Dairy Association of Zambia

DOING BUSINESS IN ZAMBIA
ELIJAH MUNYAMA

Southern Sun Hotel
Lusaka
26th April, 2017
Membership based association formed from the amalgamation of the Dairy Processors Association and the Dairy Producers commodity Committee under ZNFU in 2010.

Mandate of DAZ is promote and protect interest of members through advocacy, lobby and service provision.

Membership base is 5600 members which include processors, producers, service providers and others in the industry of dairy.
Composition of the dairy value chain

- **Producers** – Small, emergent and Large Scale Farmers.
- **Processors** – Categorized into Small, Medium and Large processors. Mostly centered in Lusaka.
- **Purveyors/Allied industries** – deals in inputs, equipment, service provision, powdered milk etc.
- **Service providers** – includes veterinary, nutrition, training, extension, finance, Insurance etc.
- **Supporters** – Donors and Govt. (training, infrastructure, direct support), Farmers Associations etc.
Characteristics of Producers

Small Holders – app. 6,500

- Own less than 50 animals.
- Mostly use bulls for reproduction.
- Use mainly natural pastures, fodder and procure concentrates for feeding animals.
- Average milk yields range from 5 – 8 litres /cow/day for exotic breeds and 2 – 3 litres /cow/day for local breeds.
- Mostly linked to a MCC.
- Little infrastructure to support dairy activity such as water supply, sheds, milking parlour, dipping facilities etc.
- Low productivity rates
# Dairy Coops. in Zambia

<table>
<thead>
<tr>
<th>Ser.</th>
<th>Province</th>
<th>No. of Cooperatives</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Luapula</td>
<td>0</td>
</tr>
<tr>
<td>2.</td>
<td>Muchinga</td>
<td>1</td>
</tr>
<tr>
<td>3.</td>
<td>Northern</td>
<td>1</td>
</tr>
<tr>
<td>4.</td>
<td>North - Western</td>
<td>1</td>
</tr>
<tr>
<td>5.</td>
<td>Southern</td>
<td>35</td>
</tr>
<tr>
<td>6.</td>
<td>Central</td>
<td>13</td>
</tr>
<tr>
<td>7.</td>
<td>Lusaka</td>
<td>10</td>
</tr>
<tr>
<td>8.</td>
<td>Copperbelt</td>
<td>8</td>
</tr>
<tr>
<td>9.</td>
<td>Eastern</td>
<td>1</td>
</tr>
<tr>
<td>10.</td>
<td>Western</td>
<td>4</td>
</tr>
<tr>
<td></td>
<td>TOTAL</td>
<td>74</td>
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Characteristics of Producers

Emergent Farmers

- Between 50 and 100 cows in milk
- Comprise individuals mostly from formal working environment.
- Employ higher management standards such as AI, improved feeding regimes from improved pastures and fodder.
- Average milk yields range from 15 – 18 litres /cow/day.
- Have individual milk supply contracts with processors.
- Most of them are located in urban areas along the line of rail.
Large Scale farmers

- Own more than 200 lactating animals and operate on a commercial scale.
- Highly productive farms with average farm yields ranging from 25 to 33 liters / animal / day.
- Employ qualified management teams and have highly developed infrastructure.
- These are close to 15 in number.
## Milk Production

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<tbody>
<tr>
<td>Kenya</td>
<td>2,300</td>
<td>5,000</td>
</tr>
<tr>
<td>South Africa</td>
<td>2,500</td>
<td>3,800</td>
</tr>
<tr>
<td>Uganda</td>
<td>1,800</td>
<td>2,900</td>
</tr>
<tr>
<td>Zambia</td>
<td>40</td>
<td>470</td>
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<tr>
<td>Malawi</td>
<td>6.5</td>
<td>9</td>
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</table>
Milk Processors

- **Large Scale** – 10,001 litres and above

- **Medium Scale** - 1,001 litres to 10,000 litres
  Dimondale, Dairy King, Sayyah, Nice and Icy.

- **Small Scale** – up to 1000
  Mukupa Wesu, Ilya, Choma and Mpima Dairy Coops etc.
Milk Processors

- Installed capacity – 500,000 Lts/ day.
- Utilization currently – 36%
Purveyors/ allied industries

- **Equipment** – SARO, rent to own, World Bicycle Relief CAMCO and FABS.
- **Drugs** – Livestock Services, Agriserve
- **Feed** – Novatek, National Milling, Livestock services, Slen investment.
- **Fodder and pastures** – Hygrotech, Klein Karoo, GART.
- **Finance** – ZANACO, Natsave, Finance Bank
- **Powdered Milk** – Promasidor (Cowbell), Nestle
Service Providers

- **Training and Extension** – Livestock Services, Agriserve, Govt., DAZ, Private Vets, Hygrotech, Klein Karoo, GART, Heifer (Z), Kasisi ATC.
- **Finance** – ZANACO, Natsave, Finance Bank
- **Information** – DAZ(ZNFU), MFL, Magazines(Agricoop, Agri – business, The Farmer), Study circle materials(We Effect)
Zambia’s cattle population rose from 2,525,967.00 in 1994 to 3,500,000 by end of 2014(MFL)

Zambia's dairy herd is estimated - 20,000(DAZ) with 70 % owned by emergent and large scale farmers.

Predominant breeds include – Friesians, Jerseys, Cross breeds, and a few Ayrshires.
CHALLENGES

- Livestock disease – Mastitis, lumpy skin, ECF, TB, etc.
- Poor management skills among smallholders
- Low supply of breeding stock - Lack of local supply sources; High cost of improved breeding stock, both local and imported; and Inadequate dairy cattle breeding centers.
- High cost of finance : 30-35% per annum.
CHALLENGES

- Poor infrastructure in milk shed areas – bad road networks, connectivity to power grid, Inadequate milk collection centers etc.

- High energy costs - High fuel costs (1.034 Euro/litre) which has impacted on transportation costs; Frequent load shedding or power outages.

- Volatile exchange rates.

- Shortage of bran and high costs of feed stock (263 Euro/ton) - Uncontrolled exports of bran the main ingredient of feed making.

- Unregulated Imports of milk.
FUTURE PLANS

- Increase number of dairy farmers to 10,000 in the next 3 years (2017 – 2020).

- Increase the number of Milk collection Centres by an addition 200 in the next 5 years.

- Lobby for increased funding to the dairy sector for investment (e.g. roads, MCC, power, breeding centers etc.) and training from the Government, NGOs and private.

- Promotion of Increased drinking of Milk e.g. School milk programmes, awareness meetings.
BUSINESS OPPORTUNITIES- FARM LEVEL

- Farming implements
- Increasing Cattle
- Forage Production and Conservation
- Water Supplying (Boreholes, pipes, pumps)
- Solar Hot Water Boilers
- Milking Equipment
- Grinding and Crushing Equipment
- Transport
- Gensets
- Small Scale Processing Equipment
BUSINESS OPPORTUNITIES - MCC LEVEL

- Artificial Insemination
- Milk Storage and Cooling
- Quality and Composition testing
- Feed Supply
- Vet Medicine
- Transportation
- Solar Water Heating
- Solar Milk Coolers
- Gensets
- Milk Processing Equipment
BUSINESS OPPORTUNITIES - PROCESSOR LEVEL

- Transportation
- Processing Equipment
- Gensets
THE END

THANK YOU FOR YOUR ATTENTION!