THE DAIRY SECTOR IN UGANDA PLAYS A KEY ROLE IN THE LIVES OF UGANDANS AS A SOURCE OF BOTH HOUSEHOLD NUTRITION AND INCOME. ALTHOUGH THE DAIRY INDUSTRY HAS MAINTAINED AN AVERAGE POSITIVE GROWTH RATE OF THREE PERCENT PER YEAR AND THE UGANDAN GOVERNMENT IS PROMOTING ITS DEVELOPMENT, THE SECTOR IS STRUGGLING TO WORK TO ITS FULL POTENTIAL.

Dairy production is dominated by small-scale farmers living in impoverished rural areas, and it is estimated that only 20 percent of the country’s milk output is processed. Strategic support for the sector will help it to improve milk quality and help reduce variability in milk production by season.

Pearl Dairy has set up the second largest milk processing plant in Uganda, with a capacity of 240,000 liters of milk per day, producing mainly milk powder and butter oil. An IFC investment of $8 million in Pearl Dairy will support the operation of its milk processing plant. Establishment of new milk collection centers and cold-storage infrastructure will help facilitate milk collection from remote smallholder farms.

EXPECTED RESULTS:

The project will create 150 direct jobs and contribute to improved livelihoods of more than 10,000 farmers in remote rural areas. By providing market access and technical support, it will help integrate farmers into export markets and reduce the current gap between world market prices and the prices Ugandan dairy farmers receive. The project will also contribute to food security by increasing local consumption of milk and other dairy products, thus raising the nutritional intake of the local population.

Trainings and other extension services will be provided to dairy farmers to improve productivity and milk quality. These services, along with the application of advanced technologies, will support the overall development of the dairy sector in Uganda.

Implementation of the project will include upgrades to environmental and social management, and the development of a comprehensive waste management plan, including pollution prevention, and infrastructure for waste treatment, storage, and disposal.