AFRICAN UNION
INTERAFRICAN BUREAU
FOR ANIMAL RESOURCES

GUIDELINES FOR ESTABLISHMENT OF THE APEX AFRICA DAIRY ALLIANCE

Strengthening Dairy Sector organization and coordination to drive Agro-industrialization, enhanced employment and improved nutrition outcomes



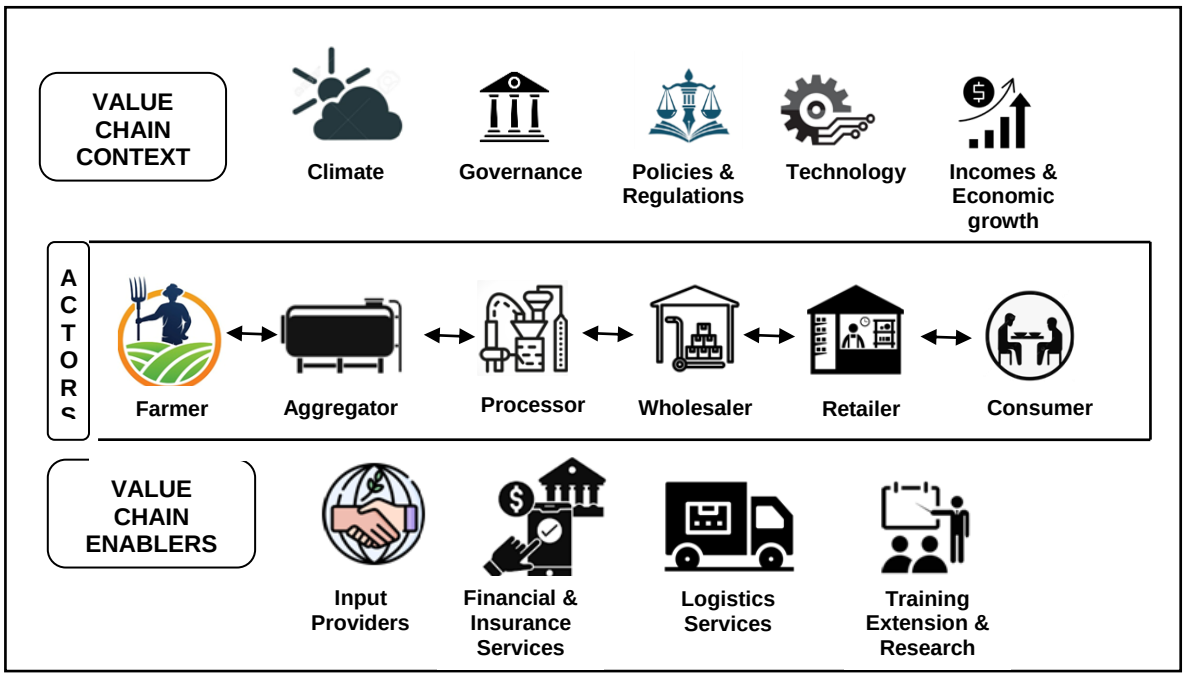

VALUE CHAIN CONTEXT
Climate
Governance
Policies & Regulations
Technology
Incomes & Economic growth
ACTORS
Farmer
Aggregator
Processor
Wholesaler
Retailer
Consumer
VALUE CHAIN ENABLERS
Input Providers
Financial & Insurance Services
Logistics Services
Training Extension & Research

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ACRONYMS

AGDP	- Agriculture Gross Domestic Product
AGM	- Annual General Meeting
AU-IBAR	- African Union – Inter-African Bureau for Animal Resources
GDP	- Gross Domestic Product
FAO	- Food and Agriculture Organization
FGDs	- Focus Group Discussions
IDF	- International Dairy Federation
IFCN	- International Farm Comparison Network
ILRI	- International Livestock Research Institute
KIIs	- Key Informant Interviews
LMAC	- Livestock and Meat Advisory Council
NASIPs	- National Agri-Foods Systems Investment Plans
NBS	- National Bureau of Statistics
ODK	- Open Data Kit
RAFFS	- Resilient African Feed and Fodder System
TWG	- Technical Working Group

1 PROMOTING AWARENESS OF INVESTMENT OPPORTUNITIES FOR RAPID GROWTH AND INDUSTRIALIZATION OF AFRICA'S DAIRY SECTOR: Establishing the Apex Africa Dairy Alliance

1.1 Background:

The Dairy sector is one of the fastest-growing agricultural value chains in Africa and contributes significantly to the continent's Agricultural GDP, sometimes exceeding 30% in some countries. It is a high-value crop and a vital source of income and nutrition for millions of people. Due to increasing market demand, the sector is experiencing impressive growth rates, projected at 1.7% per annum over the next decade (IndexPro, 2024). However, despite these impressive growth figures, the continent continues to grapple with nutritional challenges because dairy products are unaffordable to the majority, with average households needing to spend 10% or more of their daily income, resulting in low consumption and a huge nutrition gap as reflected in the high rates of malnutrition, stunting and wasting. Africa is a net producer of milk, but mostly of low-quality dairy products, and notably imports fat-filled skimmed milk (FFSM). With the global demand to reduce herds and milk production, Africa is predicted to be further impacted. Therefore, it is imperative and urgent for Africa to drive growth, expansion and upscale of its dairy sector.

Primarily driven by the private sector, a multi-sectoral/multi-stakeholder approach is necessary due to the sector's unique nature. This requires a multi-stakeholder platform and governance structure that can bring all interests together for a coordinated and coherent institutional thrust, promoting dairy sector development and fast-tracking agro-industrialisation as envisioned in the Kampala Declaration. Within the livestock sector, the dairy sector has the most significant capacity to stimulate a multiplier effect. It is estimated that the incremental effect of every additional 1 dollar spent. 2.9 dollars are generated in primary dairy production and 5.9 dollars in processing. The sector also has high spillover effects, providing a strong stimulus for growth in other agricultural, manufacturing and service sectors. There is also evidence that, due to the structure of the dairy sector, with its bulk of rural smallholder producers, informal sector actors, and indirect linkages across the entire value chain, the sector provides an avenue for a more equitable distribution of benefits.

Given the rising demand for animal-sourced foods driven by economic growth, the expansion of the middle class, and urbanisation registered over the last decade, there are strong indicators that the dairy sector is poised to become one of the most significant contributors to agricultural GDP (AGDP). However, the pricing of LSFs is beyond the reach of average African households, which would need to spend ten per cent (10%) or more of their daily income to purchase dairy products, rendering them luxury commodities rather than proffering them as dietary options as in other parts of the world.

There is low value chain development, characterised by weak organisation of actors, poor coordination between actors, limited product development, a predominance of intermediaries, and policy and regulatory frameworks that do not support innovative financing aligned with the dairy sector's needs. The economic exchanges with other sectors with which the dairy sector is intricately associated, notably the feed and fodder sector, the conservation sector, and the natural resources sector, are weak and underdeveloped, often embedded in policy, legislative, regulatory, and institutional frameworks that undermine synergy and complementarity.

Close to a third (30.7%) of Africa's children are stunted against a global average of 22%, hampering their cognitive and physical development. Africa's human capital is its most pivotal resource. Ninety per cent (90%) of Africa's six hundred million (600 million) children lack a minimum acceptable diet, and 60% lack minimum meal frequency. Malnutrition impacts cognitive development, physical health and growth, educational outcomes, and employment potential, with lifelong consequences and direct economic ramifications. Africa's present GDP is estimated to have been reduced by 10% because of stunting alone, while child hunger is estimated to cost African countries up to 17% of their national GDPs. Half of all

child deaths are attributed to child and maternal malnutrition due to nutritional deficiencies that make them vulnerable to many disease conditions.

Despite growing promotion of plant-based diets globally and denigration of animal source foods (ASFs), the 2017, 2019 and 2021 CAADP Biennial Review Report (BRR) data highlight the importance of ASFs for improved nutrition as evidenced by significant correlation coefficients of -0.44, -0.44 and -0.45, respectively, between stunting rates and the consumption of livestock-sourced proteins.

FAOSTAT data for 45 countries from 2014 to 2018 showed that African consumption of livestock-sourced proteins is 12.2 grams per day per capita, compared to the global average of 26.8 grams. Consumption declined by 3.7% during that period, despite global consumption increasing by 2.8%. In 23 countries, there was negative growth in the consumption of livestock-sourced proteins.

With 28 countries having less than 10 million people[1] (and two-thirds with less than 20 million) Many African countries lack sufficient populations to support the development of vibrant dairy industries. Some countries, especially those in humid and sub-humid coastal areas and islands, are densely populated but disadvantaged in relation to dairy production due to high competition for land. Growth in the dairy sector is therefore predicated on facilitating intra- and inter-regional trade within Africa. Currently, dairy and dairy products are among the twenty most internationally and regionally traded commodities on the continent, but Africa remains a net importer from global markets. Regional integration and intra-regional trade are therefore critical. Still, they are constrained by several factors, including inadequate market infrastructure, high transport costs, insecure facilitation for money transfers, poor market intelligence and access to information, poor governance that creates unnecessary cross-border restrictions, open hostilities, insecurity, and conflicts.

1.2 Introduction

Central to empowering and driving growth and agro-industrialization is organization of actors. The purpose, therefore, of these guidelines is to provide a comprehensive framework for Member States towards a transformative agenda of organising dairy sector actors into a multi-sector Alliance.

The Alliance will foster a more coordinated and inclusive approach that brings together diverse value chain actors to drive the desired outcomes for the efficient and adequate production of highly nutritious and affordable dairy products. The guidelines will also help ensure that business opportunities, learning & innovations, investments, and consumer markets enable stakeholders with interconnected challenges and ambitions, but often differing interests, to collectively innovate and remain resilient in the face of emerging risks, crises, and opportunities. This initiative also supports the achievement of the RAFFS Project strategic objectives.

1.3 **Dairy coordination initiatives in RECs and Member State**s/Alignment with continental bodies

Presently, the only active Regional Dairy Association is the Eastern and Southern Africa Dairy Association (ESADA). The Alliance will support the formation of Regional dairy associations where they presently do not exist or need strengthening in line with the AU subsidiarity principles.

There is no definitive list available of every African country with a national dairy association. However, some countries are known to have them. These include Botswana, Burundi, Ethiopia, Kenya, Lesotho, Malawi, Mozambique, Rwanda, Somalia, South Sudan, Tanzania, Uganda, Zambia, Zimbabwe, South Africa, Senegal, Côte d'Ivoire, Tunisia, and Egypt. National Dairy Associations will form the backbone of the Alliance's membership and serve as the final decision-making body through the Annual General Meeting.

[1]FAOSTAT 2011.

1.4 Mandate and Legitimacy

This initiative is well aligned with; The AU Agenda 2063, the Livestock Development Strategy for Africa (LiDeSa) (2015 – 2035), Malabo Declaration, 2014, Kampala declaration 2025, AU-IBAR strategic plan 2024-2028 and International Dairy Federation, key action items 2025, All of which call for strengthening inclusive multi-stakeholder governance structures at continental level, to improve inter-sectoral linkages, enhance investments, boost agro-industrialization, support livestock value chains and promote human nutrition.

1.5 Overall objective

To develop guidelines for the formation, establishment and operation of the continental Apex Africa Dairy Alliance for coordinated action among value chain multi-stakeholders, from producers to consumers, across the continent.

Ideally, it should be constituted of the national and regional Dairy Associations and any such formation. While some Member States have Dairy Associations, it is evident that few, if any, non-dairy-producing countries have Dairy Consumer Associations that govern access to and consumption of dairy products. This factor has affected the quantity and quality of dairy consumption.

1.6 Scope of the Guidelines

These guidelines are intended to provide direction and structured recommendations for achieving the overall and specific objectives of forming and operationalising the Continental Dairy Alliance. Additionally, they aim to ensure that actions are aligned with established standards and best practices, while promoting efficient and effective workflows.

The formation of An Apex Africa Dairy Alliance will bring together, in a coordinated manner, all stakeholders involved in the Dairy value chain across all Member states in Africa, including; Fodder producers, Feed formulators, Dairy farmers, Equipment manufacturers, Livestock producers, Sector Cooperatives Processors, Distributors, Transporters, Traders, Consumers, Input suppliers, Financial and Insurance service providers, Academia, Researchers, Trainers, Experts and other unspecified value chain actors/stakeholders.

1.7 The vision for the Apex Africa Dairy Alliance

The vision for this Alliance, therefore, is to establish a robust, vibrant and competitive dairy industry that contributes to food security, economic growth, improved livelihoods, and that delivers the human nutrition goals that have been perennially elusive.

The continental Alliance of value chain actors refers to a collaborative network of organisations and individuals involved in different stages of a product's journey from raw materials to the end consumer. The Alliances aims to improve coordination, efficiency, sustainability, profitability across the entire value chain.

The vision also involves attracting investments, implementing capacity-building initiatives, promoting technological innovations, and building partnerships to empower stakeholders, ultimately contributing to the growth and stability of the sub-sector. Political will, policy and institutional development influence, public budgetary allocation,

1.8 Justification of why the Apex Africa Dairy Alliance is important for the sector continuum

The development of the dairy sector and agro-industries is a multi-sectoral/multi-stakeholder process, which requires a diversity of actors to be brought together along a multi-sectoral value chain continuum, from inputs to consumption. Some significant features, notably feed and fodder, with feeding constituting

60–70% of the production cost, make the Feed and Fodder value chain the engine and driver of the Dairy value chain through the milk production and consumption processes. It is therefore imperative to view the two value chains from a sub-sector continuum perspective. In addition, the Feed and Fodder value chain in itself is increasingly emerging as a multimillion-dollar industry across Countries and Regions within Africa and beyond, thereby unlocking it as an agricultural and economic sub-sector of high strategic importance to Africa.

The Apex Africa Dairy Alliance will serve to promote and facilitate the following;

- **Promote value chain efficiency:** By realizing their inter-dependence and inter-connectedness in the face of challenges, the actors come together to agree on action strategies through coordinating activities and sharing information. By doing this, the sector will reduce waste, optimise logistics, and streamline processes.
- **Facilitate sustainability:** Collaboration promotes interactive learning and participatory governance that enables stakeholders to be collectively innovative and resilient when faced with specific challenges to practice responsible resource management.
- **Promote trade:** By reducing transactional costs, improving quality, and expanding market access, the value chain actors can boost the profitability of all actors involved.
- **Foster innovation:** The Alliance will facilitate capacity building, the sharing of knowledge, and the development of new technologies and business models.
- **Strengthen trade linkages:** Connecting farmers with buyers, processors to consumers and other actor linkages creates more reliable and predictable markets.
- **Promote Agro-Industrialization investments:** Integration of dairy production with dairy industrial processes to enhance value-added activities in the dairy food system
- **Promote Employment:** With increased investments at all nodes of the value chain, more enterprise opportunities will be created, leading to increased job opportunities, especially for Women and Youth

2 ENGAGEMENT AND GOVERNANCE

2.1 Engagement Strategy

The Alliance will ensure that the engagement strategy includes all relevant stakeholders and that they also play important and complementary roles. The following factors will guide a successful stakeholder engagement strategy.

i) **Clearly defined entry and involvement conditions:** The Alliance will establish a well-defined, transparent criterion for membership, making sure that stakeholders demonstrate active engagement in the dairy value chain or chain support functions. These can be categorized as, full members, Associate members, observers, technical advisors), with their rights and responsibilities outlined in the Alliance's bylaws.

ii) **Promote inclusivity:** The Alliance should particularly encourage the participation of multi-sectoral/multi-stakeholder actors, regardless of size, across the dairy sector, feed and fodder, human nutrition, and animal health. Stakeholders include producers, processors, traders, and consumers.

iii) **Allocate strategic roles based on expertise:** Stakeholders should be assigned categorized in alignment with their capacities and mandates to prevent overlaps. For example, financial institutions may lead resource mobilization dialogues, while research institutions contribute to innovation discussion and evidence generation.

iv) **Establish effective knowledge dissemination channels:** Periodical sharing of knowledge generated, as well as open communication, is paramount. The use of both digital and hard tools, such as publications, TV & Radio, email bulletins, interactive websites, online groups, webinars, etc, to disseminate information, share opportunities, successes, innovations and opportunities

v) **Facilitate structured dialogue through annual general meetings, conferences and exhibitions:** The Alliance will institutionalise regular convenings: annual general meetings for strategic planning and accountability; task forces, working teams, etc, for focused strategic actions.

2.2 Apex Africa Dairy Alliance Structure

The Alliance will consist of the following structures:

- Governance structure

The Dairy Alliance will be built on a governance structure that encompasses the key values of good leadership, transparency, accountability and inclusivity... The governance structure should support a private sector-led approach with objective support from public institutions and development partners. This ensures that decisions are driven by demand and responsive to business needs. In addition, the Alliance will adhere to the principles of collaborative leadership, rotational representation, and guard against ageist capture by elite institutions.

The Governance structure will have three (3) components;

- The Annual General Meeting (AGM) – This is the supreme decision-making organ of the Alliance. It is composed of members and will hold an annual meeting. The Board of Directors is elected from among the members at the AGM.
- Board of Directors – Elected from among the members, their role is to provide strategic oversight and guidance of the Alliance and formulate policies.
- Sub-Committees, Task forces & Ad-hoc committees - These organs may be structured and/or arranged as and when necessary to provide expertise for evidence-based decision making, advocacy or specific action on a priority area. They report to the Board of Directors.

- Membership Structure

  Each Regional and National Association, as well as Associate members, will be required to have fulfilled membership eligibility requirements to qualify as full members with participatory rights.

- The Management Structure (Secretariat)

  The Secretariat is the organ responsible for running day-to-day operations and implementing approved policies and strategies. An Executive Director will head it with support staff

- Subsidiary Bodies
  - RECs Dairy Associations

    Each REC should, in turn, have a well-established Regional Dairy Association with a governance structure that mirrors that of the Alliance.
  - Member States' Dairy Associations/Platforms

    Member States' Dairy Associations should include all stakeholder categories of the dairy value chain and be formally registered in their Country.

- Affiliations to relevant International Bodies

  The Alliance should strive to gain affiliation with relevant international bodies, such as the IDF and IFCN.

2.3 Key legal framework and institutionalization

The Alliance should be formalized under the applicable Laws and Acts governing not-for-profit organizations in the Country where the Secretariat is based.

The following set of documents should be in place for this process (plus any other local requirements);

- The Constitution of the Africa Dairy Alliance
- The Alliance bylaws
- Membership list signed
- Resolution of the AGM for the establishment of the Alliance
- Letter of support/reference from a reputable organization
- Details of the Bank Account
- Any additional local requirements

Legal recognition establishes organizational credibility, safeguards the Alliance's independence, and allows it function as a legal entity.

It includes the registration of bylaws, establishment of membership categories and fees, definition of voting rights, and terms for office bearers. Legal recognition boosts credibility, safeguards the platform's independence, and allows it to sign MOUs, receive funds, or issue sector advisories.

3 FORMATION AND ESTABLISHMENT OF THE APEX ARICA DAIRY ALLIANCE

3.1 Stage 1: Initiation

1. **Assessment of the status of Regional and National Associations in alignment with the CAADP Kampala Declaration: A structured assessment is carried out to establish the number, organisational** status and functionality of Regional and National Dairy Associations. This information will be used during the development of the strategic plan.
2. **Formation of the Alliance:** This begins with a meeting of national and regional representatives. The Alliance formation process begins with a meeting of representatives from national dairy associations across Africa, where the concept of the Alliance is presented, along with its purpose and objectives. This will trigger a consensus-building discussion and is expected to result in an agreement to move the initiative to the next stage. Once consensus is reached, a joint communiqué and a resolution will be signed. An interim Board of Directors and an Acting Executive Director will be appointed to carry the Alliance forward through the processes.
3. **Draft the Alliance Constitution and Bylaws:** Following initial consultations, a draft Alliance Constitution, together with the Board Charter and Bylaws, is developed and validated. These documents form the first set of instruments necessary for registering the Alliance in the Country where the Secretariat will be hosted.

3.2 Stage 2: Development of the 10-Year Strategic Plan

In the Strategic Planning stage, the Alliance vision and Mission are translated into a concrete roadmap. The Strategic plan should cover a 10-year horizon, broken into successive deliverables that guide and measure progress.

Time frame	Deliverables
0 - 4 Months	• Prepare and validate the 10-Year Alliance strategic plan together with the Board Charter and Bylaws • Validation of the Strategic plan and associated documents • Initiate the Alliance formal registration process • Establish the Secretariat
4 - 7 Months	• Capacity building of National Dairy Associations to strengthen their governance systems and ensure they are all inclusive • Forming/strengthening Regional Dairy Associations • Apply for affiliation to International bodies such as IDF, IFCN, GASL, etc and forge working relationships with parallel bodies
8 - 12 Months	• Publish and disseminate the 1st Year report showcasing achievements and challenges • Hold Alliance AGM
Year 2	• Incorporate policy recommendations by the Board into the strategic plan.
Years 3–5	• Review strategic plan to align with new developments and make changes where necessary.
Years 6-10	• Incorporate policy recommendations by the Board into the strategic plan.

3.3 Stage 3: The Governance and Resource Mobilization Plan

Here, the Alliance will define its decision-making plan and outline how to secure funds and ensure accountability.

Plan Category	Actions
Governance Plan	• Define the cascading hierarchical decision roles on policy formulation, work plan and budget approval. • Schedule for Meetings: Quarterly Board meetings, AGMs, strategy retreats, conferences, trade fairs, investment, etc. • Feedback loops from Members, public institutions, development partners and others
Resource-Mobilization Plan	• Identify and reach out to Continental entities, donor grant windows, private-sector sponsorships, and fee-based methods • Investment Outlook - Develop an investment outlook interactive platform to showcase opportunities in the sector and publish a yearly diary outlook magazine • Annual accounts and audit – Present prudent Financial statements annually and audited by an independent reputable firm

3.4 Stage 4: Development of an Implementation Plan

In this phase, the Alliance translates strategy into action.

Plan Category	Actions
Implementation Plan	• The Secretariat should develop a detailed annual work plan using the work breakdown structure, outlining the steps, resources and timelines

	• Identify priority areas, set specific targets, define strategies and policy measures required to implement the Strategy • Prepare quarterly performance reports for approval by the Board

3.5 Stage 5: Sustainability Plan

Plan Category	Actions
Sustainability	• Align the Alliance activities and functions with those of the Regional and National dairy Associations for Complementarity • Cascade/domesticate policies and decisions down to the National Associations • Maintain an excellent working relationship with RECs and National Governments, and engage them regularly • Secure long-term funding commitments from development partners, the private sector and regular fee-based initiatives

4 MONITORING, EVALUATION AND LEARNING

4.1 Monitoring the performance of the Alliance

When monitoring the performance of the Alliance, it is necessary to use the following techniques to capture qualitative aspects;

- Self-assessments
- Develop assessment tools to monitor the performance of Regional and National dairy Associations
- Capture stories of change

For quantitative measurement, the following list of indicators may be necessary;

- Membership categories and numbers,
- Number of events and/or meetings convened,
- Alliance tools and/or guidelines developed and disseminated
- Networks, partnerships, deals and linkages developed as a result of Alliance activities
- Volume and/or Value of Dairy products consumed (including per capita consumption)
- Number of Alliance Members trained
- Number of subsidiary Associations at the Regional and Member States levels that develop and implement strategic action plans

4.2 Evaluating the performance of the Alliance

The performance of the Alliance must be assessed regularly along the following questions;

- Is the Dairy Alliance still relevant?
- Does the theory of change still hold?
- What changes have occurred to the dairy sub-sector as a direct or indirect result of the activities of the Alliance?
- Are these changes transforming the sector?
- Are the changes attributable to the Alliance?

5 IMMEDIATE COST COMPONENTS FOR ESTABLISHMENT OF THE APEX AFRICA DAIRY ALLIANCE -

- Convening of the 1st Africa Dairy Alliance meeting and election of the interim Board of Directors and appointment of an Acting Executive Director
- Preparation of the Africa Dairy Alliance strategic plan and buy-in from Member States and AU-IBAR
- Establishment of the Dairy Alliance Secretariat
- Holding a meeting of the Board of Directors
- Operationalization of the Africa Dairy Alliance