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“Prosperity and Poverty in a Globalised World—
Challenges for Agricultural Research”

Globalisation May Bring Prosperity to Subsistence Dairy Farmers in Developing Countries

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Abstract

Half of the world, nearly 3 billion people are living on income less than US\$ 2 per day. Of these, an estimated 798 million people suffer from chronic hunger, which means that their daily intake of calories is insufficient to lead an active healthy life. Milk is an important food resource which is rich in protein and vitamins. In order to meet the WHO standard of daily intake of milk as 120 grams per head, we need 750 million tonnes of milk annually but there is a shortage of 150 million tonnes each year, mostly in developing countries. The question is: who shall fill this gap in production? a) Industrialized countries exporting to the developing countries, b) Developing countries themselves.

For this study data is collected from typical dairy farms through setting up a panel of experts from developing countries and industrialised countries. The countries selected are India, Pakistan, Germany and USA. The methodology of the study uses the concept of typical farms developed by IFCN (International Farm comparison network) method.

The analysis shows that subsistence farmers are in better position to produce milk on lower production costs as compared to industrialised countries. The difference in cost of milk production is up to 50 percent in most of the cases. The cash costs of subsistence farms are relatively a lot lower which are only 20 percent of the cash costs of industrialised countries. The main difference of this lower cash costs comes from the feeding and management practices. Feeding systems in developing countries are more based on feeding by-products of crops and roughages which are very cheap as compared to grains and concentrates in industrialised countries.

The study concludes that developing countries have the higher potential to fill the gap in milk production on lower costs as compared to industrial countries. As subsistence farmers are feeding roughages, utilising the family labour and simple technology. The subsistence farmers can only achieve this target if the conditions of livestock services to improve the animal health, easy access to loan for buying inputs for the farm and access to competitive market

Keywords: IFCN, milk gap, poverty, production system, subsistence, WHO