bukedea and Ngora. Most of the milk produced at the Island is transported using Jerrycans and rowed to the mainlands using Canoes and occasionally few motorized boats. Milk is sold raw distributed to neighboring municipalities of Kumi, Bukedea and Cities in Mbale and Soroti.

Dairy farmers in Tisai reported high prevalence of Livestock diseases, Tick Acaricide resistance, limited access to dairy farming inputs and low milk yields. Farmers visited also lack knowledge and practices of modern dairy farming methods and experience low quality milk production. The Island is also prone to high milk post-harvest losses during storage and transportation limiting their huge marketing potential for higher farmer incomes. Few motorized boats are very costly and their time schedules are not convenient for timely milk transportation at the mainland.

In the last FY 2020/21, DDA intervened and reached out to the dairy farmers in Tisai. Dairy

farmers were re-organized and strengthened to register under a nearby cooperative of Ongino dairy farmers association. Farmers were trained in modern dairy husbandry practices and mindset change to focus on commercial dairy production and leverage in group dynamics for bulk transportation and marketing.

The Authority in partnerships with Kumi District Local Government through the Local Economic Development (LED) program is prioritizing a milk cooler for the island to enable farmers collect all the milk and chill it before it can be dispatched to the dry land. Farmers will be fully strengthened under the Parish Development Model to acquire milk transportation and value addition equipment. The Authority will also provide high food grade milk cans to improve on milk hygiene, distribute pasture seeds to improve on the existing grass species for better animal feeding for increased production. It will further promote value addition and partner with NAGRC to improve access to improved dairy breeds through extensive Artificial Insemination in the Island.

The Authority believes that Dairy farmers in hard to reach areas with huge milk production potential should not be left behind due to their geographical disadvantage. They belong to the dairy development and regulatory ecosystem in the country and are part of the journey to attaining DDA vision of having dairy for health and wealth for all Ugandans. The Authority pledges to reach all disadvantaged dairy farmers and support their capacity in developing the dairy value chain in their areas.



Access to dairy farming inputs improved

Low access to agriculture inputs limits the huge potential in dairy production and productivity. The Authority procured and distributed 1,891kgs of centrocema, lablab and Chloris gayana were distributed to different farmers in the Midwest, Eastern and North Eastern regions. Improved feeding of dairy animals increases milk production among

animals by 20 percent in a day. A total of 329 dairy farmers benefitted from these inputs. Besides the pastured seeds 22 demonstration chuff cutters and stainless steel plungers were also procured and distributed to farmer groups and selected cooperatives. A total of 74 dairy cooperatives benefitted from these dairy inputs country wide.



Pasture development and management in South west milkshed



Farmer representatives receiving chaff cutters and pasture seeds for improved dairy farming

Objective 2:

Improve post-harvest handling and storage of agricultural products

Rehabilitation of Milk Collection Centers

The Authority's planned outcomes include the reduction of milk post-harvest losses from the increased production of quality and marketable milk and milk product. DDA inherited dozens of dilapidated milk collection infrastructure scattered countrywide. In the period of review, Two Milk Collection Centers in Kyegegwa and Katakwi districts are under rehabilitation. Works are still

in progress due to the Covid-19 pandemic that slowed down progress. However, Kitgum MCC was completed within the same period and is awaiting commissioning and handover.

Once complete, the MCC will increase the milk industry storage capacity, reduce high dairy farmer post-harvest losses in the country and stimulate milk marketing within the community.



Ongoing rehabilitation works of Kyegegwa (left) and Katakwi (right) Milk Collection Centre's in Midwest and North East milksheds respectively

Procurement and distribution of milk handling equipment

In order to promote hygienic milk handling 441 milk handling equipment were procured and distributed to different dairy stakeholders across the country. The high-grade milk handling equipment came in three sizes (50L, 25L and 10L) to facilitate easy clean milking post-harvest storage and transportation.

With the government ban on the use of nonfood grade utensils like jerry cans in milk handling due to quality and safety concerns. The Authority stepped up to promote the use of milk cans and road milk tankers during milk transportation. Only 48 dairy cooperatives were supported with milk handling equipment compared to a target of 75 cooperative in the Agro-Industrialization PIAP.

Objective 3 Increase Agro-Processing and value addition

Skilling of dairy stakeholders

At the Entebbe Dairy Training School, professionalization of Youth at higher levels of the value chain continues with formal training and skills development. A total of 141 dairy stakeholders (majority youth) were trained and skilled in Quality Control and Quality Assurance. Trainees were imparted with life skills to produce Yoghurt and Butter as well other dairy products of interest. Forty-five of the trainees were followed up in Nakaseke, Kayunga and Nakasongola. Follow up visits are important for constant mentoring and to ensure continuity and utilization of skills acquired in bolstering job creation.

Further along the dairy value chain, Seven (07) small scale processors/cottage industry stakeholders were trained in dairy processing standards, business entrepreneurship, product development and GMPs in Kiruhura, Isingiro, Bushenyi ,Mbarara, Tororo, Bugweri, Malaba.



Trainees from Entebbe Dairy Training school graduated in yoghurt making and Milk testing

Objective 4

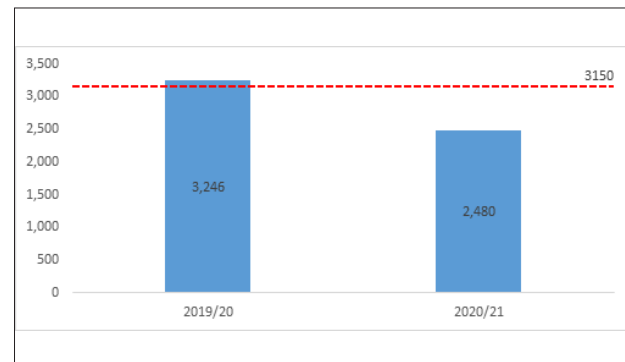
Increase market access and competitiveness of agricultural products in domestic and international markets

With support from the government of Uganda, DDA conducts dairy regulation for safety and good health in line with international standards thus increasing consumer confidence and demand both in the domestic and foreign markets. These compounds in to increased market access and competitiveness of dairy products in local and foreign markets. In the last FY 2021, the authority prioritized routine inspections, milk testing, market surveillances, enforcement of standards and licensing of dairy businesses.

Inspections of dairy handling premises for compliance

In June 30 2021, a total of 2,480 milk handling premises were inspected compared to 3,246 dairy by June, 30 2020. In the period of review dairy handling premises were inspected in the districts of Gulu, Oyam, Apac, Lira and Kitgum in the Northern milkshed; Tororo, Malaba, Butaleja, Busia, Jinja and Iganga in Eastern region and Kiruhura, Kazo, Ibanda, Mbarara, Isingiro, Sembabule, Lyantonde in South West Milkshed. More inspections were also conducted in Mpigi, Butambala, Gomba, Sembabule, Kampala, Wakiso in Central milkshed; Mbale, Soroti, Kumi, Kaberamaido, Moroto, Bukedea, Ngora, Amuria in North East and Kiboga, Kakumiro, Hoima, Kiboga, Mubende, Kyankwanzi and Masindi districts in Mid-West. Inspections are of the routine key regulatory activities conducted by the Authority, to ensure that milk handling premises, export and import consignments conform to the established dairy standards and regulations. There are well laid procedures in handling non conformity cases. Number of inspections slightly dropped from the last FY 2019/20 as shown in the figure below missing the strategic plan target for the period of reporting due to budget shortfalls in the first three quarters of budget execution.

Figure 8.0: Inspections of dairy handling premises in the last FYs..



Source: DDA Database FY 2020/21.

Of the total inspections; 634 were import and export dairy consignments inspected through the Border posts of Mutukula, Malaba/Busia and Entebbe.

Enforcement of dairy standards

The Dairy Industry Act empowers DDA to carry out regular enforcements of the dairy standards countrywide. In the FY 2020/21, DDA conducted 31 enforcement operations countrywide. The key areas enforced were carried out in key milk production districts of Mubende, Kiboga, Kabarole, Kasese and Mpigi and Kyankwanzi in Midwest; Apac and Lira in Northern Uganda meanwhile in South West; Mbarara, Kiruhura, Kazo districts were enforced. Other districts include Jinja, Kamuli and Iganga in Eastern region. The enforcement targeted milk transporters using un-recommended milk handling utensils/equipment; milk and milk products adulteration and handling milk in unsuitable premises among other standards. The number of enforcements were shy of last year's performance of 45 enforcement conducted countrywide and fell short of the annual target of 56 enforcements.

Registration and licensing of dairy handlers

The Dairy Development Authority licenses businesses across the entire dairy chain in the country in line with the Dairy (Marketing and Processing of Milk and Milk Products) Regulations, 2003 and as amended in 2006 and 2015. A total of 880 businesses were registered and licenses countrywide recording the lowest in the last four years due to the Covid-19 pandemics that disrupted the entire value chain. These include milk sales outlets/premises, dairy equipment dealers, exporters and importers, milk processors, transporters and MCCs. In December 2020, the number of coolers comprised only 51.7% of the total number of businesses registered with DDA, followed by freezer premise (21.6%), milk tankers (18.6%) processors and Importers/Exporters comprised of only 3.8 percent and 4.3 percent respectively. These are low registrations due to hibe prevalence of informal trade in the industry.

Table 2.0: Annual movement of dairy stakeholders by licensing category: 2017 - 2020

Category	2017	2018	2019	2020
Milk tankers	158	190	197	164
Cooler premises	452	723	622	455
Exporters/Importers	29	35	32	38
Freezers	298	240	343	190
Processors	54	77	44	33
Total	991	1,265	1,238	880

Source: DDA license register 2017,2018,2019,2020.

Contributions to the licenses by category were as follows in 2020: Cooler premises (39.3%), Milk transporters (37.8%), Milk processors (7.6%), importers and exporters of dairy products (8.8%) and freezer premises (6.6%).

Market Surveillance

Market surveillance declined compared to last FY. Only 27 market surveillance activities were carried out to protect consumers and ensure safety of milk products for consumption. Market surveillance activities were carried out in Mubende, Kiboga and Kyankwanzi, Kabarole, Kasese in Midwest; Mbale, Soroti, Kumi, Kapchorwa in North East; Mukono, Kiira,

Namugongo, Seeta, Kireka in Central region; South west in Mbarara, Kiruhura, Kazo; and Apac, Lira, Gulu, Lira in Northern. Most surveillances activities are concentrated in cities and municipalities countrywide.

Milk testing for safety and competitiveness

Milk samples declined by 24 percent in the last FY due to the rehabilitation works at the National Laboratory in the first half of the performance period. Only 3,457 milk and milk product samples were analyzed in three (3) mini laboratories in Gulu,



Dairy regulatory activities of on spot milk testing, inspections and enforcements for quality and safety.



The minister of state for Animal Industry Lt. Hon Bright Rwamirama launched the Anti-Microbial Resistance programme at our Headquarters. DDA is collaborating with Infectious Diseases Institute (IDI) Makerere.



Dairy goat farmers in Central region receiving training on group dynamics and organization

Mbarara and Soroti cities of the country, on spot mobile samples and at the National Dairy Laboratory in Lugogo. Sample analysis is conducted to ensure quality and safety of milk and milk products, and also enable acceptance of our dairy products on local, regional and international market.

Promotion of dairy goat farming

The dairy sector has overtime experienced a rapid growth from 1.5 billion litres in 2008 to 2.7 billion litres in 2019 earning the country foreign exchange valued at USD 139.5 million in 2019.

This is largely attributed to the dairy cattle with the contribution of dairy goat's to the overall dairy industry unknown and not quantified. Dairy goat farming in the country has been under developed and non-regulated overtime yet it has an enormous potential for improved population health, household wellbeing and wealth creation. Goat's milk is highly nutritious and used for the treatment of cancer, HIV and currently boosts the human immunity against COVID19. Physicians currently recommend goats milk for management of coronary diseases and intestinal disorders that contribute to common lifestyle diseases globally. Goats' milk contains less lactose which is highly recommended for a population with lactose intolerance and also high calcium and fatty acids with low cholesterol. According to nutritionists, goats' milk improves the

body skin by giving refreshing and high moisture content. The economic value of goat's milk is also 10 times higher than cow's milk fetching more incomes for a litre besides, dairy goats are highly prolific, easy to look after and hardy hence giving them a comparative advantage over dairy cows.

The Authority over the last FY recognized the contribution of dairy goats to the industry and made significant steps to develop promote and regulate dairy goat value chain in the country. Over the period, with support from the National Genetic Research Centre and Data Bank (NAGRC & DB), the Authority initiated the process of supporting dairy goat farming. A total of 80 dairy goat farmers were mobilized across the six milksheds in the country and trained by DDA. With technical advisory support from the Authority, the group registered a federation "Uganda National Dairy Goat farmers' with the Ministry of Trade, Industries and Cooperatives as a national platform to rollout mobilization to the grass root dairy farmers.

The dairy goats farmers received 50 Kgs of pasture seeds (*Chloris gayana*, *Centrosema* and *Lablab*) procured and distributed by the DDA. With registered groups, dairy farmers shall be supported with milk cans and "high" breed dairy goats from NAGRC & DB



Dairy goats have a huge potential in the dairy market

D. Financial performance highlights

DDA Revenue and Expenditure highlights

Over the budget execution period, FY 2020/21, 100 percent budget revenue performance was attained. However, budget expenditure performance was dismal at 79.2 percent only because the vote suffered poor budget absorption accumulating to UGX, 1,950,036,554 (21 percent of the budget). Development budget absorption was at only 64.6 percent. Most of these funds were additional expenditure limits issued towards the end of quarter

4. These caused budget execution variance in the implementation of procurement of supplies and construction works and thus affected performance on the critical budget indicators. Besides the late issuance of additional expenditure, delay in the procurement and invoicing by service providers and the Covid-19 pandemic measure delayed progress in construction works, limited training of dairy stakeholders and the attainment of the related KPIs.

Table 3.0: FY 2020/21 Budget Performance

Category	Annual Budget (Millions UGX)	Total Actual (Millions UGX)	Expenditure (Millions UGX)	% Budget released	% Budget spent	% releases spent
Wage	1,570	1,570	1,570	100.0%	100.0%	100.0%
Non Wage	4,804	4,804	4,005	83.4%	83.4%	83.4%
Development	3,642	3,642	2,354	64.6%	64.6%	64.6%
Total	10,016	10,016	7,929	79.2%	79.2%	79.2%

Source: Quarter Financial Performance report FY 2020/21

Specifically, budget execution suffered delays in procurement of specialized equipment (an import), slow construction works at Kyegegwa MCC and Katakwi MCC and the renovation of Ntinda flats to facilitate significant budget absorption at the end of the Financial Year.

E. Priorities for next FY 2021/22



Director Technical Services with the SNV Country representative on dairy tour of South West milkshed supported by SNV.

The next FY 2021/22 will be the second year of implementing the DDA Strategic Plan III and the Agro-Industrialization PIAP. Both strategic and operational priorities will be implemented to accelerate the attainment of the five-year goal and targets. The Authority will therefore focus on the following priorities besides its key performance areas.

Recruitment of staff

The Authority's wage bill was reviewed and increased by the Ministry of Public Service and MoFPED during the period of review. The wage IPF was boosted to cater for recruitment of critical staff and enhancement of wages. DDA will therefore focus on improving its staffing levels by recruiting more dairy development officers, dairy inspectors and support staff. This will strengthen staff capacity to implement its core activities as well as attract and retain critical staff.

Aligning DDA operations to the Parish Development Model

Government approved the implementation of the Parish Development Model (PDM) as the delivery mechanism for transitioning households out of the subsistence economy effective FY 2021/22. The approach involves organizing and delivering interventions at the parish level as the lowest economic unit to promote socioeconomic transformation for wealth creation. The main focus areas include improved productivity of households and enterprises, increased community infrastructure and social services at parish level. The Authority will

focus on strengthening dairy farmer structures at parish level, invest in critical farm inputs like pasture seeds, milk cans, chuff cutters etc and rehabilitation of cold chain infrastructure targeting parishes with high milk production in the country.

Professionalizing the dairy labor force

The Entebbe Dairy Training School will be prioritized to facilitate upgrades to a dairy college and incubation center to offer professional skilling of stakeholders in entire dairy value addition. Next FY, processes to review the curriculum and college registration will be given high priority in the budget. All these will attempt to professional milk assistants, cooler operators, dairy technicians among other target participants.

Enhancing regulation and development activities

With the exit of the development component in the budget, the authority will prioritize increasing regulatory activities. These include routine inspections, enforcements and surveillance activities with a main focus on penetrating new exports markets without compromising on safety of milk products. Milk testing at the national laboratory will be increased with support from the Flemming fund and recent rehabilitation of the laboratory. On spot milk testing and rapid product sample surveillance will be enhanced to facilitate trade. Development infrastructure projects will be suppressed due to budget limitations, however, farmer institutional development, training and access to dairy farming inputs will continue.

F. Conclusions and Challenges

Performance over the period of review is mixed. Performance highlights in key areas reflects steady progress but short of annual targets. Comparison over the last year also reflects the same picture. The Authority experienced a lot of challenges in budget execution and implementation. These include inadequate staff in all cost centers. This was worsened by a high staff turnover where the Authority lost five staff in key areas.

Furthermore, the Covid-19 pandemic slowed implementation works on its key infrastructure projects. The lockdown affected rehabilitation of MCC in Kyegegwa and Katakwi where works stalled due to restricted movements. Additionally, delay in budget releases for execution of the budget within time. Although the Authority received 100 percent revenue releases, nearly 40 percent of it was disbursed in the last month of the execution period and affected the absorption.

The industry performance in the entire value chain was sustained. Milk continued to be produced, stored, marketed, processed and dairy products exported. Despite sustainability in the last financial

year, the dairy industry faced quite significant threats of the global pandemic, high prevalence of food and mouth disease in the cattle corridor and well as erratic dry spells.

This disrupted animal feeding patterns, worsened livestock health and access to farming inputs thus reducing milk production and productivity. In spite of increased export volumes and values in the medium term, formidable trade barriers on dairy products on the global market continue to threaten the entire value chain. Dairy exporters experienced quotas and continuous bans in pursuit of external trade.

With the new reforms in government, the Authority will heighten collaboration with partners and other government agencies. It will work with the higher and lower local government to organize and support dairy farmer's in line with the PDM. Recruit more staff and widened its efforts to mobilize funding for Upgrading the Entebbe Dairy Training School, capacity building of stakeholders and increase its regulatory activities.



Dairy cow micro-leasing compounds incomes among dairy cooperative members.



32 year old Susan Acan at her zero grazing shed with micro-leased dairy cows

Unyama Gulu Nozomi Dairy Farmers Cooperative Society Limited (UGNDCS) was registered as a primary dairy Cooperative society in June 2020 under Reg. No. P.11486 by the Registrar of Cooperatives under the Ministry of Trade, Industry, and Cooperatives. It was registered with encouragement and support from DDA with a Vision to have a cooperative with socio-economically prosperous members. With a mission to promote modern dairy farming and introduce new agricultural technologies for income, nutrition, and food security improvement of members through value addition, financial and market access, partnership

building, and provision of high yielding dairy and pasture technologies. With a membership of 16 farmer groups, the Cooperative Offices are located on Plot 24 Unyama -Pageya Road, Unyama Trading Center, Unyama sub-County, Gulu district.

The cooperative received support of a total of 26 cows from the JDDP II project. Combining challenges of revolving animals among group members and realizing sales to support the young cooperative, management developed an idea of leasing dairy cows to its members. The 26 dairy cows were leased to farmers at a principal value of 3,218,000 UGX per cow at an interest rate of 9% per annum for 24 months. The total dairy cow micro-lease loan requires farmers to make monthly payments of 150,500/= through the loan repayment period.

To date, loan repayments from farmers cumulative stand at 9,324,600, representing 12.54% of the total loan amount. Currently, all cows have calved down with 19 calves alive of which 10 are males and 9 are females. With support from the Authority, the dairy farmers from the cooperative received milk handling equipment, pasture seeds and seedlings and hay making equipment to boost milk production from the leased cows so as make quick repayments. It also trained farmers on dairy management, milk bulking and collective marketing.

The cooperative started bulking milk and the 26 farmers supply milk to the collection center at the farm gate price of shs 1,300/= per liter. The total volume of milk collected by the Cooperative since the bulking started is 10,779 litres with total payment to the farmers totaling to 14,012,700/=. Gross sales by the cooperative have reached 18,324,300/= in the last 6 months.



Farm input supply shop at cooperative offices

The cooperative members at this rate shall be able to pay for the dairy cows at the same time earning individual incomes and sustaining the operations of the cooperative from the dairy cow lease. There is also surplus milk for children and other household members to drink for improved health.

The cooperative has now opened a farm input supply shop. The inputs supply shop support farmers to accessing quality inputs on credit and payment is through the Check-off system at the end of the month using the milk cash. Meanwhile, with plans for the fodder bank business; structural plans and set up is under way for hay, silage store for the business to support members earn income from sales made from surplus fodder.



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