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## Newsletter nr 5

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Government policies killing the dairy industry.

The recent introduction of VAT tax and import duties on many dairy items is having a detrimental effect on the dairy Industry in Malawi.

Milk prices at the consumer level have skyrocketed from MK170.00 per liter to MK 230.00 per liter, never seen before in Malawi is making milk almost unaffordable for the ordinary people, leave alone the poor people, who probably need it most for a healthy lifestyle . **Malawi now has the highest consumer milk price in Southern Africa.** This will depress the sale of milk and reflect directly on the lives of the Dairy producers and consumers.

At the same time, the introduction of VAT taxes on everything in the dairy is pushing the cost price per liter higher all the time. Our figures show that **the cost price per liter of milk at the farm level has risen from MK 59.8 per liter to MK 63.5 per liter.** The farmers have however have not received an increase in the price for their milk. This means that the profitability of milk production has dramatically gone down and farmers are stretched to the limit to make ends meet.

VAT tax on semen, have increased the price of breeding cost for the farmers. VAT tax on dairy equipment such as churns, milk cooling tanks and other equipment, are pushing up the cost of milk cooling and storage. Vat tax on dairy processing equipment and packaging material is making this much more expensive. Veterinarian drugs are running out altogether.

On top of all this, the shortage of FOREX makes it almost impossible to procure the needed equipment materials and ingredients as this all has to be imported because it is not produced in Malawi. Fuel shortages are adding another dimension to the problems as many MBG's who are depending on diesel generators can't find the fuel to run the cooling facilities and are forced to buy on the black market if it is available at all. Adding more cost to their product. The "lucky ones" who are on the Electricity Grid have to endure more and more black outs and are really not much better off.

MMPA and its 15000 members plus thousands of spinoff jobs in processing, distribution and retailing of dairy products are at stake here.

**We are begging the Government to reverse these detrimental policies before the total collapse of the entire Industry.**

### **HONEST NUMBERS**

MMPA gets often asked by Government, Donors or NGO's that want to set up projects and programs for the Dairy Industry, to give numbers and figures that determine what kind of Programs are needed. MMPA itself too, needs that information to set up new activities for you, the members.

Up to Date numbers are hard to find in Malawi and yet they are so important. We have been in embarrassing situations as we were given numbers about the numbers of cows in MBG's, or about how many liters of milk were produced daily, how many calves were born the last year, as very often they were not correct. An MBG applying for a cooling tank would give us daily production figures that were much higher than the actual production in that group. This would than lead disappointed Processors, much longer repayment periods for the cost of the tank or, in some cases, total inability of making payments at all. " My cow can give 25 liters per day, so I can easily pay for a cow loan of MK 200.000" But we all know that our cows in Malawi don't give 25 liters per day **all year round**. The average production per cow in our MBG's is 6- 8 liters per day. So payments from this example will fall far short of reality.

NGO's sometimes also report higher production to prove to their supporters they are doing a good job. Even some Governments Departments are given the wrong numbers by their report writers. This all together makes it very difficult which numbers to believe, or to use in a Proposal or to set up a new program. MMPA is collecting their own numbers from credible sources,[ for instance from payment records of the Processors] where ever we can, but we also have to rely on the Farmers and the MBG's to get our Data.

In order to know what goes on in our Industry, we all have to have the numbers. Let's all make sure they are HONEST NUMBERS.

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# NDOLILO CROSS BREEDING GROUP



This is a story that should encourage our members to work hard on their dairy projects. Sometimes we all find it difficult to continue with our daily tasks. The road of a dairy farmer is sometimes long and a bright future seems far away. This is because the business of dairy farming is a long term commitment.



CREMPA identified Ndolilo as a possible location for a cross breeding unit, where they would be supplied with 10 Malawi Zebu cows and a Holstein highbred bull. After the joint efforts of Crempa's staff, board and strong leadership of Village Headman Ndolilo, Mr. Gavin Mayola and Mrs. Guze, the group was established in late 2006. Funding for the cross breeding unit was provided by Harvest Help.



The Ndolilo Group worked very hard to make their project work and in 2008 Harvest Help officially handed the project over to them. There were challenges that arose because in a breeding project it takes a long time before a financial payback is realised. The group had an opportunity to apply for a small irrigation project funded by GOAC through VSO Malawi. This irrigation project enabled the group to grow and sell vegetables. The income generated, helped them to continue to have funds for their breeding project which otherwise had to come from their own pockets.



It is now October 2011 , 5 years since the project has started. The first cross bred cows are now milking and the herd has grown to 35 female animals. Two recipients of milking animals Mr. K. Chisapilo and Mr. J Ndilo already have successfully completed a 2 week training at the Katete Dairy Farm Practical Training Center. The next group of six will be getting the training later in the month

**We take this opportunity to congratulate  
Ndilo Cross Breeding Group on their success  
and encourage them to keep up the good  
work.**