

**NATIONAL DAIRY POLICY
LIVESTOCK DIVISION
MINISTRY OF AGRICULTURE**

INTRODUCTION

Dairy is an important sub sector of Livestock in Sri Lanka. There are about 349,367 farmers engaged in dairy production with more than 1.65 million dairy cattle and 0.49 million buffaloes (DAPH,2021). The national requirement of milk, based on the food security is around 750 million litres annually. The national demand which is the sum of national milk production and the imports is around 1061 million litres annually (DAPH, 2021), and currently, produced only around 40% of the demand. Therefore, the balance 60% of milk and dairy products has to be imported spending around 63 billion rupees annually. According to the import growth rate reported in the previous years, it is evident that to reduce the imports, it is necessary to increase the domestic milk production, or else the imports may increase further.

Majority of the dairy producers are small scale and not commercially oriented. However, small-scale producers are transforming into more commercially oriented businesses and the sale of milk in the formal market is increasing. There are also an increasing number of medium-scale producers who are more commercially oriented as well as large commercial dairies. The livestock division of the Ministry of Agriculture is committed to support dairy farming, strengthen dairy value chains and providing an enabling business environment for the private sector to produce high quality dairy products for consumers through the National Dairy Policy.

Therefore, the aim of the dairy policy is to produce the national milk requirement locally and promote export of milk and milk products with surplus production within next decade. Increasing quality and safe milk production is a priority of government and it would have substantial benefits for the entire economy. It would reduce the growth of imports, which are a foreign exchange burden to the economy, contribute to food security, rural poverty alleviation and provide quality and safe dairy products for consumers. And it would allow better utilization of existing surplus capacity in the processing sector.

There is a considerable potential of increasing quality and safe milk production especially among smallholders who have average production of less than 1,000 liters of lactation yield up to 3000 litres. Increasing the number of medium-scale commercially oriented producers is also a priority and these producers are providing quality milk for the liquid milk market and are following improved production practices.

There are opportunities to increase large-scale producers through government schemes such as providing lands for mega scale dairy farming and fodder production etc. At present, small and medium holder farms contribute around 95% of the National milk production whereas large scale farms produce the balance. The National target is to increase the said contribution by the large scale dairies up to 25% by promoting commercial scale dairy farming with government assistance. Hence, The National Dairy Development Plan within the policy frame work should be implemented with the collaboration of private sector and other related stakeholders to reach the targeted milk production.

The National Dairy Policy was developed through a collaborative process of consultation with key stakeholders and aims to guide the development of the dairy sector as it transitions from primarily small-scale sector to a commercially oriented large-scale sector. The policy strives to create an enabling business environment for the private sector and provide for public goods such as research and extension to improve performance and reduce costs. The policy further provides for appropriate standards to ensure food safety and provide quality products for consumers. These standards are designed to reduce the negative effects of market failures that increase costs for the entire dairy industry. Also, it addresses cross-cutting issues such as protecting the environment, reducing greenhouse gas emissions and adapting to climate change, creating inclusive opportunities for new and existing producers and providing for animal welfare. Eventually, the national dairy policy will focus on reaching the target of enhancing milk production to meet the national demand by the year 2033 and also, all the aspects of dairy sector. The dairy policy is implemented in harmony with the other related policies. During the implementation of this policy, attention has been paid to reduce the effects of climate change, epidemics, market failures and economic collapses, and to overcome such disasters and risks it is aimed at implementing a disaster management system. Ultimately, the national dairy policy addresses all the aspects of dairy sector to achieve expected goals to increase milk production to exceed the national requirement of 750 million litres annually based on the food security and produce more milk and milk products for the export market by 2023. The National dairy development strategic plan with short term, medium term and long term actions will be implemented to achieve the expected targets within 10 years. The policy implementation will be monitored by the National Dairy Development Committee and implementation teams.

Vision

Dairying for Healthy and Prosperous Nation

Mission

Create a competitive and sustainable dairy industry that provides safe and nutritious dairy products

Goal

Dairying as a profitable ,sustainable venture through improved dairy farm productivity and strengthened dairy value chains

Policy Objectives:

1. To Increase milk production in small, medium and large scale operations
2. To increase supplies of quality cattle feed and forage
3. To improve quality and safety of milk and milk products
4. To create an enabling business environment
5. To promote the export of quality and safe milk and value added dairy products
6. To improve access to finance
7. To provide public and industry support for research and development
8. To improve data collection system, analysis, and dissemination
9. To develop human resource to ensure proper service delivery to a profitable dairy industry
10. To adopt climate smart and circular economic dairying
11. To create an inclusive environment for women and youth entrepreneurs
12. To provide for animal welfare

POLICY OBJECTIVE 1: TO INCREASE MILK PRODUCTION IN SMALL, MEDIUM AND LARGE SCALE OPERATIONS

Provide quality veterinary services and effective extension program to improve farm management including animal health, animal feeding and animal breeding in order to increase quality milk production

- Facilitate productivity improvement of dairy farms
- Increase the availability of quality deep frozen semen
- Improve the coverage and performance of AI services
- Supply of quality stud bulls to the field for natural breeding
- Improve animal health and strengthen disease control and prevention

ACTIONS:

- a. Develop dairy farms to reach optimal productivity in order to increase the milk production

- b. Facilitate formulation and implementation of Good Animal Husbandry Practices (GAHP) in farm management
- c. Ensure availability of upgraded dairy animals with high production capacity
- d. Facilitate upgrading of native dairy herds
- e. Expand AI services and increase quality deep frozen semen supplies
- f. Supply of stud bulls for natural breeding for selected areas
- g. Introduce modern technology for breeding management
- h. Conduct immunization programs to eradicate contagious diseases
- i. Develop disease control policies for economically important and notifiable diseases
- j. Strengthening of disease investigation, surveillance, diagnosis , prevention and control
- k. Safe use of drugs to prevent anti-microbial resistance etc
- l. Implement “One-Health” concept through linkages with all concerned organizations and stakeholders

POLICY OBJECTIVE 2: TO INCREASE SUPPLIES OF QUALITY CATTLE FEED AND ROUGHAGES

Increase the availability of quality cattle feed to meet the current and future requirements of the dairy sector.

- Provide private sector access to underutilized government resources for large-scale forage and silage production under suitable long-term leases or other arrangement.
- Allow dairy farmers and forage suppliers to access underutilized or abandoned paddy lands for cultivation of roughages during Yala season and the period in between Maha and Yala season.
- Promote research and development to Introduce new pasture and fodder varieties for each agro climatic zones
- Provide support and training for dairy farmers to produce forage on their own lands using improved forage varieties and forage conservation methods.
- Facilitate imports of feed, feed ingredients and additives for the production of concentrated feed.

ACTIONS:

- a. Provide private sector access to underutilized resources on government schemes for forage production
- b. Promote and facilitate large scale investment in cattle feed production
- c. Allow forage to be produced on idle or abandoned paddy lands
- d. Provide support for small scale forage and silage producers
- e. Allow imports of feed ingredients and additives from the world market at globally competitive prices
- f. Increase number of accredited feed testing facilities within the country with appropriate technologies and human resources

- g. Develop and introduce Sri Lankan standards for concentrate feeds, balanced rations (TMR) and silage

POLICY OBJECTIVE 3: TO IMPROVE QUALITY AND SAFETY OF MILK AND MILK PRODUCTS

Produce quality and safer milk that meets specified standards from producer to processor in order to provide safe dairy products to the consumer, reduce public health risks and minimize industry costs resulting from poor milk quality

- Produce high quality milk that meets specified standards
- Ensure proper handling of milk from farm to factory
- Ensure importation of quality and safer milk and milk products
- Ensure importation of quality milk and milk products

ACTIONS:

- a. Establish standards for milk quality and safety and implement enforcement mechanisms
- b. Registration/ Licenses and monitor milk collecting agents to ensure proper milk handling
- c. Create a milk pricing formula to reflect milk quality.
- d. Improve of infrastructure facilities at milk collection, transport and chilling centers
- e. Regulate cottage industries and small-scale processing units
- f. Adoption of standards for imported milk and milk products.
- g. Establish a traceability system for milk and milk products

POLICY OBJECTIVE 4: TO CREATE AN ENABLING BUSINESS ENVIRONMENT

Create an enabling business environment that provides opportunities and incentives for the dairy entrepreneurs to invest dairy operations, increase production and expand capacity.

- Reducing the policy uncertainty in order to increase investments and promote long-term growth of the dairy sector
- Encourage productivity improvements by introducing modern technology and equipment.
- Involve in the establishment of rules and regulations that address market failures and strengthen the business environment
- Provide access to quality inputs at globally competitive prices

ACTIONS:

- a. Implement sectorial policies that are stable, coherent, and transparent in order to reduce policy uncertainty, increase investments and promote long-term growth

- b. Create supportive environment for local production or imports of modern equipment and introduce new technologies to modernize the sector
- c. Facilitate the import of quality inputs at globally competitive prices
- d. Provide recommendation for appropriate tariff and trade concessions
- e. Implement rules and regulations that address market failures and strengthen the business environment
- f. Strengthen the dairy marketing system
- g. Formulate and implement disaster management plan and maintain a risk register
- h. Commenced stake holder communication plan

POLICY OBJECTIVE 5: TO PROMOTE THE EXPORT OF MILK AND VALUE ADDED DAIRY PRODUCTS

Develop the potential to competitively export milk and value added dairy products

- Promote manufacturing of Milk & Milk products that complies with the global standards.
- Create supportive platform to promote export of dairy and other related products

ACTIONS:

- a. Facilitate market research on potential value added dairy products that could be exported
- b. Identify potential markets for these high value dairy products
- c. Undertake market promotion activities to support private sector exports
- d. Establish an export promotion unit in the Ministry in collaboration with related institutions.
- e. Update the system of sanitary certification for dairy products with global standards

POLICY OBJECTIVE 6: TO IMPROVE ACCESS TO FINANCE

Provide better access to finance for small, medium large scale dairies, forage and silage producers and other input suppliers in order to facilitate expansion of dairy operations and investment in appropriate modern technological interventions.

- Facilitate special finance facilities to new entrants and small & medium scale producers to facilitate their expansion

ACTIONS:

- a) Facilitate credit facilities with subsidized interest rates for new entrants to the dairy industry and target groups such as women, youth, and forage/silage entrepreneurs etc.
- b) Coordinate with processors to develop a credit facility that is linked to production and sales to encourage investment
- c) Facilitate existing credit facilities offered through banks by providing interest rate support
- d. Develop attractive insurance scheme, which is accessible to all dairy entrepreneurs

POLICY OBJECTIVE 07: TO PROVIDE PUBLIC AND INDUSTRY SUPPORT FOR RESEARCH AND DEVELOPMENT

Provide public and private sector supported research and development to increase productivity of the dairy sector and increase production of quality milk.

- Increase forage production by introducing high yielding varieties
- Increase use of improved forage varieties
- Increase silage production and forage conservation methods
- Promote research on least cost well balanced ration formulation
- Improve dairy production practices and management
- Promote research to produce consumer favorable high value dairy products for both local & export market
- Promote research with the public and private participation

ACTIONS:

- a. Establishment of an evaluating committee to approve the conduct of research based on the stake holder requirement.
- b. Undertake crop breeding research on forages to increase bio-mass yields.
- c. Conduct research on sustainable farm management and modern dairy production practices
- d. Provide effective extension services to the dairy sector in order to disseminate technical know-how, input supply and information efficiently
- e. Facilitate research & extension with the public - private sector participation

POLICY OBJECTIVE 08: TO IMPROVE DATA COLLECTION SYSTEM, ANALYSIS, AND DISSEMINATION

Provide real time and accurate data on the dairy sector in order to provide policy makers and the private sector with information for policy and investment decision making

- Provide timely data on milk prices and production to guide policy and investment decisions
- Provide timely data on forage and silage prices to encourage the development of an effective market for these products
- Provide information on the characteristics of the dairy sector including the number of animals and farms, production costs, yields and production statistics by type and location of dairies
- Provide timely data on local and international prices of feed ingredients and additives

ACTIONS:

- a. Establish a unit within the livestock division of the Ministry devoted to maintaining and analyzing data on the dairy sector to inform policy decision makers and other stakeholders
- b. Maintenance of data base to monitor imports & exports
- c. Establishment of data base system based on ICT to monitor supplies/availability of quality concentrate feed and forage
- d. Develop an online database to disseminate data and information to stakeholders in a user-friendly format
- e. Provide a platform for real time data input from field officers and farmers
- f. Generate accurate data in dairy value chain and disseminate the same for proper planning and program implementation
- g. Establishment of an effective management information system on occurrence of cattle diseases, particularly of epidemic and endemic nature

POLICY OBJECTIVE 9: TO DEVELOP HUMAN RESOURCE TO ENSURE PROPER SERVICE DELIVERY TO A PROFITABLE DAIRY INDUSTRY

Availability of specialized professionals and skilled extension staff to provide extension services and technology for the development of dairy industry to achieve the policy objectives.

- Ensure availability of adequate related professional & supportive staff
- Develop specialize service providers for different segments of Dairy Industry
- Develop the capacity of public and private service providers to the dairy industry
- Facilitate continuous education for skill development

ACTIONS:

- a. Provide Postgraduate training opportunities for specialized areas of dairy Industry for veterinarians and other related officers
- b. Provide skills development training opportunities for all categories of staff involve in dairy sector
- c. Encourage Industry based training opportunities (short & long term) with government and private sector involvement
- d. Establish a system to utilize the trained human resources available at other institutions on forage production etc.
- e. Continues capacity building and dissemination of novel information to all stakeholders including farmers, processors and auxiliary staff to build a responsive network in the dairy industry
- f. Produce quality graduates, para-vets and dairy technicians that could effectively support the requirements in the dairy industry

POLICY OBJECTIVE 10: TO PROMOTE CLIMATE SMART AND CIRCULAR ECONOMIC DAIRYING

Develop interventions that make dairy farming more resilient to climate change while minimizing greenhouse gas emissions in order to ensure the long-term sustainability

- Introduce mitigation and adaptation measures to address adverse impacts of climate change on dairy farming
- Introduce technological innovation and interventions to build resilience in dairy farming
- Adoption of renewable energy for dairy farming / value addition
- Use of circular economic concepts for optimum utilization of inputs, product optimization and environment sustainability

ACTIONS:

- a. Identification and promotion of mitigation measures to reduce greenhouse gas (GHG) emissions in dairy farming systems
- b. Identification and promotion of adaptation measures to combat climate change in dairy farming
- c. Investigate nature based solutions such as wind and solar energy, green buildings, and sustainable land management.
- d. Explore carbon financing opportunities in dairy farming to enhance profits and fund green energy investments

POLICY OBJECTIVE 11: TO CREATE AN INCLUSIVE ENVIRONMENT FOR WOMEN AND YOUTH

Increase the participation of women and youth in dairy production and processing in order to sustain the industry and provide employment opportunities for them

- Increase the participation of women and youth in the dairy industry
- Increase the sustainability of the dairy industry with expanded participation of women and youth in all aspects of the dairy industry
- Empower/ Encourage women & youth by providing appropriate technical know-how, financial, and other supportive facilities

ACTIONS:

- a. Provide extension and training opportunities available in the dairy sector and the latest technology for dairy production
- b. Provide soft loans for women and youth to enter into dairy business.
- c. Provide women and youth with resources such as high-quality female calves etc combined with training on dairy to encourage them in dairying.
- d. Involve universities in developing programs to provide training for youth in modern concept of dairy farming and processing

POLICY OBJECTIVE 12: TO PROVIDE FOR ANIMAL WELFARE

Provide a healthy environment for dairy animals with good quality feed, water, shelter, disease prevention & treatment, and an environment that provides animal comfort.

- Improve animal health and well being
- Increase productivity through a healthy environment
- Introduce welfare practices

ACTIONS:

- a. Include animal welfare training in extension for dairy producers
- b. Prepare educational material on proper animal welfare for distribution to dairy
 - a. producers
- c. Provide certification for good dairy husbandry practices
- d. Formulate and implement an Act pertaining to animal welfare

