

# **Process and Partnership for Pro-Poor Policy Change**

## **The Smallholder Dairy Project in Kenya A Historical Timeline of the project from 1997 to 2005**

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## **INTRODUCTION**

The Smallholder Dairy (R&D) Project (SDP) is an integrated research and development initiative. It supports sustainable development of smallholder dairy sub-sector in Kenya. Due to bureaucracy, the project that was planned to start in October 1996, started officially in August 1997. The project, funded DFID, was designed to have 2 phases, I and II, of 2 and 4 years respectively and was to end in July 2003 but has been extended to March 2005.

The project is collaboratively implemented by 3 institutions, i.e. Ministry of Livestock & Fisheries Development, which is the lead institution, KAR and ILRI. The project's implementation also involves working in close collaboration with other dairy industry stakeholders and key players who contribute in identification of and in the implementation of the interventions to achieve the goal - sustainable improvement of livelihoods of the poor in Kenya.

## **PRE-PROJECT ACTIVITIES LEADING TO SDP INCEPTION**

In the years after Kenya's attainment of independence, there was a rapid increase in milk production especially by the smallholder dairy sub-sector.

But this rapid development was confined in the highlands of Kenya. Dairy development in the coastal lowlands was however slow despite growing demand for milk, especially in Mombasa, Kenya's second largest urban centre after Nairobi. This disparity was of concern to the government. From the government point of view, there existed a considerable potential to meet the unsatisfied demand through improved smallholder milk production in the area.

In response to the government's (MoLD) need to improve smallholder dairy in the coastal region to meet the milk demand and to improve the incomes of the rural coastal region community, the Kenya Agricultural Research Institute (KARI), in collaboration with International Livestock Centre for Africa (ILCA), later merged with International Laboratory for Research on Animal Diseases (ILRAD) to form the International Livestock Research Institute (ILRI), established a programme based in KARI's Mtwapa Regional Research Centre (RRC), from 1988 to 1994, to identify and resolve biological, social and economic constraints to the development, adoption and increase in productivity of the smallholder dairying in the coastal lowlands. The programme was designed along a production-to-consumption system approach and was planned to be implemented in close collaboration with MoLD extension services through its National Dairy Development Project (NDDP - funded by Dutch government) and with the participation of other institutions (KETRI, etc.) and also in an integrated research and development approach.

Collaboration with NDDP ensured research-extension-farm linkages resulting in farmer managed technology trials. On station proven technologies were also tested systematically with smallholder dairy farmers through:

- Farmer/extension staff visits to the long-term on-station experiments;
- Research-extension managed demonstration plots on selected farms;
- Field days held on these farms and those of early adopters; and
- Farmer-managed trials on some 300 farms in 4 districts of the coastal lowlands.

Planning and review processes established as an effective interaction between researchers, extension staff and farmers were subsequently institutionalized into “cluster” consultative meetings. As a result of their success at the coastal lowlands, the “cluster” mechanism for strengthening research-extension-farmer linkages was naturally replicated through KARI centres.

The inter-disciplinary, inter-institutional programme contributed considerably to the development of strong linkages between researchers, extension staff and the dairy farmers and ensured more effective development, testing and transfer of appropriate technologies such as improved feeding system, ECF immunization and increased the awareness of importance of effective input/output markets for smallholder dairy development. It also served as a model for strengthening of research-extension-farmer linkages for smallholder dairy development in the highlands (high potential regions) of Kenya.

### **FROM COASTAL LOWLANDS TO THE HIGHLANDS**

From the success and the lessons of the integrated and collaborative approaches to resolving smallholder dairy farmers at the coastal lowlands, it was decided that the experiences could benefit other parts of the country. This led to discussions in 1993 between the MoLD, KARI and ILCA (now ILRI) on how to seek further support and resources required to extend the coastal experience and the model of research-extension-farmer collaboration to the highlands, where the large majority of Kenya’s smallholder dairy is concentrated. The discussions, which included ODA (now DFID) resulted in its sponsoring a workshop in March 1995 (at Silver Springs Hotel in Nairobi) for dairy industry stakeholders, including key players in the industry, to plan and develop a collaborative dairy project to be implemented by MoLD, KARI and ILRI. The planning workshop was to produce a draft logical framework clearly showing where more support for the smallholder dairy development is required. Participants, who included smallholder dairy farmers, dairy processors and suppliers of dairy inputs such as feeds, reviewed the constraints and opportunities facing Kenya’s smallholder dairy sub-sector and identified the needs for a dairy system Research and Development project to support smallholders supplying, or with potential to supply, the Nairobi milk market. Nairobi milk market was by then consuming over 60% of the formally marketed milk. A committee of representatives of MoLD, KARI and ILRI was formed to prepare a project proposal for the ODA (DFID) consideration. By December 1995 DFID gave an approval for the development and funding of a full Research and Development support to the smallholder Dairy Sector project, now known as the Smallholder Dairy (R&D) Project or SDP. The project was to start in 1996 but did not start until August 1997.

SDP design was built upon the lessons from the coast programme which, in summary, indicate that for SDP to succeed there is need for:-

- Active participation of all major dairy industry stakeholders and key players in the identification and resolution of technical, socio-economic and policy constraints along the dairy production-to-consumption chain;
- Effective linkages with MoLD (now MoLFD) and related ministries at policy as well as operational level;
- Effective linkages with the private sector for provision of output and input services; and
- Effective means to implement proposals by feeding directly into design of pilot initiatives.

As a result, SDP was designed to be managed through a Steering Committee (SC) comprising of major dairy industry stakeholders and key players at the apex, chaired by MoLFD (Director of Livestock Production - DLP). The SC meets quarterly and has the following membership: the Kenya National Farmers Union (now Kenya National Federation of Agricultural Producers), the Kenya National Federation of Co-operatives, the Kenya Dairy Processors' Association, the Dairy Recording Services of Kenya, the Kenya Bureau of Standards, the University of Nairobi, the Ministry of Health, the Ministry of Co-operative Development and Marketing, the Department of Veterinary Services and the Development Planning and Information Services section of the MoLFD,.

### **SDP RESPONDING TO CHANGING POLICY AND INSTITUTIONAL ENVIRONMENT**

SDP has been dynamic, flexible and responsive to the changing policy and institutional environment as is reflected in its changed logical frameworks.

The initial SDP logical framework was developed at the DFID sponsored March 1995 planning workshop and revised as necessary during the project formulation. The logframe was based on a 2 phase project to last 10 years (4 years and 6 years for phase I and II respectively). By the time the project memorandum was written, July 1996, the logical framework had changed to the now phase I framework (see annex) with a life of 6 years (2 year phase I and 4 year phase II. More than 3 drafts of logical frameworks had been developed by the time phase I framework was finalized.

The changes in the logical framework over time are reflected in the goals and purposes as summarized in the box below

These changes usually have occurred after a review of the project. The project is held accountable at the project's purpose level.

Since the project began in 1997, SDP logical framework has changed 2 times, i.e. it has 3 logframes.

### **Goals for the 3 project phases**

1. Improved access by dairy farmers to efficient, demand driven services, technologies, advice and information (RNR Strategy Purpose)
2. Contribution to sustainable improvements in the livelihoods of poor people in Kenya
3. Improved access by poor dairy farmers to goods, services and output markets, and by other farmers to agricultural knowledge services

**Super goal for phase 3** - Contribution to sustainable improvements in the livelihoods of poor people in Kenya

### **Purposes for the 3 project phases**

1. Required actions for creation of a supportive operational environment for smallholders supplying the Nairobi milk market agreed
2. Improved access by smallholder dairy farmers to technologies, advice and information
3. Policies and institutions support a) dairying by the poor and b) effective agricultural knowledge systems in support of the poor

The first change came in 1999 after the output-to-purpose review of January 1999 which reviewed the project positively. The change of the logical framework, especially the purpose, was necessary in order to closely reflect the project's Phase I goal.

The second change of the logframe came almost soon thereafter following the "Snapshot" Output-to-Purpose review of October 2000 which also reported favourably on SDP's progress but recommended that due to the changes in the policy and institutional environment in Kenya, there was need to develop a strategy for reform of dairy policy and research and knowledge services in order for the SDP to have an impact. It was difficult to have an impact on technologies at the farm level in the prevailing policy environment.

The "Snapshot" reviewer specifically noted that, while the project had made good progress in identifying the technology and policy requirements of the small-scale producers, it is more likely to achieve the proposed level of objectively verifiable indicators (OVIs) if it were able to create collaborative research-extension programmes that are sustainable beyond the lifetime of the projects. The creation of sustainable knowledge information systems would allow project innovations to develop and spread more widely after the project completion date. The conclusion was that the project is more likely to impact on policies (than through technologies) relating to dairy sector. This is in part because of the more conducive environment for policy reform within Kenya and also because the project had established good relationships with key players in the formulation of dairy policy. The Reviewer therefore recommended that SDP develop

a strategy for reform of the dairy policy and for the wider reform of research and knowledge services. The SDP activities and output for this new role would be built into a revised logical framework (now phase III logframe) while ensuring their integration into the ongoing wider formulation of Kenya Rural Development Strategy (KRDS) and the subsequent roll out of the Poverty Reduction Strategy Paper (PRSP). These recommendations were generally accepted by DFID and endorsed by the SDP Steering Committee which, as mentioned earlier, is composed of dairy sub-sector stakeholders and key industry players. The SDP management thereafter set in motion mechanism to mainstream the recommendations i.e. to internalise activities related to policy and institutional reforms and their linkages to poverty reduction and sustainable livelihood. Through discussions, consultations and a facilitated workshop (Feb. 2001), the phase II logical framework was revised to the Phase III logframe. The final version of the revised phase III logical framework is dated July 2001.

### **CHANGES OF SDP STEERING COMMITTEE OVER THE IMPLEMENTATION PERIOD**

The phase I project memorandum stated that a Steering Committee (SC) chaired by the then Ministry of Agriculture, Livestock Development and Marketing (MoALDM) and now the Ministry of Livestock Development and Fisheries Development (MoLFD) will be established to oversee the project. The SC was to comprise a representative nominated from the 3 implementing institutions (MoALDM, KARI and ILRI). Stakeholders and representatives of key players would be co-opted as ex-officio members as and when appropriate. British Development Division in East Africa (BDDEA, now DFIDEA) would also be represented in this capacity. The first Steering Committee meeting was attended by only the 3 institutions: MoLD (DLP, CAPD and the Project Manager), KARI (Assistant Director, Animal production and Assistant Project Manager), ILRI (Field Manager, Project Scientist) and BDDEA as ex-officio. The meeting however decided to expand the Steering Committee by including the Director of Veterinary Department, the Commissioner for Co-operatives, the MD, Kenya Dairy Board (as full members) and Public Health Division of Ministry of Health (MoH), Kenya Bureau of Standards (KEBS), University of Nairobi (UoN), Dairy Recording Services of Kenya (DRSK), Kenya National Farmers Union (KNFU) now Kenya National Federation of Agricultural Producers (KENFAP) and Kenya National Federation of Co-operatives (KNFC) and Kenya Dairy Processors Association (KDPA) (as ex-officio members). Others incorporated were the Extension and the Planning Divisions of the ministry.

While the ex-officio members were to be co-opted as and when appropriate, those co-opted became permanent members and attended all the meetings in the future. Membership to the SC is mainly by institutions or offices. It was however always requested that those representing institutions or offices should be consistent to allow continuity in attendance and enable follow-up of issues raised in the SC meetings. This request has generally been honoured except in few cases. Due to the fact that membership to the committee is institutional and office specific and not individual, there were changes to the attendance list reflecting the change in offices, i.e. when the chairmanship of the Department of animal Production at the UoN changes, the new chair becomes the member of the SC. These changes not only interrupted the continuity of

individual but at times the new members missed more than one meeting mostly due to lack of timely and proper handover by the predecessor.

Whereas the initial membership expansion (expanding the main membership by 3 more and a large number of ex-officio members) was discussed and agreed in the first meeting, most of those invited to the subsequent SC meetings did not show up until 2 or 3 meetings later.

There has been some notable changes from the implementing institutions and from the collaborating ones. The first chairman of the Kenya Dairy Processors Association was a regular attendant of the SC and showed a lot of enthusiasm. The second chairman, who came in 1999, sent representatives to all the SC meetings but personally attended major SDP workshops. But the third chairman missed almost all the meetings and did not send a representative. He only sent apologies when reminded about the meetings. He attended some of the workshops.

The ILRI representative changed once and when the last one relocated from LRI, representation at the SC ceased.

With KARI, the institution was represented by the Assistant Director, Animal Production, who was also the vice chairman of the SC. KARI representation has been the most consistent since after a change in 1999, the representation has remained the same individual even after that individual has changed offices.

Of the 3 implementing institutions the MoLFD has seen more changes than others. Being the lead institution the representation in the SC has also been broader than by the others. It has been represented by the DLP, who chairs the SC, the CAPD and the Head of Dairy and Beef Branch of the Ministry. There has been almost a change of the DLP every year since the project started in 1997. There has been 5 DLPs. The last 2 have stayed longer than others and the current one has been in office the longest. Due to the broad representation of the MoLFD in the SC, the incoming DLPs are always familiar with the SC since they have been members by virtue of their earlier offices, i.e. they have all been promoted from CAPD office. The first change of DLP was in 1998. The second was in 1999. The 3<sup>rd</sup> change was in 2000 and the 4<sup>th</sup> change was towards the end of 2002.

Changes in the SC can be analysed from the minutes of their meeting which so far has held 21 meetings.

### **OTHER CHANGES**

Other changes that occurred in the implementing institutions include:-

- In the MoLFD, the changes of the Permanent Secretaries (PS) were even more frequent than of the DLP. There has been more than 6 PSs during the SDP implementation period. The changes of the Ministers are even more.
- Another change in the MoLFD was the restructuring of the ministry, down-grading the DLP to Senior Deputy Director of Livestock Production (SDDLDP) in 1998 and

bringing the office under the Director of Agriculture. This only created a gap between the chairman of the SDP, then SDDL, and the PS (responsible for policy decisions) because protocol demands the SDDL has to go through the DA if there is need for the PS to attend to issues of SDP, otherwise the SDDL continued to chair the SDP and everything else was not affected. The situation was reversed in 2003 when the office of DLP was re-instated.

- With KARI and ILRI there has been only one change at the top for each, i.e. at the Director and Director General levels respectively.

### **Changes at KDB over the project life**

The Managing Director (MD) of KDB changed 2 times over the SDP's life. The MD at the time of project's inception had a lot of interest on SDP activities and attended the Steering Committee (SC) meetings regularly. He also sent a representative whenever it was not possible for him to attend. His replacement in early 2001 was the previous Director of Livestock Production and the Chairman of SC. He also continued to attend and participate in the SC meetings and other SDP activities. He too sent a representative to SC if he was not able to attend. The second replacement, current MD, who was appointed in June 2003 by the new Government seem to have come on board with some prejudice against SDP in general. He has however been sending a representative to the SC but usually sends junior officers unlike others who used to always send their second-line officer, i.e. the Technical Manager. He was initially opposed to some of the SDP's policy leanings, especially on recognition of the small milk traders. He allowed KDB to partner with private sector in a very controversial media campaign focused on maligning the small milk traders using unfounded allegations such as the alleged use of formalin by these traders.

A change of the Technical Manager (the current TM) in 2002 had some disruptive effect on the relationship of SDP with KDB. He seemed to be on top of things at KDB and the effect of his coming on board was strong enough to gradually kill the Public Health committee under KDB, formed through SDP's effort after a workshop on "ASSESSING AND MANAGING MILK-BORNE HEALTH RISKS FOR THE BENEFIT OF CONSUMERS IN KENYA". He was of the opinion that recommendations from and some activities by the committee were illegal and therefore he wanted it disbanded immediately

Of late, however, attitudes have changed and KDB management appears to recognize the small milk traders. They have accepted training of these traders as part of their activities.

### **Gradual Change of Mind Set by Key Players in the Dairy Industry:**

SDP has been more famous for issues that have raised controversies than other achievements. The two issues that have attracted a lot of attention are:-

- Recognition of the importance of the informal (traditional) milk markets in the dairy industry (for their employment creation, moderation of milk prices and nutrition of the poor);

- The need for use of lactoperoxidase system (LPS) of milk preservation where the cold chain system is not feasible.

Most of the controversy is based on hearsay and deliberate distortion of facts to suit personal agenda. For example, there is a tendency to confuse informal milk markets with unhygienic milk hawking and there is lack of distinction between hydrogen peroxide, lacto-peroxidase system and the formalin solution.

SDP has been seen by those opposed to informal market as “advocates for hawkers” although SDP only present the reality of the market and recommend for program designs that recognize the existing situation and do not result to disruption of the dairy markets.

Opposition to SDP findings has not been institutional but individual. Individuals come from institutions and therefore it is common to present their views as institutional stand on issues. Such arguments as “the government (or the law) bans sale of raw milk” are floated by the bureaucrats despite the fact that over 80% of marketed milk is raw.

However, SDP’s propositions are based on evidence and facts and it has therefore been possible for individuals to understand and change their positions, even if not completely, and accept the SDP’s point of view. The cases of changed attitudes are however not easy to prove though they exist and maybe can be confirmed through interviewing those concerned and those who have witnessed these changes.

Almost all the senior bureaucrats (Director, Deputy Directors, Assistant Directors) in the Department of Livestock Production have had problems with ideas from SDP, at one time or another in their relationship with the project but have been observed to change their stance with time. The current Director of Livestock Production and the Chief of Animal Production Division are cases in point. The DLP is still not fully convinced but accepts that small milk traders cannot be ignored. The Chief of Animal Production (Deputy Director) appears to have wholly understood and agree with the SDP point of view.

The Technical Manager, MD and the Chairman of the Board of Directors of KDB have all been very much opposed to recognition of the small milk traders. The signals coming from them of late indicated that they have understood and accepted SDP’s point of view and now support the idea of training these traders to be able to market safe and quality milk. KDB has internalized training of small milk traders in their program of activities.

Change has also been observed from their statements in meetings and workshops. It is however noted that the changes by these individuals may not be as a result of their conviction but may have come from higher level. It is known that the PS, MoLFD, informed the team revising the Dairy Policy and Bill (where KDB is providing the lead), when they had visited him to present to him the progress in revision of the documents, that they could not ignore the informal sector which handles over 80% of the marketed production.

## **CHANGE IN SDP MANAGEMENT**

The SDP management constitute the Project Manager (appointed from MoLFD), the Assistant Project Manager (from KARI) and the Field Manager/Technical Adviser (from ILRI). The project design envisaged a full time Project Manager who takes a central role and overall responsibility for delivery of project output, supported by the Assistant Project Manager and the Technical Adviser. However, in order to mainstream all the implementing institutions in the management of the project, the project decisions have been through a Management Committee. It was decided, at a phase II planning workshop and the first of the SDP Retreats in October 1999, that to enhance the management and to decentralize decisions on technical matters, the management would be assisted by 3 task teams, i.e. Dairy System analysis (initially known as diagnosis), Validation and Dissemination (initially constituting 2 task teams, i.e. Interventions or “Best-Bets” and Dissemination) and the Policy and Institutional Reforms (formed later after the “Snapshot” review of October 2000) task teams.

The first change in the management team was in early 2001 when the first Assistant Project Manager (KARI) left and was replaced. The other was in early 2002 when the Project Technical Adviser took up other assignments in ILRI and was replaced. The last of the 3 SDP founding managers left in early 2004. It is however important to note that other than in KARI, the replacements in the other institutions were people familiar and already working for the SDP. Even the KARI replacement was not a complete stranger to the project, having been involved in the SDP planning and preparation workshop of 1995.

### **MAJOR EVENTS AND ACTIVITIES DURING THE PROJECT LIFE**

The SDP inception was at a time when Kenya dairy industry was at a cross-road. The industry had experienced a very difficult time in the late 80's and early 90's due to government budgetary constraints and the structural adjustments. This and the global pressure to implement reforms in the economy led to the so called liberalization of the dairy industry in 1992 (decontrol of milk prices in May 1992). The liberalization process was sort of forced on Government due to the budgetary problems, making it impossible to continue with highly subsidized intervention and thus the government abandoned most of these interventions without proper planning or exit strategies. By 1995, the Government had realized the need to reform the dairy legal and policy framework. By the time of project inception in 1997 therefore, the MoLFD (then MoALDM and later MoA) was at the start of revising the dairy policy and statutes as a way of reforming the industry. At the same time, the ministry was also reviewing the whole agriculture sector, through an Agricultural Sector Investment Programme, with the aim of reforming it.

The SDP's Rapid Appraisal was perhaps the first major activity that placed the project in a vantage position to influence the reform process. It was also probably the first study that informed the Government (ministry) of the actual status of the dairy industry since the liberalization. Information from RA on the extent to which the informal sector had become a major market channel influenced the ministry's Dairy Policy Review Committee to pay more attention to that channel. The information from the RA was however not adequate to inform the whole dairy reform process. Due to this and the fact that SDP management had a direct link with the Policy Review Committee, this

influenced the project to undertake an Assessment of Public Health Hazards of informal Milk Marketing in Kenya, from 1998, which later informed the debate not only at the Policy Review Committee level but also at the national level. The debate has remained in the public domain with a climax in the latter part of 2003 when a consortium of processors, a multinational and a global NGO sponsored a high media profile and misleading campaign. SDP was however able to counter the misinformation through working with collaborators in the civil society and the campaign was terminated prematurely. Since then, there has been a progressive appreciation and acceptance of the role of the informal or indigenous markets by the regulators and by those who were initially very sensitive to that market segment.

Through the Public Health Hazard study, discussions and consultations, a Public Health Committee was set up at KDB in 2001 after a dairy industry stakeholder consultative workshop on “Assessing and managing milk-borne health risks for the benefit of consumers in Kenya” held on 14<sup>th</sup> February 2001 at KARI headquarters. The committee included key players in the industry i.e. MoLFD, KDB, KDPA, milk trader and SDP and was active until the change of the Managing Director of KDB in mid 2003.

A major milestone in SDP life is the “Snapshot” review of October 2000 which led to changing of the project’s purpose and the eventual modification of the goal and outputs to incorporate the added mandate of contributing to dairy policy and institutional reforms.

As a result of putting more focus and emphasis on policy and institutional reforms and realising the lack of capacity to deal with this, SDP held a retreat in January 2003 to develop strategies to carry out this new role. It was recognized that SDP requires partnerships with organizations with like mind on the dairy policy issues to be able to impact on the policy reforms. This new strategy was based on:-

- Multi-pronged approaches;
- Use of different media and approaches;
- Strong and diverse partnerships; and
- Flexibility to respond to opportunities and developments.

This strategy resulted to formation of partnership with wider Government, policy research organizations and civil societies with interest on reforms for the benefit of the poor in the society. A dairy policy group of like minded partners which included ITDG, SITE, IPAR, Action Aid Kenya, MoLFD, KARI and ILRI was formed. This group organized a high profile dairy forum in 2004. The Dairy Forum was attended by 2 ministers, PS, Directors and high level personalities who stayed on, except one of the ministers, until the end of the forum.