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Analysis of Dairy Value Chain: A Case Study of Dire Dawa City, Eastern Ethiopia

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Abstract

The study was conducted to characterise the dairy value chain, to identify the actors involved and their roles, and to assess the challenges and opportunities for development of the dairy industry in Dire Dawa city, Eastern Ethiopia. A total of nineteen key informants (fifteen urban milk producers and four milk vendors) were interviewed using a structured questionnaire. In addition to the primary data generated through survey, secondary data were collected from various reports published about the study area and through consultation of concerned individuals and institutions. The results of the study indicated that the dairy value chain is not well organised in Dire Dawa. The roles and functions of all the actors in the value chain are not clear and there is a weak link between milk producers, traders and all stakeholders of the Dire Dawa dairy sector. The Dire Dawa dairy industry is constrained by various socio-economic, institutional, organisational and technical problems. Shortage and high cost of feed, lack of organisation that provides dairy related information, difficulty to get land, disease prevalence, lack of technical support, and lack of dairy related technologies are the major constraints related to milk production whereas problems related to milk marketing include lack of quality control of milk, lack of cooling and storage facilities at milk vending sites, poor quality of milk supplied from rural areas, sale of raw milk, inappropriate milk handling and storage vessels, and spoilage of milk due to lack of preservation and processing facilities. The major opportunities for the development of the dairy sector in Dire Dawa include high demand for milk, presence of enabling policy that encourages investment in the dairy sector, absence of competitors, and access to road, train and air transportation systems that gives easy market access to dairy products. Thus, in order to develop the dairy industry of Dire Dawa, all the challenges identified in this study need to be carefully considered and addressed. Moreover, possible intervention strategies should be designed and applied across the entire value chain in order to develop the Dire Dawa dairy industry.

Keywords: Challenges, dairy value chain, major actors, opportunities