

# **Informal Traders Lock Horns with the Formal Milk Industry: The role of research in pro-poor dairy policy shift in Kenya**

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C. Leksmono, J. Young, N. Hooton,  
H. Muriuki and D. Romney

**Working Paper 266**

Results of ODI/ILRI research presented  
in preliminary form for discussion  
and critical comment



Working Paper 266

# Informal Traders Lock Horns with the Formal Milk Industry

The Role of Research in Pro-Poor Dairy Policy Shift in Kenya

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The **Process and Partnership for Pro-Poor Policy Change Project (PPPPPC)**, implemented by ILRI and ODI and funded by DFID, is trying to better understand how pro-poor policies develop, to share lessons and to support organisational change towards more effective ways of influencing pro-poor policy change.

The **Smallholder Dairy Project (SDP)** was a DFID-funded research and development project which ran from 1997-2004 and was implemented collaboratively by the Ministry of Livestock and Fisheries Development, the Kenya Agricultural Research Institute and ILRI. The project carried out research on many aspects of the smallholder dairy sector and the livelihoods associated with it, and also implemented a strategy to influence pro-poor policy change based on the research findings.

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## Acronyms

APO	Assistant Professional Officer (at DFID)
ASARECA	Association for Strengthening Agricultural Research in Eastern and Central Africa
ASIP	Agricultural Sector Investment Programme
CAB	Central Agricultural Board
CGIAR	Consultative Group on International Agricultural Research
CSO	Civil Society Organisation
DFID	Department for International Development
DIA	Dairy Industry Act
DLP	Director of Livestock Production
DLPO	District Livestock Production Officer
FAO	Food and Agriculture Organisation of the United Nations
GoK	Government of Kenya
GTZ	Deutsche Gesellschaft für Technische Zusammenarbeit
IFAD	International Fund for Agricultural Development
ITDG-EA	Intermediate Technology Development Group – East Africa
ILRI	International Livestock Research Institute
IPAR	The Institute of Policy Analysis and Research
KARI	Kenya Agricultural Research Institute
KCC	Kenya Co-operative Creameries
KDB	Kenya Dairy Board
KDPA	Kenya Dairy Processors Association
KEBS	Kenya Bureau of Standards
KSh	Kenya Shillings
LoL	Land O'Lakes
MD	Managing Director (of the Kenya Dairy Board)
Mala	('maziwa lala or mgando') Soured Milk
MoALD	Ministry of Agriculture and Livestock Development
MoALDM	Ministry of Agriculture Livestock Development and Marketing
MoARD	Ministry of Agriculture and Rural Development
MoLD	Ministry of Livestock Development
MoA	Ministry of Agriculture
MoLFD	Ministry of Livestock and Fisheries Development
MoH	Ministry of Health
NARP	National Agricultural Research Programme
NARL	National Agricultural Research Laboratory
NARS	National Agricultural Research System
NGOs	Non-governmental Organisations
ODI	Overseas Development Institute
OPR	Output-to-purpose review
P&IR	Policy and Institutional Reform
PPPPPC	Process and Partnership for Pro-poor Policy Change Project
PRSP	Poverty Reduction Strategy Paper
PS	Permanent Secretary
PSC	Project Steering Committee
R&D	Research and Development
RDDP	Rural Dairy Development Project
ROA	Research and Policy in Development Outcome Assessment
SDP	Smallholder Dairy Project
SRA	Strategy for Revitalising Agriculture
SIDA	Swedish International Development Agency
SITE	Strengthening Informal Sector Training and Enterprise
SME	Small and Medium Enterprises
SSMV	Small-scale Milk Vendors
UHT	Ultra High Temperature
USAID	United States Agency for International Development

# Executive Summary

## Introduction

This working paper forms part of the International Livestock Research Institute's (ILRI's) and Overseas Development Institute's (ODI's) 'Process and Partnership for Pro-poor Policy Change' (PPPPPC Project), which seeks to identify and institutionalise innovative research and development mechanisms and approaches that lead to pro-poor policy. The paper presents the results of the analysis of policy changes that occurred during and after the implementation of the Smallholder Dairy Project (SDP) in Kenya, a research and development (R&D) project which changed its focus towards achieving a greater impact from their findings on policy makers. It is a remarkable story of evidence-based policy making. The highly collaborative project was implemented by government institutions and an international research centre, later working together with advocacy Civil Society Organisations (CSOs). The high-quality, credible and relevant research results pinpointed a basic problem in dairy development in Kenya: the need to recognise and develop the informal sector that markets the vast majority of milk in Kenya. Although the resulting changes in national policy are still in the legislative process, changes in attitude and behaviour of key actors toward the informal milk market can be observed from national level down to local level.

## Research framework and approach

This case study reviewed the policy and institutional changes that occurred in the dairy sector during the lifetime of SDP and examined how and why these changes came about. The approach used is called the Research and Policy in Development Outcome Assessment (RAPID Outcome Assessment or ROA) which combines elements from three well established methodologies, namely:

1. Episode studies of specific policy changes – tracking back from policy changes to identify key actors, events and influences, and assessing their relative importance.
2. Case study analysis of specific research projects – tracking forwards from specific research and related activities to assess their impact.
3. Outcome mapping approaches – identifying changes in behaviour of key actors and analysing what influenced these changes.

Material was collected through: (i) literature review of project and external documentation, and close interaction with the SDP project team; (ii) a workshop with key SDP staff, collaborating partners and other key actors; (iii) individual interviews with key actors and dairy industry stakeholders at national, district and local levels to triangulate and clarify the workshop outputs; (iv) field visits to farmers, market agents and other key actors; and (v) a debriefing session with the project team to discuss initial case study findings.

This information was assembled into five overlapping narratives:

- A description of the key organisations and institutions directly involved with setting the policy framework or with SDP (see Section 3.1).
- A general description of the evolution of the dairy sub-sector in Kenya over the last century (see Section 3.2).
- A description of the evolution of policies affecting the sub-sector, and their implementation (the 'Episode Study' component of the approach; see Section 3.3).
- A description of what SDP did and why it did it (the 'Case Study' element of the approach; see Section 3.4).
- A description of changes in behaviour of the key actors which contributed to the policy change, and the reasons for these. This corresponds to the 'Outcome Mapping' element of the ROA approach. Most of this is based on the results of the workshop triangulated with findings from the interviews (see Section 3.5).

## Results: background, narratives and players

### *Key actors*

Key actors in dairy sector policy in Kenya, and particularly those with relations to SDP, are:

- **Government departments and parastatals:** Ministry of Livestock and Fisheries Development (MoLFD);<sup>1</sup> Kenya Dairy Board (KDB); Kenya Bureau of Standards (KEBS); Ministry of Health (MoH).
- **Research organisations:** Kenya Agricultural Research Institute (KARI); International Livestock Research Institute (ILRI); National university departments, including Tegemeo Institute.
- **Private actors:** Farmers; Consumers; Small-scale milk vendors (SSMVs); Milk processors/packagers.
- **Civil society organisations (CSOs):** Land O'Lakes; Institute of Policy Analysis and Research (IPAR); Intermediate Technology Development Group (ITDG); ActionAid Kenya; Strengthening Informal Sector Training and Enterprise (SITE).

### *Historical context*

During the 1990s the Kenyan dairy industry was progressively liberalised starting with milk price decontrol in 1992. This process, together with problems of poor internal management and corruption, led to the gradual collapse of the state-owned Kenya Co-operative Creameries (KCC) through the 1990s, effectively ending their 60-year monopoly on milk processing and marketing in the lucrative urban areas. This gap was quickly filled by a proliferation of unlicensed small-scale milk vendors (SSMVs) and large-scale, licensed and regulated private sector milk processors. The SSMVs sold raw milk whilst the private dairy companies sold packaged, pasteurised or UHT milk and other dairy products. Although sale of raw milk in urban areas was illegal, high consumer demand meant that the SSMVs serving various parts of Nairobi and other urban areas soon numbered tens of thousands. It was virtually impossible for the Kenya Dairy Board (KDB) – the government-appointed body responsible for regulating the dairy industry – to control them, and the private dairy processors came to regard the SSMVs as unfair competition.

The SSMVs provided a market outlet for the majority of smallholder dairy farmers. Most operated from fixed premises but some transported milk to urban centres by bicycle or public transport, usually in plastic containers. They mainly operated early in the morning in response to consumer demand, but also to avoid harassment by KDB inspectors.

### *Political context: dairy policy in Kenya*

Until 1958, when the Dairy Industry Act (Cap. 336) was enacted, traditional milk marketing in Kenya had been largely unregulated. The Act, introduced mainly to protect the interests of large-scale settler dairy producers, still to a large extent regulates the dairy industry today, despite huge changes in the sector's structure since then. In 1964, the Kibaki Commission on post-independence dairy development recommended abolishing contracted milk quotas in favour of access to KCC by all farmers, subject to their milk being of acceptable quality. KCC thus became a guaranteed market for raw milk, buying any amount of milk supplied, regardless of demand. However, by the early 1980s, the highly subsidised input services for dairy farmers had become unsustainable. Liberalisation of the dairy industry started in the mid-1980s, with full price decontrol by 1992. The entry into the market of new processors heralded the gradual collapse of KCC through the 1990s. The dairy industry from that time to the present has been dominated by small-scale production and marketing through SSMVs, yet in a policy environment that interpreted the informal market as illegal. Since 1995, the Government has been

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<sup>1</sup> The name of the ministry responsible for livestock in Kenya changed several times during the lifetime of the SDP project. Currently, in 2006, it is the Ministry of Livestock and Fisheries Development (MoLFD), but previously it was known as the Ministry of Agriculture and Rural Development (MoARD), and before that, the Ministry of Agriculture and Livestock Development (MALD) and then Ministry of Livestock Development (MoLD). Throughout this report, the ministry will be referred to as its most recent name – MoLFD.

trying to reform the legal and policy framework to reflect the way the industry had developed, although with little progress before the time SDP started in 1997.

There were changes in the wider political context during SDP's lifetime, particularly a change in government. New strategies were developed: a general Economic Recovery Strategy for Wealth and Employment Creation (ERS) in 2003, and a Strategy for Revitalising Agriculture (SRA) in 2004. The SRA proposed far-reaching policy and institutional changes to reverse the decline of the agricultural sector and to position it competitively in the global arena. One proposed intervention was to bring all agriculture-related legislation under one apex Agriculture Act.

More recently, there have been significant changes in implemented dairy policy, and progress towards change in the Dairy Policy and Dairy Bill. Following activities described later in this report, the Policy and Bill have been going through a revision process. The new Dairy Policy, presented for stakeholder consultation in April 2006, explicitly recognises the role of SSMVs, and includes measures to facilitate the transformation of the informal milk trade towards formalisation. These measures include development of appropriate technologies, training on safe milk handling, and provision of incentives for improved milk handling and establishment of a supportive milk dealer certification system. The Policy also states that KDB functions will be streamlined, self-regulation initiated and transition towards a stakeholder-managed institution initiated.

The reforms have not yet been passed, and the supply of raw milk to scheduled areas is still technically illegal. However, a marked change in attitude and implementation has already taken place, particularly by KDB officials.

Overall, these changes have been broadly in line with arguments that SDP and its partners had made throughout the project's lifetime, and this policy change process is the main focus of this study.

### *The SDP and policy change*

SDP was initiated in 1997 as a collaborative project between ILRI, KARI and the MoLFD, with funding from the UK Department for International Development (DFID). SDP was an integrated research and development initiative aimed at supporting the sustainable development of Kenya's smallholder dairy sub-sector. It built on previous collaborative dairy research carried out by ILRI and KARI on the Kenya Coast. Key areas proposed for SDP research and development activities included detailed characterisations of the sector, from production to consumption, including the policy environment; and analysis of factors constraining competitiveness of smallholder dairy farmers and of social benefits of smallholder dairy production. There was also to be participatory development of improved technologies for farmers and traders, together with extension and training materials, and a spatial analysis of dairy systems for improved targeting. However, during its lifetime, the focus of the project shifted, in particular towards supporting change in the policy and institutional environment, in order to better support dairy dependent livelihoods. This paper presents a summary of the SDP log frames and a timeline of activities (including policy influencing) for the three phases of the project.

#### **SDP Phase I (1997-1999): Dairy research and development in Kenya**

During the first phase, the project focused on the development of 'best-bet' technologies to overcome farmers' problems and to improve their livelihoods. SDP's Rapid Appraisal (RA), completed in 1998, examined the dairy production systems, carried out an economic and structural analysis of dairying, and addressed policy and institutional issues related to dairy development in Kenya. This provided dairy stakeholders with a comprehensive overview of the situation at that time, and was the first major activity that placed the project in a position to influence policy. A key finding was the huge importance of the informal market (representing over 80% of marketed milk) for the livelihoods of producers, traders and consumers. These findings were presented at many meetings throughout SDP's lifetime. However, towards the end of Phase I, it became obvious that many important aspects of dairy-related livelihoods were currently not being addressed. Following an in-depth review in January 1999, the focus of the project changed.

### **SDP Phase II (1999-2000): Change of focus**

Phase II of SDP attempted to develop the Phase I technologies further and also focused on the uptake of those technologies. Geographical coverage was extended, and the project's new goal was '*Contribution to sustainable improvements in the livelihoods of poor people in Kenya*'. Activities included a characterisation study of Western Kenya, and a detailed longitudinal survey of dairy production. This phase also saw the completion of the initial public health field activity. However, a 'snapshot review' in 2000 reported favourably on SDP's progress but recommended that because uptake of technologies at farm level was difficult in the prevailing policy environment, there was a need for SDP to develop a strategy for the reform of dairy policy and of research and knowledge services in order to increase impact. Soon after this review, the log frame was changed again, and Phase III of SDP began.

### **SDP Phase III (2000-2005): Looking for impact**

Phase III saw more active engagement with policy. SDP formed a Policy Task Team, and drew up a strategy for policy influencing. Meanwhile, the public health research findings were presented at a stakeholder workshop on 'Assessing and managing milk-borne health risks for the benefit of consumers in Kenya'. The findings were very controversial, but went on to be highly important. Following this workshop, a Dairy Public Health Committee (PHC) was convened by KDB and MoLFD, and included SDP. To tackle some of the informal market issues identified, SDP started piloting the training of SSMVs in basic milk testing, hygiene and handling.

Part of SDP's policy-influencing strategy was to foster links with CSOs that could bring capacity to engage in policy advocacy in a way that the SDP implementing institutions could not. The CSO partners were ActionAid Kenya, IPAR, ITDG, SITE and Land O'Lakes. In August 2003, an existing plan for SDP to hold a high-level Dairy Policy Forum was widened to include the CSOs as co-hosting partners. The purpose was to present SDP's research results and to highlight the policy implications. Six policy briefs were prepared for this meeting (SDP, 2004a-f; SDP, 2005a-d), and a video commissioned.

In December 2003, however, the Kenya Dairy Processors Association (KDPA), a coalition of milk processors and a packaging manufacturer, launched a high-profile 'Safe Milk Campaign' against the SSMVs. It was widely thought that their intention was to stamp out the SSMVs. With its negative portrayal of SSMVs as criminals, and the inaccuracy of the information released, the campaign was recognised by SDP and its CSO partners as being potentially extremely damaging to large numbers of poor peoples' dairy-dependent livelihoods. The CSO partners held a press conference to contest this campaign, using SDP evidence to show that unsubstantiated health concerns were likely to reduce overall milk consumption, reduce health benefits to low income consumers and destroy hundreds of thousands of livelihoods. This started what became called the 'Milk War', with the newspapers full of debate on informal milk market issues. KDB and the processors repeatedly challenged the CSO partners' statement, but were unable to produce evidence to back their claims, whilst the robust evidence from SDP strongly supported the CSOs' arguments.

At the Dairy Policy Forum in May 2004, all the SDP evidence was again presented. Farmers' voices were very prominent at the Forum, especially through a farmer advocacy group. A video showed farmers, traders and poor consumers voicing their concerns, and made a significant impression. At the Forum, the Minister of Livestock gave a commitment to passing the stalled Dairy Bill, and to take account of the mass of evidence and stakeholder opinion presented.

SDP finally finished as a project in March 2005. An additional set of Policy Briefs was launched, bringing the total number to 10.

### ***Behavioural change of key stakeholders and SDP's role in this***

This section of the report focuses on behavioural changes that occurred among key actors. The participants at the ROA workshop listed key actors and identified changes that had occurred in their behaviour and attitude. It became evident that a clear change in practice and implementation of the laws had indeed occurred, together with a much wider change in perceptions and opinions on

development of the dairy industry in Kenya. These changes were further explored and triangulated in follow-up interviews.

- KDB, the current regulator of the industry is now licensing many SSMVs and no longer harasses them as it did before. KDB is now collaborating with SITE to pilot the provision of business development services to SSMVs, linked with licensing.
- MoLFD officials have also shown important changes in their attitude and behaviour, including support for the SSMVs. The Permanent Secretary personally triggered the recognition of SSMVs in the proposed Dairy Bill revision.
- The private processors have now changed their marketing strategy to focus on the value and safety of processed, packaged milk, without overtly attacking SSMVs. Some processors are also encouraging SSMVs to trade in processed products.
- Some SSMVs can now access training in basic milk testing, and have KDB licences. Many are starting to organise into groups to share costs, although the issue of the 'voice' of traders in the policy process remains a challenge.
- Donor-funded activities in the sector are now more explicit about the role of the informal sector in dairy development.
- Virtually all recent projects in the dairy sub-sector in Kenya have used SDP research results, and many have also linked with the SDP implementing institutions for new dairy related activities, both in service delivery and policy-related areas.

## Analysis and reflection

The findings from this study were analysed using the RAPID framework, looking at political context, role of evidence, links and external influences.

### *The policy context: politics, citizen voice and representation*

The changing political context post-2002, with a new government, provided space and opportunity for SDP's more active policy influencing activities. The key role played by SDP's civil society partners was possible because of changes in the role and activities of CSOs in Kenya, helped by the Constitutional Review process, which led to better channelling of citizen voice into policy processes. The CSOs were crucial partners in getting across policy messages from SDP research. As well as calling meetings with ministers, the high-profile advocacy and use of the media by the CSOs, together with their links to farmer advocacy groups, put increased pressure on the KDB for change.

With the lack of representation of large sections of the dairy sector, especially small farmers, consumers and traders, the more powerful and better resourced players protected their interests, through their representation on the board of KDB. With such poor representation of larger but less powerful sections of the dairy sector on the board of KDB, it is not surprising that KDB had previously represented the interests of the formal sector players in preference to those of the more numerous informal sector stakeholders. New proposals to transform KDB into a truly representative, stakeholder-run organisation, would, if they occur, significantly change this context of representation in the policy process, although there remain significant challenges to this occurring in practice.

### *Evidence: relevance, credibility and communication*

Research evidence played a major role in changing attitudes and practices in the dairy sector, as it offered a wholly new paradigm of dairy market development. The evidence was wide-ranging, relevant, highly robust and credible, making it difficult for opponents to refute. It was strategically and innovatively communicated to a range of audiences. From the initial emphasis on milk production, the direction of the research changed to focus on key constraints identified, relating this to people's livelihoods, whilst technical research on controlling public health risks continued. The research was seen as highly credible, coming from major public research institutions. As well as the conventional

research, the participatory approaches used with the SSMVs meant that resulting training guidelines and milk cans were highly appropriate. This evidence also showed clear ways forward for policy makers. The SDP researchers were careful to maintain the credibility of their evidence, in marked contrast to ‘evidence’ presented by opponents during the Safe Milk Campaign, apparently intended to frighten consumers: evidence that could not be substantiated.

SDP used diverse communication approaches, including conventional meetings and workshops, the media, and specific targeting of policy makers with policy briefs and through the advocacy activities of SDP’s partners. SDP’s collaborative nature also ensured continuous communication of evidence to key stakeholders through their direct involvement with SDP. This long-term communication was very important, so that what was initially considered as almost heretical became more widely accepted, if still controversial. Later, specific communication with policy makers was conducted through meetings and use of policy briefs, together with a video produced for the Dairy Policy Forum. SDP’s CSO partners played a key role in this high-level communication, being able to engage in more overt advocacy, using a variety of channels. Use of the media was also important, especially at the time of the Milk War.

### *Links*

The collaboration between MoLFD, KARI and ILRI was based on several years of previous collaboration. Each brought different capacities and trusted the other partners to carry out their respective roles. Throughout the project, the project manager was a MoLFD official, intimately involved with policy making processes, sitting on drafting committees and in close contact with peers responsible for leading these processes. All the major stakeholders were represented on the SDP steering committee, and wider collaboration brought new partners in, adding to the credibility of the evidence. SDP worked closely with key organisations seen as targets for change, especially the KDB.

SDP’s links with advocacy partners proved very effective. They required a lot of work to establish and maintain, but through their shared vision of improved livelihoods for the poor, the coalition of very different organisations worked very effectively. However, it was clear that SDP’s resources, including the work of a coordinator within SDP, were important in maintaining this collaboration.

### *External influences*

DFID’s shift to focus on Sustainable Livelihoods Approaches in the mid-1990s, followed by the emphasis on policies, institutions and processes affecting livelihoods, was an important influence on SDP. But in addition, the subsequent success in SDP’s policy influencing activities meant that lessons were fed back to DFID – lessons that included the importance of robust livelihoods-relevant evidence in controversial policy debates. SDP is widely quoted within DFID as a success story in influencing policy, and it is not unreasonable to assume that lessons have been taken on board within DFID.

## **Conclusion**

In conclusion, some lessons can be drawn on improving pro-poor policy outcomes:

- **Collaboration:** Good collaboration was a major factor in the success of SDP in achieving policy change, but this rested on years of previous collaboration. Such effective working partnerships take time and effort to establish, and rely on understanding and trust between partners. Collaborative approaches to research, linking with other organisations and use of participatory approaches, not only improves relevance of findings, but enhances ongoing communication.
- **From research to policy:** Wide-ranging, highly robust and relevant evidence can be very powerful in influencing policy change. Reputable research institutions collaborating together add to the credibility of evidence. It is doubtful whether the evidence would be as rigorous and thorough if SDP had not started as an R&D project or whether it would have been able to achieve policy change if it had been initially set up as an advocacy project.

- **A forum for the dairy industry:** SDP took every opportunity to take part in meetings to communicate evidence. Representatives of key stakeholders on the project Steering Committee enabled continuous communication of evidence. And once respect was established, SDP was asked to sit on influential working groups. Key issues were raised with policy makers, at project workshops and the Dairy policy Forum. The ability of empowered farmers and SSMVs to speak in person at the Dairy Policy Forum proved to be a compelling factor in successfully changing opinions.
- **Working with CSOs:** The linkage with CSOs in advocating for policy change was crucial, both in opening more channels for influencing and in providing a link to grassroots organisations. Research organisations and CSOs are quite different organisations, but maintaining a shared vision enabled effective collaboration. However, such linkages are very demanding of time, and retaining a person to focus on policy advocacy work was a great advantage.
- **Multiple approaches:** SDP was able to work with stakeholders at all levels in the dairy industry, from small-scale farmers and traders, up to policy makers. This opened multiple channels for influencing, further enhanced by the CSO links. Different channels are effective at different times, and a variety of communication methods need to be used effectively for different targets. Such multiple approaches appear to be helpful in influencing policy change.
- **Importance of individuals:** Individuals can play crucial roles both as proponents and opponents of change. Well-placed individuals acting as policy champions, able to draw on broader collaborative networks, and feeding into decision-making processes, can be hugely influential. Conversely, influential individuals blocking change require alternative approaches to convince or bypass them.
- **Right timing:** SDP took advantage of the changing political context in Kenya, including the role of civil society and increased citizen voice. But planning and being ready to take advantage of such opportunities as they occur is important. The years of continually feeding in evidence proved highly important before more overt policy-influencing activities. Active advocacy for change much earlier than it was done may have met with a different outcome.
- **External factors:** External support can be helpful. As DFID focused more on policy-level changes, and on ‘policies, institutions and processes’, they gave theoretical and practical support for SDP staff to do the same.
- **Focus on incentives:** Politicians’ responses may depend on personal political gain as much as on evidence itself. Demonstrating the ‘popular interest’ value of changes influenced the politicians, whilst KDB’s change in attitude meant they could be seen as pioneers of a new model for a dairy industry, rather than appearing to side with the formal sector. Looking at how a policy change affects key people’s personal interests, and adapting a strategy to account for this, is therefore important.



# 1 Introduction

## 1.1 ILRI's Process and Partnership for Pro-Poor Policy Change Project

This working paper forms part of the International Livestock Research Institute's (ILRI's) and Overseas Development Institute's (ODI's) 'Process and Partnership for Pro-poor Policy Change' (PPPPPC) Project, which seeks to identify and institutionalise innovative research and development mechanisms and approaches that lead to pro-poor policy. The project is a response to the need to better understand the processes and mechanisms that lead to pro-poor decisions at the policy level, and aims to provide recommendations to improve the impact of work by ILRI and its partners.

In collaborating with ILRI researchers to develop new learning methodologies for use in the PPPPPC Project, ODI have built on considerable experience gained through their Research and Policy in Development (RAPID) Programme (see <http://www.odi.org.uk/rapid>). RAPID aims to improve the use of research and evidence in development policy and practice and has four main themes:

- The use of evidence in policy identification, development and implementation;
- Improving communication and information systems for development agencies;
- Better knowledge management to enhance the impact of development agencies;
- Promotion and capacity building for evidence-based policy.

The first and last themes are particularly relevant to the PPPPPC Project, which involves carrying out and analysing three case studies in Eastern Africa, each focusing on specific areas of policy change.

This working paper covers the first of the three case studies and focuses on the smallholder dairy sector in Kenya. It presents the results of the analysis of policy changes that occurred during the Smallholder Dairy Project (SDP) in Kenya, which ran from August 1997 until March 2005.

## 1.2 Case study: the Smallholder Dairy Project (SDP) in Kenya

During the 1990s the Kenyan dairy industry was progressively liberalised, starting with milk price decontrol in 1992. This process, together with problems of poor internal management and corruption, led to the collapse of the state-owned Kenya Co-operative Creameries (KCC) through the 1990s. This effectively ended the KCC's 60-year monopoly on milk processing and marketing in the lucrative, high-demand urban areas of Kenya – a gap that was quickly filled by (i) a proliferation of small-scale, illegal, informal milk traders and (ii) large-scale, licensed and regulated, private sector milk processors and packers. The small-scale traders sold raw milk whilst the private dairy companies sold packaged, pasteurised or UHT milk and other dairy products. Although the sale of raw milk in urban areas was illegal, high consumer demand for raw milk meant that the number of small-scale milk vendors (SSMVs) serving various parts of Nairobi and other urban areas in Kenya soon reached tens of thousands. It became virtually impossible for the Kenya Dairy Board (KDB) – the government-appointed body responsible for regulating the dairy industry – to control them, and the private dairy companies came to regard the untaxed, unregulated and unlicensed SSMVs as unfair competition.

The SSMVs bought milk from smallholder dairy farmers. Most operated from fixed premises but some were mobile. Plastic containers were predominantly used and the raw milk was transported by bicycle or public transport to urban centres. Most of the traders delivered to specific customers but some also retailed milk in the open market. The milk traders had good networks amongst themselves and mainly operated early in the morning, partly in response to demand from consumers but also to avoid harassment by KDB inspectors.

This was the situation when the Smallholder Dairy Project (SDP) was initiated in 1997. The SDP was a collaborative project led by the Ministry of Livestock and Fisheries Development (MoLFD) in collaboration with ILRI and the Kenya Agricultural Research Institute (KARI), with funding from the UK's Department for International Development (DFID). The SDP was an integrated research and

development initiative aimed at supporting the sustainable development of Kenya's smallholder dairy sub-sector. The project built on previous collaborative dairy research carried out by ILRI and KARI on the Kenya Coast (Muriuki, 2005) and was intended to extend this work to the highlands areas, where most dairy cattle were kept, and to include both the formal and informal systems supplying milk to Nairobi.

### **1.3 Outline of the working paper**

This working paper first describes the methodology developed and used in the SDP case study. It goes on to review the policy and institutional changes that occurred in the dairy sector during the lifetime of the SDP and describes how and why these changes came about. This includes an analysis of the impacts of the SDP and its partners on the behaviour and attitudes of a range of stakeholders which eventually led to changes in policy. Finally, lessons learned are drawn out regarding both the methodology used for the case study and the factors that enabled SDP and its partners to achieve impact on policy.

## 2 Research Framework and Approach

Evaluating the impact of research on policy and practice is extremely difficult. An enormous range of different factors influence most policy processes, waxing and waning and in different combinations over time. Attributing causality to specific factors is problematic, as different approaches tend to emphasise different sets of factors. ODI's RAPID programme has been working to improve the use of research and evidence in development policy and practice for a number of years and is developing an approach which combines elements from three well-established methodologies, namely:

- Episode studies of specific policy changes – tracking back from policy changes to identify key actors and decisions and assessing the relative importance of different factors, which might have included research-based evidence (the approach used by ODI, see <http://www.odi.org.uk/RAPID/Publications>). This approach tends to emphasise political factors and underemphasise the role of research.
- Case study analysis of specific research projects – tracking forwards from specific research and related activities implemented by specific projects to assess the impact they had (the IFPRI approach, see <http://www.ifpri.org/impact/iadpoz.pdf>). This approach tends to overemphasise the importance of research.
- Outcome mapping – identifying changes in behaviour and analysing what was done or happened to bring them about (the Outcome Mapping approach developed by IDRC, see [http://web.idrc.ca/en/ev-64698-201-1-DO\\_TOPIC.html](http://web.idrc.ca/en/ev-64698-201-1-DO_TOPIC.html)).

This was further refined for the SDP case study into an approach called the Research and Policy in Development Outcome Assessment (RAPID Outcome Assessment or ROA). The ROA approach aims to triangulate information collected, using a combination of all three approaches to obtain a more balanced assessment of the relative contribution of a project or programme's actions and research on changes in policy or the policy environment, which will inevitably also have been influenced by a number of other factors.<sup>2</sup>

A wide range of approaches were used to collect information for the ROA of the SDP case study:

1. A literature review of relevant project and external documentation;
2. Briefings, regular meetings and close interaction with the SDP project team during which, *inter alia*, key actors and boundary partners were identified;
3. A workshop with key project staff, SDP project stakeholders (who are called Boundary Partners in Outcome Mapping) and other people who had been involved in the dairy sector in Kenya, but not closely involved in the project. The workshop<sup>3</sup> included sessions designed to:
  - a. develop a timeline describing the key events prior to, during and after the policy change;
  - b. identify the behaviour of project boundary partners before, during and after the project, and the events and other factors that influenced behaviour changes;
  - c. identify any events external to the key dairy sector actors that influenced policy change;
  - d. establish cause and effect between various key events;
  - e. identify further issues for triangulation and clarification through follow-up interviews.
4. Individual discussions with various key actors, boundary partners and stakeholders of the SDP project at national, district and village levels to triangulate and clarify the outputs from the workshop;
5. Field visits with smallholder farmers, SSMVs, District Council Public Health Officers and Livestock Officers, KDB inspectors at district level and their staff, and other milk marketers;
6. A debriefing session with the project team to discuss preliminary findings of the case study.

<sup>2</sup> The advantages and disadvantages of each approach and a detailed description of ROA is provided in the participant handout of the methodology workshop held at the start of the SDP case study, and is available at: [http://www.odi.org.uk/RAPID/Meetings/ILRI\\_workshops/Methodology\\_workshop.html](http://www.odi.org.uk/RAPID/Meetings/ILRI_workshops/Methodology_workshop.html).

<sup>3</sup> A detailed description of the approach used and the results of the policy impact workshop are available at [http://www.odi.org.uk/RAPID/Meetings/ILRI\\_workshops/Policy\\_impact\\_workshop.html](http://www.odi.org.uk/RAPID/Meetings/ILRI_workshops/Policy_impact_workshop.html).

The information collected through these methods was then assembled into five overlapping narratives each with a slightly different perspective:

1. A description of the key organisations and institutions directly involved in it or involved in setting the policy framework (see Section 3.1).
2. A general description of the evolution of milk production, processing and marketing in Kenya over the last century (see Section 3.2).
3. A description of the evolution of policies affecting the dairy industry in Kenya and their implementation. This is essentially the 'Episode Study' of the ROA approach – a narrative tracking back from the Dairy Bill and aiming to identify the factors which influenced its development. It proved extremely difficult to do this for a number of reasons, including the difficulty of meeting the most senior policy makers who had been involved and the fact that many of the informants had been very closely involved in the project itself (see Section 3.3).
4. A description of what the project did and why it did it. This corresponds to the 'Case Study' element of the ROA approach (see Section 3.4).
5. A description of changes in behaviour of the key actors which contributed to decisions or actions leading to the policy change, and the reasons for these, including the role of SDP. This corresponds to the 'Outcome Mapping' element of the ROA approach. Most of this is based on the results of the workshop triangulated with findings from the interviews (see Section 3.5).

## 3 Results: Background, Narratives and Players

### 3.1 Key actors

The key actors listed here are a combination of actors mentioned in review documents as key to the development of Kenya's dairy sector, and a list from a brainstorming and ranking session in the workshop where the participants were asked to list actors who were key to policy change in the dairy sector (see section 3.5.1). We present a combined list in Table 1, and then describe each actor in more detail in this section. As this report focuses on SDP's role in policy changes, the relationship of the actors to SDP is indicated.

**Table 1: Key actors in dairy sector policy in Kenya**

Actor	Relationship to SDP
<b>Government departments and parastatals</b> Ministry of Livestock and Fisheries Development (MoLFD) <sup>4</sup> Kenya Dairy Board (KDB) Kenya Bureau of Standards (KEBS) Ministry of Health (MoH)	<b>SDP implementing organisation</b> Sat on SDP Steering Committee Also target for influencing <sup>5</sup> Sat on SDP Steering Committee SDP target for influencing Sat on SDP Steering Committee <sup>6</sup> SDP target for influencing Sat on SDP Steering Committee SDP target for influencing
<b>Research organisations</b> Kenya Agricultural Research Institute International Livestock Research Institute National Agricultural University Departments	<b>SDP implementing organisation</b> <b>SDP implementing organisation</b> SDP research partners
<b>Private actors</b> Farmers Consumers Small-scale milk vendors (SSMVs) Milk processors/packagegers	SDP target for influencing SDP target for influencing Sat on SDP Steering Committee (through Kenya Dairy Processors Association)
<b>Civil society organisations (CSOs)</b> Land O'Lakes, Kenya Institute of Policy Analysis and Research (IPAR) Intermediate Technology Development Group (ITDG) <sup>7</sup> ActionAid Kenya Strengthening Informal Sector Training and Enterprise (SITE)	SDP research partner SDP advocacy partner SDP advocacy partner SDP advocacy partner SDP advocacy partner

<sup>4</sup> See footnote 1 on MoLFD.

<sup>5</sup> MoLFD, KDB, KEBS, MoH and other organisations became targets for influencing as the focus of SDP changed to include policy advocacy. However their relationship to SDP as members of the Project Steering Committee was there from the start of the project and continued throughout its lifetime.

<sup>6</sup> SDP also had influence through the KEBS Committee on Dairy Standards (See Section 3.1.1).

<sup>7</sup> Intermediate Technology Development Group (ITDG) has recently changed its name to 'Practical Action'.

### 3.1.1 Government departments and parastatals

#### Ministry of Livestock and Fisheries Development (MoLFD)<sup>8</sup>

MoLFD is a Kenyan government ministry responsible for developing the dairy industry for the country. Beside dairy, the ministry is also responsible for the development of livestock as a whole (including Range Development and Management; Veterinary Services and Disease Control; Livestock Production and Extension Services; Meat Inspection and Development of Abattoirs), fisheries (Inland and Marine Fisheries) and sylviculture (bee-keeping industry). SDP was planned to be a MoLFD project, and the project manager was a member of ministry staff. This position of SDP Project Manager was held by the same person continuously from the beginning of the project in 1997 until 2004 when he retired and was replaced by somebody from the same office. Holding the position of Assistant Director of Animal Production, the project manager sat on various boards and committees within the ministry. This meant that findings from SDP were continually fed into the formal policy process throughout the lifetime of the project. The Director of Livestock Production (DLP) was the Chairman of the SDP Steering Committee. Whilst initially reporting directly to the Permanent Secretary (PS), in 1998 incorporation into the Ministry of Agriculture created a gap between the Director of Livestock's new position<sup>9</sup> and the PS, as protocol required reporting through the Director of Agriculture for any SDP-related issues. The situation was reversed in 2003 when the office of DLP was re-instated. Two different people held the position of DLP during SDP's lifetime.

#### Kenya Dairy Board (KDB)

The Kenya Dairy Board (KDB) was established under Section 4 of the Dairy Industry Act (Cap. 336) enacted by an Act of Parliament in 1958. It is from this Act that the Board derives its power and functions. KDB is responsible for regulating, promoting and developing the dairy industry either by itself or in association with others, in pursuance of Section 17 of the Dairy Industry Act. The Board is responsible for:

- Organisation, regulation and development of efficient production, marketing distribution and supply of dairy produce for different classes of consumers;
- Licensing of milk producers and processors whilst permitting the greatest possible degree of private enterprise in the industry;
- Maintenance of quality and milk hygiene in dairy products through training of farmers and traders;
- Encouraging proper use of containers, storage facilities, packaging and other materials for milk and milk products;
- Regulation of domestic sales and importation of dairy produce;
- Promotion of consumption of quality milk and milk products;
- Enforcement of the Dairy Industry Act.

The Board is currently managed by a Board of Directors with a Chairman appointed by the Minister in charge of Livestock – from the recommendations of the Central Agricultural Board. Nominees are appointed from selections at District Agricultural Committees, Provincial Agricultural Boards and the Central Agricultural Board. The Managing Director (MD) is responsible for the day to day running of the Board. The KDB MD sat on the SDP Steering Committee, although the position of MD changed during SDP's lifetime, and the new MD was initially rather less informed about SDP and its activities than his predecessor.

#### Kenya Bureau of Standards (KEBS)

The Kenya Bureau of Standards (KEBS) provides the dairy sector with relevant standards and codes of practice on production and marketing of milk, and provides training for public sector staff. Such standards are usually based on international standards, including the *Codex Alimentarius*,<sup>10</sup> although national standard setting bodies such as KEBS are entitled to align such standards to local conditions.

<sup>8</sup> See footnote 1 on MoLFD.

<sup>9</sup> In the combined Ministry, the DLP became the Senior Deputy Director of Livestock Production.

<sup>10</sup> The *Codex Alimentarius* is the set of standards, guidelines and codes of practice agreed by the FAO and WHO for the protection of consumer health and maintenance of fair trade practices in the food trade. It promotes coordination of all food standards work undertaken by international governmental and non-governmental organisations.

A representative from KEBS sat on the SDP Steering Committee. In addition, the SDP Project Manager sat on the KEBS Committee on Dairy Standards (in his capacity as Assistant Director of Animal Production at the MoLFD).

### **Ministry of Health (MoH)**

The Ministry of Health (MoH) is charged with the responsibility of providing quality health care for all citizens of Kenya so that they may lead economically and socially productive lives. In relation to the dairy sector, MoH's function was to perform health inspections and other public health services. A separate section of the MoH deals with nutrition, and is little involved in the dairy sector. District Public Health Officers are responsible for certification of milk traders. The Chief of the Public Health Division of the MoH sat on the SDP Steering Committee.

### *3.1.2 Research organisations*

#### **Kenya Agricultural Research Institute (KARI)**

The Kenya Agricultural Research Institute (KARI) is a parastatal government institution responsible for bringing together research programmes on food crops, horticultural and industrial crops, livestock and range management, land and water management, and socio-economic issues. KARI promotes sound agricultural research, technology generation and dissemination to ensure food security through improved productivity and environmental conservation. KARI's mission is to develop and disseminate appropriate agricultural technologies in collaboration with stakeholders. KARI further contributes to the sustainable improvement in the livelihoods of Kenyan citizens by increasing agricultural productivity, post-harvest value of agricultural and livestock products, and conserving the environment. SDP's Assistant Project Manager was from KARI, and the person holding this position changed once, in early 2001. The institute was also represented on the SDP Steering Committee by the Assistant Director (Animal Production), who was the Vice Chairman of this Committee throughout the lifetime of SDP.<sup>11</sup>

#### **International Livestock Research Institute (ILRI)**

The International Livestock Research Institute (ILRI) belongs to the Consultative Group on International Agricultural Research (CGIAR). This association of more than 50 governments and public- and private-sector institutions supports a network of 15 Future Harvest Agricultural Research Centres working to reduce poverty, hunger and environmental degradation in developing countries. ILRI's aim is to give poor people in developing countries strategic options they can use to transform their subsistence livelihoods into sustainable and market-oriented livestock enterprises. ILRI had been carrying out research into dairy systems for a number of years in different countries before the SDP collaboration started. ILRI was represented in the SDP project management team by the Field Manager/Technical Adviser. Once again, there was a change in personnel during the project, in early 2002. ILRI was also responsible for the financial aspects of the SDP project.

#### **National Agricultural Universities**

National university departments, especially Nairobi University and Egerton University, have for a long time carried out research into various aspects of dairy production, marketing and policy. SDP collaborated with universities in various activities, particularly in some of the public health research. Tegemeo Institute of Egerton University has carried out much research into dairy sector policy issues, some of it drawing on SDP outputs. They are also closely involved in ongoing revisions of national dairy policy.

### *3.1.3 Private actors*

#### **Farmers**

Smallholder dairy farmers with improved breeds are responsible for the vast majority of milk produced for market in Kenya. There are estimated to be over 600,000 such smallholder dairy households, which

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<sup>11</sup> Towards the end of the project, the Assistant Director (Animal Production) was promoted to Deputy Director of KARI. The SDP Assistant Project Manager replaced him as Assistant Director (Animal Production). Nevertheless, both continued to carry out their respective functions as SDP Assistant Project Manager and Vice Chairman of the Steering Committee until the end of the project.

in addition to family labour, also provide employment to some 350,000 full-time farm labourers. Whilst many are members of Dairy Co-operatives, they are in general poorly organised to advocate for their concerns. Larger-scale farmers represent only a small proportion of Kenya's dairy farmers, but they are highly represented on the KDB, and closely linked to larger processors and their interests.

### **Farmers' groups**

A variety of dairy co-operatives and self-help groups exist for dairy farmers, usually focused on accessing market outlets and input supplies and services. Farmer advocacy groups exist, but many seem to have limited connection with the majority of smallholder farmers. However in recent years, some have developed, supported by NGOs, to be able to more effectively advocate for the real needs of smallholder farmers. The Kenya National Farmers Union (now Kenya Federation of Agricultural Producers – KENFAP) and the Kenya National Federation of Co-operatives (KNFC) sat on the SDP Steering Committee.

### **Consumers**

Consumers are clearly the *raison d'être* of the dairy industry. Their demand patterns and purchasing power have shaped the production and market systems, along with other factors. However, there is no effective organisation or body to represent concerns of consumers, especially poor consumers, and they were not significantly represented in the policy process.

### **Small-Scale Milk Vendors**

The SSMVs, who rapidly proliferated in number in the post-liberalisation dairy industry, now dominate the sale of milk in both rural and urban areas. The exact number of SSMVs is not officially regulated, but according to SDP estimates the number was approximately 40,000. Some SSMVs have organised themselves into informal groups or self-help groups to share costs and exchange information about the milk market on a daily basis. Less than 1% are certified by the KDB or trained in basic milk hygiene and milk handling.

### **Milk processors/packagers**

Following liberalisation, the formal milk processors/packagers only contribute approximately 14% of total milk sold in Kenya, the remainder being marketed by the informal sector. Both formal and informal sectors source their milk predominantly from smallholder dairy farmers. There are 34 companies registered at the KDB, processing around 600,000 litres per day (only some 35% of the total installed capacity, which is over 2 million litres per day). The Kenya Dairy Processors Association (KDPA) represents interests of the private processors, and a member sat on the SDP Steering Committee.

### *3.1.4 Civil society organisations*

At the workshop, advocacy CSOs were identified as important actors in the policy process, although these were not necessarily those most actively involved as dairy industry stakeholders. A variety of CSOs work with sector stakeholders, mainly in supporting farmer groups for service delivery (supporting improved production or marketing of milk). Those more involved in advocacy have generally become involved in dairy policy because they see the way current policies constrain development and adversely affect livelihoods.

### **Land O'Lakes, Kenya**

Land O'Lakes, Kenya is the 'development arm' of a large US-based dairy co-operative. In partnership with African Breeders Service, Total Cattle Management, World Wide Sires and ILRI, Land O'Lakes is implementing the USAID-funded Kenya Dairy Development Programme (KDDP), which aims to significantly increase the economic benefits to stakeholders in the farm-to-market dairy value chain, through increasing demand and improving efficiency. There is also a policy component. The programme, funded by USAID, was initiated in 2003 and will run until 2007. SDP represented significant matching funds in the first two years of the project and some SDP initiatives were continued into the second two years.



### ***Advocacy-focused CSOs:***

#### **The Institute of Policy Analysis and Research (IPAR)**

IPAR was established in 1994 as an independent, indigenous and non-partisan private organisation. It is a non-profit body whose primary goal is to pursue quality research-based public policy analysis and to generate non-partisan discussion focused on Kenya and the region. Through these activities, IPAR is often closely involved in policy making processes, being asked by government or parliamentarians to advise in various areas. IPAR was one of SDP's advocacy partners in the later stages of the project.

#### **Intermediate Technology Development Group – East Africa (ITDG-EA)**

ITDG-EA has a mission to help eradicate poverty in developing countries through the development and use of technology, demonstrating results, sharing knowledge and influencing others. Through its Regional Director, ITDG had good links to Ministers and other decision-makers. ITDG was one of SDP's advocacy partners in the later stages of the project.

#### **ActionAid Kenya**

ActionAid Kenya has been working in Kenya since 1972 to facilitate processes that eradicate poverty and ensure social justice through anti-poverty projects, local institutional capability building and public policy influencing. The organisation supports projects and programmes that promote the interests of poor and marginalised people. ActionAid Kenya has evolved over the years from a service delivery organisation to one that is primarily concerned with the promotion and defence of economic, social, cultural, civil and political human rights. ActionAid was one of SDP's advocacy partners in the later stages of the project.

#### **Strengthening Informal Sector Training and Enterprise (SITE)**

SITE works in different informal sectors providing business development services to small and medium enterprises (SMEs) based on implementation, research and consulting. It also gets involved in advocacy where there is a need for policy change to support enterprise development. Currently, SITE manages a DFID funded dairy project to develop SMEs from the informal market through development of business development services. This two year project, in partnership with KDB, SSMVs and ILRI, will finish in 2006 . SITE was one of SDP's advocacy partners in the later stages of the project.

## **3.2 Historical context: evolution of the Kenya dairy industry**

Kenya has more dairy cattle than any other country in Africa; over three million crossbred and grade cows, which is more than the combined total of the rest of Eastern and Southern Africa, including South Africa. Kenyan milk consumption is also the highest of any developing country, averaging 80 to 100 litres per person per year, and most milk in Kenya is now produced on smallholder's farms.

The modern dairy industry in Kenya can be traced back to the beginning of the 20<sup>th</sup> century, with the introduction of exotic dairy breeds by European settlers and subsequent upgrading of local zebu cattle through crossbreeding. For the first 60 years, the Kenyan dairy industry was dominated by large-scale settlers. Until the 1950s, indigenous Kenyans were not permitted to engage in commercial agricultural activities, although in rural and pastoral areas smallholders kept cattle and consumed the milk they produced or sold the surplus to their neighbours. By the 1920s, commercial dairying had taken off and the state-owned Kenya Co-operative Creameries Limited (KCC) was founded in 1925. KCC enjoyed a monopoly on the collection, processing and marketing of milk in urban areas for the next 60 years.

In 1954, the Swynnerton Plan for Intensification of African Agriculture allowed indigenous Kenyans to engage in commercial farming for the first time (Swynnerton, 1954). Independence, in 1963, further boosted efforts to increase the welfare of the people and achieve more equitable distribution of the nation's resources. Sessional Paper No. 10 (Government of Kenya, 1965) on African Socialism and its application to development planning in Kenya is an early example of a policy document driving change.

At independence many of the settlers left, with their cattle abandoned or redistributed to indigenous Kenyans (Muriuki et al., 2003) and land previously controlled by settlers was subdivided and redistributed in line with the land reform movement. This process started the shift from a dairy industry

dominated by large-scale producers to one dominated by smallholders. In 1964, the Government followed the recommendations of a Commission of Inquiry on dairy development (the Kibaki Commission), which included abolition of contracted milk quotas and opening up of KCC to all farmers so long as milk was of acceptable quality. KCC became a guaranteed market to all for raw milk, and embarked on a rapid expansion programme, with government guaranteed loans, throughout the 1970s and early 1980s. KCC enjoyed official monopoly access to a protected urban market,<sup>12</sup> with raw milk sales relatively insignificant in the main Nairobi market.

The Government began to invest in the dairy sector by providing highly subsidised input services for breeding, animal health and production, and through the deployment of animal health and production officers to areas of medium and high potential to provide services and advice to farmers. The combination of these measures resulted in a significant increase in milk production: total milk production in Kenya in 1971 was estimated to be around 1 billion litres (World Bank, 1989), increasing to 2.4 billion litres by 1997 (FAO, 2002).

By 1977, the smallholders had overtaken the large-scale dairy farmers to become the major producers of milk in Kenya (Mbogoh and Ochuonyo, 1992), but in marketing, the KCC still dominated the picture. However, instead of collecting milk just from big producers as previously, the KCC had expanded its cooling plant network to serve the growing number of smallholder dairy farmers. KCC's major role was to receive, process and distribute fresh pasteurised milk but they also produced UHT milk and other processed milk products including sour milk (mala), butter, cheese, ghee, cream and yoghurt, producing 1 billion half-litre cartons of milk annually at the beginning of the 1990s (TetraPak, pers. comm., 2005). The licensing of the Meru Central Farmers Co-operatives Union (MCFUCU) in 1983 and the Kitinda Dairy Farmers Co-operatives Society (KDFCS) in 1986 as dairy processors ended KCC's monopoly on formal milk processing and marketing in the scheduled urban areas.

The Sessional Paper No. 1 of 1986 on Economic Management for Renewed Growth paved the way for liberalisation of the sector, with specific policy actions including price decontrols, liberalisation of marketing, government budget rationalisation, privatisation and parastatal reform. KCC was suffering from being used as a development organisation without any planned exit strategy, and later from political interference and corruption. Liberalisation of the dairy sector, including milk price decontrol in 1992, combined with KCC's inefficiency and mismanagement, led to KCC's gradual collapse later in the 1990s, leaving a processing and marketing gap.

This gap was quickly filled. Whilst much raw milk was still sold directly by farmers to rural consumers, SSMVs proliferated rapidly, finding a ready market for raw milk: consumers liked it because it was cheaper than processed milk and most preferred the taste. These SSMVs operated from milk-bars, kiosks or as mobile traders, using bicycles or public transport. They were very suspicious of authorities as they had neither licences nor channels to pay cess,<sup>13</sup> and used many means to survive and evade control, including paying bribes to avoid being arrested when caught illegally selling milk in the scheduled areas.

Large-scale commercial processors took a much smaller proportion of the former KCC market in the urban areas. The reasons for this are complex but an important factor was undoubtedly that relatively few urban consumers could afford to buy milk at the price at which the major processors could sell. The advantages enjoyed by KCC, such as a market monopoly, considerable economies of scale and government subsidies, were not enjoyed by the new private sector dairy companies. One result of this is that the number of private processors initially rose rapidly and then fell back, stabilising in a situation with a handful of the largest companies controlling most of the processed milk market, but even these companies were operating well below their installed capacity.

In the early 1990s, with a representative of the private processors trade body now sitting on the board of the newly revived KDB, the influence of the processors was increased, resulting in active harassment of SSMVs, who were seen as unfair competition. The KDB refused to license most SSMVs and its

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<sup>12</sup> Under the Dairy Industry Act, the main urban areas were specified as 'Scheduled areas'.

<sup>13</sup> Milk cess is a volume-based tax supposed to be paid by all processors and traders.

inspectors actively pursued SSMVs, but due to the small number of inspectors and the large number of small-scale traders, failed to control them effectively.

Today, the informal sector still dominates: in 2004 it was estimated that of the 1.4 billion litres of milk marketed in Kenya each year, 86% was marketed to consumers in the raw state through the informal sector (Omore et al., 2004). Sales of processed, packaged milk represented only 14% of milk sold. This was more or less the situation throughout the lifetime of the SDP, which was initiated in 1997. Some new processors came on the scene, and other disappeared. In 2000 the KCC was relaunched as 'KCC 2000' and then in 2003 as 'New KCC', having been bought back by the new government.<sup>14</sup> The most recent re-launch of KCC has broadened the competition in the formal market segment, contributing to better farm gate prices and the current relative exuberance in the dairy sector.

### 3.3 Political context: dairy policy in Kenya

This section presents an overview of policy changes in the dairy sector in Kenya, and attempts to 'track backwards' from these changes so as to see what influenced them (building on the methodology of an Episode Study, as described in Chapter 2). It should be noted at the start that this is a brief introduction to dairy policy in Kenya; a more detailed review can be found in Muriuki et al. (2003).

#### 3.3.1 What is policy?

In order to assess the pro-poor policy changes that have occurred in the Kenyan dairy sector, and to what degree key actors, including SDP, played a role in bringing these about, a broad definition of 'policy' will be used. Policy is considered as a '*purposive course of action followed by an actor or set of actors*' (Anderson, 1975). This goes beyond formal dairy legislation and written policy statements to include implementation on the ground, and also covers interpretations of policies and statements of intent. Policies are not restricted here to government policies; the purposes and actions of international organisations, bilateral agencies, NGOs, farmers' organisations and the private sector will also be included. Changes in attitude and behaviour are also important, reflecting the reality that there is much more to policy influencing than formal written policy documents alone.

In other words, changes in dairy policy can take the form of change to a written policy (e.g. the Dairy Industry Act), change in policy statements from key decision-makers (e.g. a statement from the Minister of Labour giving his support to the informal sector in the dairy industry), a change in the behaviour or approach of decision-makers towards the informal sector (e.g. KDB's provision of certification to SSMVs), or more generally the increased public and official awareness of the importance of the informal dairy sector to poor people's livelihoods.

#### 3.3.2 The policy context

Kenyan agricultural development is regulated by a mass of legislation. The Government's Strategy for Revitalisation of Agriculture (SRA) policy paper of 2004 stated that:

'...approximately 130 pieces of legislation (many of which are high level such as Acts of Parliament) are currently legally binding. At least one legislation exists to control each sub-sector and this comes complete with implementing agencies and regulatory bodies – which together constitute the regulatory framework. Many of these laws were enacted during the colonial period or straight after independence and some of these older policies are obsolete, unenforceable or inconsistent with current policies. Some researchers believe that this increased cost for compliance has discouraged private sector participation and investment.' (Government of Kenya, 2004)

<sup>14</sup> The assets of the collapsed KCC had been sold by the previous government to private individuals, and it was relaunched as 'KCC 2000'. However, in 2003, the new NARC government bought back KCC and has been rehabilitating it before handing it back to be run by dairy farmers themselves.

In theory more than a dozen pieces of legislation regulate the Kenyan dairy sector but there is a huge disconnect between legislation, how legislation is interpreted to develop regulations, enforcement of regulations, and actual practice. Much of the legislation and policy that exists is open to interpretation, with the KDB being the body authorised to carry out this interpretation and charged with the responsibility of enforcing its resulting regulations.

### *3.3.3 Main policy turning points*

Until 1958, traditional marketing of milk in Kenya was largely unregulated. Then in 1958, the Dairy Industry Act (Cap. 336) was enacted, mainly to protect the interests of the expanding large-scale settler dairy producers, through protecting their urban markets – the so-called ‘scheduled areas’. Despite huge changes in the structure of the dairy industry since then, to a large extent the Kenyan dairy industry is still regulated by the Act today. The Act had a number of significant impacts on milk marketing and it brought into being the KDB as the regulatory body for the dairy industry. In exercising its power and performing its functions, the KDB seeks guidance from the minister under whose portfolio the dairy industry falls (which has changed a number of times over the past few decades). The minister is empowered under the Act to make regulations, such as those relating to mode of charging and payment of cess (a volume-based tax), the licensing of milk traders and milk transportation, which are then enforced by the KDB through its inspectors and the police. The Act also segregated the dairy market into two distinct zones: ‘scheduled’ areas (urban or formal areas) where the market was restricted to processed (pasteurised and UHT), packaged milk, and ‘unscheduled’ areas (also known as rural or informal areas) where there was no regulation and small-scale producers and traders operated as before.

The KDB is the highest body regulating the dairy industry in Kenya and is made up of a chairman and 12 directors. Until independence KDB directors were predominantly white settlers, but after independence were made up of government appointees. The KDB was disbanded in 1972 and its functions transferred to the Animal Production Department of the (then) Ministry of Agriculture, Livestock Development and Marketing (MoALDM). This situation prevailed until the late 1980s when the government appointed a new KDB chairman, although no other directors were appointed until 1998. Throughout this time, large-scale producers and processors have been able to effectively lobby in favour of their interests, and latterly the processors have been represented on the KDB through their trade body, the Kenya Dairy Processors Association. SSMVs enjoy no such representation on the KDB despite supplying the vast majority of marketed milk. Under the 1958 Act, the KCC was granted a monopoly to buy, process, and sell milk in the scheduled areas. Until the early 1970s, access to KCC was limited through contracts, milk quota systems and requirements to supply minimum volumes, which disadvantaged small-scale producers.

The second major turning point in the dairy industry resulted from the Kibaki Commission’s recommendations in 1964 regarding post-independence dairy development. The Commission advocated for the abolition of the contracted milk quotas and for them to be replaced by access to the KCC by all farmers, as long as their milk was of acceptable quality. Consequently the KCC became a guaranteed market for raw milk, as they bought any amount of milk supplied by farmers, regardless of demand. During the 1970s and early 1980s KCC underwent a rapid expansion programme, building a network of milk cooling and processing plants to handle the growing volume of milk being produced. This period coincided with acceleration of the provision of government subsidised clinical, artificial insemination (AI) and dipping services. At this time, thanks to KCC’s monopoly on supplying processed milk to the urban centres, which was effectively policed, sales of raw milk in Nairobi were negligible.

The third defining moment happened in the early 1980s when these highly subsidised or free services, which had been triggered by Sessional Paper No. 10 (1965) on African Socialism, became unsustainable due to budgetary constraints. For all government supplied services, such as animal health and production, the proportion of funds allocated for personnel payments increased steadily at the expense of operational expenditure, until it reached a point where virtually all funds were taken up by salaries and service provision collapsed. Corruption and mismanagement also contributed to a worsening situation, and in 1986 Sessional Paper No. 1 on Economic Management for Renewed Growth was released, paving the way for cost sharing for such services. Specific policy actions contained in the

1986 Paper included: price decontrols and liberalisation of markets; financial sector policy reforms; international trade regulation reforms; government budget rationalisation; divestiture and privatisation; parastatal reform; and civil service reform (Government of Kenya, 1986). The liberalisation process was forced on the Government due to budgetary problems, making it impossible to continue with highly subsidised interventions, most of which were abandoned abruptly without proper planning or exit strategies.

Liberalisation of the dairy industry started in the mid-1980s. Price control of UHT milk was ended in 1987 and for other dairy products in 1992. KCC, and the other processors who entered the market, decided the price of fresh milk on a daily basis. This heralded the gradual collapse of KCC through the 1990s. In 1993 a Dairy Development Policy was published. This policy paper guided the industry on how to survive in a liberalised economy and discussed almost all aspects of the dairy industry, from breeding to maintaining national self-sufficiency in dairy production. The liberalisation policy's major impacts have been the rapid growth of the formal and informal private sectors that provide input and output services, and a redistribution and increase of the overall social and economic benefits of market-oriented dairying to smallholder producers, small-scale market agents and consumers. However, changes in the legal framework to support the policy revisions have lagged behind the policy statements.

As described previously, the dairy industry from the 1990s to the present was characterised by small-scale production marketed predominantly through SSMVs, yet in a policy environment that was interpreted as outlawing the informal marketing of milk. In fact there is nothing in the 1958 Dairy Industry Act that explicitly outlaws trade in raw milk and the KDB interprets the provisions of the Public Health Act in defining its regulations regarding licensing of SSMVs. The Public Health Act requires traders in food products, including milk vendors, to have 'acceptable premises', which excludes most mobile traders. Confusingly however, the current Dairy Industry Act specifies '*bicycles or other motorised vehicles utilised for storage, distribution or sale of licensed produce*' (Government of Kenya, 1958) as acceptable 'premises' for a milk trader. The result is considerable uncertainty regarding who can and cannot be licensed as milk traders.

By 1995, the Government realised there was a need to reform the dairy legal and policy framework to better reflect the way the industry had developed. Therefore, by the time the SDP was in its inception phase in the mid-1990s, the MoLFD was beginning to consider revising the dairy policy and statutes as a way of reforming the industry. This was the policy background and context as the SDP was set in motion. During SDP's lifetime, the MoLFD initiated some activities to review dairy policy and to carry out expert and stakeholder consultations. A Dairy Task Force was set up in 2001, which met intermittently until 2005.<sup>15</sup> Stakeholder consultations were carried out occasionally, usually supported by donor or project funds.

Beyond specific dairy sector policy, some important events took place later in SDP's lifetime. In December 2002, President Mwai Kibaki of the National Rainbow Coalition (NARC) had taken over from President Daniel Arap Moi of Kenya African Nationalist Union (KANU), and in this climate of political transformation, many changes in policy and civil service attitude were expected as the new government tried to make its mark. New strategies were developed: a general Economic Recovery Strategy for Wealth and Employment Creation (ERS) in 2003, and a Strategy for Revitalising Agriculture (SRA) in March 2004. The SRA is a national policy paper for steering development in the agricultural sector in Kenya for the period 2004-2014, and was the agricultural sector ministries' response to the implementation of the ERS. The MoLFD was a signatory of the paper. The document proposed far-reaching policy and institutional changes believed to be necessary for reversing the decline witnessed in the agricultural sector and to position it competitively in the global arena. One of the interventions proposed by the paper was to review and harmonise the legal, regulatory and institutional framework, including bringing all legislation for agricultural sectors under one apex Agriculture Act.

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<sup>15</sup> The Dairy Task Force, comprising dairy industry experts and key stakeholders, was initially set up in response to USAID's interest in supporting dairy development activities in Kenya. It has subsequently been resurrected at various times, under different names, in response to perceived needs to review aspects of dairy sector policy.

### 3.3.4 Changes in written and implemented policy

The most significant change in formal written policy has been the revision of the new Dairy Policy and Dairy Bill. Some of the policy framework argued for by SDP and its partners had actually been in progress already: the last revision of the Dairy Development Policy (2000 edition) and a newly proposed Dairy Bill (to replace the outdated 1958 Act) explicitly recognised the importance of the domestic raw milk trade, and acknowledged that the informal trade in raw milk needed to be regulated and restructured to strengthen the dairy industry as a whole. However, this proposed Bill had been persistently delayed, and had made little progress since 2000.

Following the activities of 2003-2004, this Bill was revived. Since this time, the Policy and Bill have been going through a long process of revision. In 2004, a decision was taken by the PS that revision of the Policy be completed before attending to the Bill. This new Dairy Policy was presented for stakeholder consultation in April 2006, and does explicitly recognise the role of SSMVs in the industry. Concerning informal milk marketing, the policy states that it will facilitate the transformation of the informal milk trade towards formalisation. Specific measures mentioned include development of low cost and appropriate technologies for small investors, training programmes on safe milk handling, work to improve the standards of milk processing in the informal sector, and provision of incentives for improved milk handling and establishment of a supportive milk dealer certification system. The Policy also states that KDB functions will be streamlined, self-regulation initiated and transition towards a stakeholder-managed institution initiated.

The need to have broader representation of stakeholders on the KDB Board of Directors had also been included in previous drafts of the new Dairy Policy. The 2001 draft proposed that the size of the KDB Board be increased from 12 to 17 people, to accommodate five farmers representing each province, elected from five delegates from each district during an annual general meeting. The Board members also proposed to elect members rather than for them to be handpicked by the Minister in charge of livestock development from nominees selected by the Central Agricultural Board (CAB). It did not, however, make provision for informal traders or consumer groups to sit on the Board. Given the current predominance of the informal sector in dairy marketing, this would mean that the majority of dairy marketing stakeholders would still not be represented by the KDB Board of Directors. The new Dairy Policy talks about KDB's transformation into a stakeholder-managed institution, and as described above, explicitly recognises the role of SSMVs. Whilst this implies some mechanism of representation, there remain significant challenges to the formal organisation of these previously informal actors, and it is not clear whether this will lead to any representation on the Board.

The details of implementation and legislation to operationalise this policy should be outlined in the Dairy Bill, which, to meet the MoLFD's performance contract, needs to be presented to parliament with the new Policy by June 2006. It will then depend on the parliamentary process, which is unpredictable. So technically, the supply of raw milk to scheduled areas is still illegal. However, as outlined below, through behavioural and attitudinal changes of key organisations, a marked change in implementation has already taken place. There have also been repeated public announcements by the Minister and Permanent Secretary at the MoLFD emphasising the plan to bring the raw milk traders into the regulatory system through training and licensing.

Under the new Strategy for Revitalising Agriculture (SRA), the government is planning to review all the laws and regulations governing the operations of the agricultural sector with a view to removing barriers to production, processing and marketing. They aim for an *'Amalgamation of existing legislation to have fewer broad based acts to suit prevailing circumstances'* (Government of Kenya, 2005). This could theoretically affect the new Dairy Bill. But the Dairy Bill is to be presented to parliament before June 2006, whilst the time frame of the SRA is 10 years (from 2004 to 2014), and at present, it is very difficult to predict how and when the review of legislations will take place.

As previously described, the proliferation of SSMVs was partly a result of the collapse of KCC. Currently, the 'New KCC' is showing an increasing trend in processing capacity. Some people within MoLFD and KDB still argue that the issue of the informal milk market is just a temporary issue, and will cease to be an issue at all after KCC is back in the market. However, the SDP findings on consumer demand for raw milk suggest that SSMVs will continue to play an important role, and indeed that they were active

outside the big urban areas while KCC was at its peak. Even in areas where new processors are increasing their intake, SSMVs continue to thrive.

### 3.4 The SDP and policy change

#### 3.4.1 SDP: The beginning (1994-1997)

The Smallholder Dairy Project (SDP) evolved from the successes and lessons learned from a previous ILRI-led integrated research-extension-farmer collaboration that aimed to help resolve smallholder dairy farmers' problems in the coastal region of Kenya. The initial idea was to bring the lessons and results of the 1988-1994 coastal project, including systems for supplying milk, into the highland areas and the Greater Nairobi area. The Nairobi milk market was at the time consuming over 60% of the formally marketed milk in Kenya.

The pre-project discussions, which included the British Overseas Development Administration (ODA) (now UK Department for International Development – DFID), resulted in ODA sponsoring a workshop in March 1995 for dairy industry stakeholders, to plan and develop a collaborative dairy project to be implemented by the (then) Ministry of Livestock Development, the Kenya Agricultural Research Institute (KARI) and the International Livestock Research Institute (ILRI). By December 1995 DFID had given approval for the development and funding of what became known as the Smallholder Dairy (R&D) Project or SDP, which officially started in August 1997.

The design of SDP was built upon lessons from the earlier coastal programme, which indicated that for SDP to succeed there was need for:

- Active participation of all major dairy industry stakeholders and key players in the identification and resolution of technical, socio-economic and policy constraints along the dairy production-to-consumption chain;
- Effective linkages with the livestock ministry and related ministries at policy as well as operational level;
- Effective linkages with the private sector for provision of output and input services;
- Effective means to implement proposals by feeding directly into the design of pilot initiatives.

As a result, SDP was set up to be managed through a Steering Committee, comprised of major dairy industry stakeholders in both the public and private sector,<sup>16</sup> chaired by the Director of Livestock Production. The committee met quarterly.

The project was collaboratively implemented by MoLD, KARI and ILRI, with MoLD being the lead institution. The SDP management consisted of the Project Manager (appointed from MoLD), the Assistant Project Manager (from KARI), and the Field Manager/Technical Adviser (from ILRI). The project design envisaged a full time Project Manager to take a central role and overall responsibility for delivery of the project output, supported by the Assistant Project Manager and the Technical Adviser. However, in order to mainstream all the implementing institutions into the management of the project, the project decisions were made through a Management Committee (which consisted of representatives of the three collaborating institutions and was responsible for overall day-to-day management of the project). The project's implementation also involved close collaboration with other dairy industry stakeholders and key players (including government and regulatory bodies, the private sector, and civil society organisations) who contributed through identifying and implementing the interventions.

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<sup>16</sup> The SDP Steering Committee consisted of representatives of MoLFD, KARI and ILRI (these were in addition to the project staff), together with representatives from Kenya National Farmers Union (now Kenya National Federation of Agricultural Producers); Kenya National Federation of Co-operatives; Kenya Dairy Processors' Association; Dairy Recording Services of Kenya; Kenya Bureau of Standards; University of Nairobi; Ministry of Health; Department of Co-operatives (now Ministry of Co-operative Development and Marketing); Department of Veterinary Services; Development Planning and Information Services section of the MoLD (now MoLFD); and a DFID Project Officer (ex-officio member).

Key areas proposed for SDP research and development activities were:

- Analysis of factors constraining the competitiveness of smallholder dairy farmers, including farm constraints, markets and infrastructure, and information services;
- Analysis of policies and institutions affecting the dairy sub-sector, and provision of resulting information to support planning needs of stakeholders and policy makers in the dairy sub-sector;
- Analysis of social benefits of smallholder dairy production, including income, employment and child nutrition;
- Participatory development of improved dairy farm technologies, such as improved fodder plants and feeding strategies;
- Development of appropriate technologies and strategies for small-scale milk and dairy product traders;
- Development of extension and training materials to support smallholder farmers and small milk traders, and the development agencies serving them;
- Spatial analysis of dairy systems for improved targeting of technology and investment.

The project was designed to have two phases of two and four years respectively, and was due to end in July 2003. Initially, SDP carried out research and development activities to support sustainable improvements to the livelihoods of poor Kenyans through their participation in the dairy sub-sector. As described in the following sections though, following reviews of the project, a third phase was added, and the project was extended to March 2005.

The initial SDP logical framework (log frame) was developed at the DFID sponsored March 1995 planning workshop and revised when necessary during the project formulation. See Table 2 for changes in the SDP log frame during the three phases, and Table 3 for the main policy-relevant activities in each phase.



**Table 2: Summary of SDP log frames for the three phases**

	Phase I (1997-1999)	Phase II (1999-2001)	Phase III (2001-2004)
<b>Super goal</b>			Contribution to sustainable improvements in the livelihoods of poor people in Kenya.
<b>Goal</b>	Improved access by dairy farmers to efficient, demand driven services, technologies, advice and information (RNR Strategy Purpose).	Contribution to sustainable improvements in the livelihoods of poor people in Kenya.	Improved access by poor dairy farmers to goods, services and output markets, and by other farmers to agricultural knowledge services.
<b>Purpose</b>	Required actions for creation of a supportive operational environment for smallholders supplying the Nairobi milk market agreed.	Improved access by smallholder dairy farmers to technologies, advice and information.	Policies and institutions support: a) dairying by the poor; and b) effective agricultural knowledge systems in support of the poor.
<b>Outputs</b>	<ul style="list-style-type: none"> <li>• Project and field management structure established and effective.</li> <li>• Dairy systems service the Nairobi milk market described.</li> <li>• Investment opportunities, policy options, technological constraints and knowledge gaps identified.</li> <li>• Ex-ante impact of policy and technology options assessed and priorities agreed.</li> <li>• Requirements for improving sub sector performance identified and prioritised interventions designed.</li> <li>• Appropriate technology interventions designed and on-farm testing established.</li> <li>• A mechanism for promoting private sector extension-research linkages established.</li> <li>• Participatory information gathering, monitoring and evaluation and impact assessment systems established and in place.</li> </ul>	<ul style="list-style-type: none"> <li>• Project and field management structures effective in new areas.</li> <li>• Updated picture of dairy sector in target areas.</li> <li>• Understanding of smallholder dairy systems in new areas.</li> <li>• Interventions identified, prioritised and tested and policy options recommended.</li> <li>• Interventions widely disseminated and adopted.</li> <li>• Capacity for collaborative research-extension enhanced.</li> </ul>	<ul style="list-style-type: none"> <li>• Understanding of the dairy sub-sector and its knowledge system gained through applying a livelihoods, pro-poor perspective.</li> <li>• Policy and institutional issues that inhibit improvements to the livelihoods of the poor identified and analysed.</li> <li>• Policy and institutional reform strategy implemented.</li> <li>• Dairy technologies relevant to the poor delivered to dissemination systems.</li> </ul>

**Table 3: SDP timeline and summary of key research activities and policy-influencing events**

		Activity	Notes
<b>Phase I 1997-1999</b>	1997-1999	Characterisation studies of dairy production, marketing and consumption in the milk-shed supplying the Nairobi area.	<b>Focus:</b> characterisation of smallholder dairy sector supplying Nairobi milk market; development of appropriate technologies for small-scale dairy farmers.  First overview of status of dairy industry since liberalisation. Showed large numbers of dairy-dependent livelihoods, and importance of informal market.
	1998	Rapid Appraisal completed: economic and structural analysis of dairy sub-sector, identification of constraints to performance.	
<b>Phase II 1999-2001</b>	1999-2002	Characterisation studies of dairy production, marketing and consumption in Western Kenya.	<b>Focus:</b> Extended to include other areas of medium and high potential; further development of technologies/ increased focus on their uptake; characterisation of dairy sub-sector in Western Kenya; public health field study.  Began to assess public health hazards of informal milk marketing.  Showed how whole industry, including informal market driven by consumer demands, based on affordability and taste preferences.  Quantified health risks, and demonstrated they could be controlled. Also showed near universal practice of boiling milk, which eliminated human health risks.  Led to change in project focus onto policy and institutional change.  Showed 350,000 full-time equivalent waged workers employed on smallholder dairy farms, and that the vast majority of jobs in dairy marketing were in the informal sector.
	1999-2000	Public Health Field Survey.	
	1999-2000	Fieldwork on milk consumption and demand patterns.	
	Dec 2000	Review of 'Public health hazards associated with informal milk marketing' completed.	
	Oct 2000	Snapshot Review by DFID.	
	2001-2002	Fieldwork on employment in the dairy industry.	
<b>Phase III 2001-2004</b>	Feb 2001	Project retreat to develop new log frame.	<b>Focus:</b> Shift to targeting policy and institutional reform to support dairying by the poor and effective agricultural knowledge systems of the poor.  Log frame included policy influencing activities.  Findings presented on level of risk associated with different market channels, and how to control risk.  Controversy caused by the finding that most milk sold, both by processors and informal agents, failed to meet required standards proved controversial.
	Feb 2001	Workshop on 'Assessing and managing milk-borne health risks for the benefit of consumers in Kenya'. SDP invited onto Dairy Public Health Committee – formed as a result of the workshop.	

		<b>Activity</b>	<b>Notes</b>
<b>Phase III cont.</b>	2001-2002	Research on 'Policy Environment of the Dairy Sub-Sector' started.	
	2001-2003	Participatory work with SSMVs to develop training approaches and appropriate containers, with testing of outputs.	Initially collaborative effort with KDB and MoH. SSMVs trained in basic milk testing, hygiene and handling; easy-clean milk containers developed. SSMVs encouraged to form groups and seek licensing.
	2001	SDP presented evidence at MoLFD stakeholder consultations on dairy policy, on importance of informal sector and the lack of adequate stakeholder (consumers and informal traders) representation in KDB.	
	Jan 2003	Workshop to develop policy influencing strategy.	
	May 2003	Series of articles written by SDP published in special editions of national media, presenting evidence and policy implications.	Broadly outlined the policy implications of SDP's research. Independent articles written by journalists based on this evidence supported a new positive way of looking at informal sector.
	Aug 2003	SDP starts to engage with civil society organisations as advocacy partners, and plan for proposed high-level 'Dairy Policy Forum'.	Increases avenues to influence policy by getting evidence to organisations that would actively advocate, rather than be constrained to communication of evidence.
	2004	Further analysis of employment data, and publication of employment study.	Showed 40,000 jobs in informal marketing and 350,000 full-time waged employees on smallholder dairy farms.
	Sept 2003	Series of policy briefs drafted, and video commissioned.	Briefs presented policy-relevant findings in accessible format. Video presented real stakeholders' speaking about the issues that SDP's research had highlighted.
	Dec 2003	Coalition of SDP partners, including CSOs, responded to 'Safe milk campaign'. Meetings with Ministers for Labour and Livestock organised by SDP's CSO partners.	SDP provided research evidence that CSOs used to counter processors' claims. 'Milk war' waged in media with CSOs continuing to use SDP research evidence to counter arguments used by KDB and milk processors.
	Feb 2004	KDB become partners in the Dairy Policy Forum.	Following intervention of the Director of KARI.
May 2004	Dairy Policy Forum held by SDP and partners, now including the KDB and CSOs.	Attended by government ministers, MPs and key industry stakeholders Presentation of findings that supported pro-poor policy reform. Policy briefs officially launched and the video 'Unheard voices from Kenya's Dairy Sector' shown.	

### 3.4.2 SDP Phase I (1997-1999): Dairy research and development in Kenya

During the first phase, the farmer producers were seen as primary beneficiaries of the project, even though SDP recognised that it would need to work with other stakeholders. The project focused efforts on the development of 'best-bet' farm technologies in order to overcome farmers' problems and to improve the livelihoods of dairy farmers. Constraints were identified using participatory appraisal approaches as well as quantitative characterisation of the smallholder dairy sector supplying milk to Nairobi and other urban centres in cross-sectional and longitudinal studies.

The SDP's Rapid Appraisal (RA), completed by mid-1998, was perhaps the first major activity that placed the project in a position to influence policy reform. The RA examined the dairy production systems, carried out an economic and structural analysis of dairying, and addressed policy and institutional issues related to dairy development in Kenya. This provided stakeholders in the sub-sector with an overview of the situation at that time, as well as insights into the main issues that required urgent attention to further enhance the benefits of smallholder dairying. The central emphasis of the appraisal was to identify the constraints to the performance of the dairy sub-sector, whether technical, economic or institutional in nature. It was probably also the first study that informed the government (through the Department of Livestock Development) of the actual status of the dairy industry since liberalisation. Information from the RA on the extent to which the informal sector had become a major market channel influenced the Ministry's Dairy Task Force, leading to more attention being paid to that channel.

More detailed information was collected in characterisation studies of randomly selected households in Kiambu (a district close to Nairobi) and other districts in Central Province. These studies were completed by the end of 1998 and were designed to: i) describe the current structure of dairy production and practices of dairy farmers in various parts of Kenya; ii) assess current and future constraints and opportunities facing the dairy industry; and iii) identify the types of dairy producers who should be targeted by the SDP project, given the focus on assisting the most resource poor. Seasonal variation in farming practices and detailed estimates of feeding and costs of production were explored in a year long study with 21 farmers from Kiambu. Even at this early stage, it was recognised that much of Kenya was supplying the Nairobi market, due to the high demand and prices there.

Between 1999 and 2000, the project also undertook an assessment of the public health hazards of informal milk marketing in Kenya, which later proved very influential.

Towards the end of Phase I, it became obvious from SDP's research and engagement with other stakeholders, that there were many important aspects of dairy-related livelihoods that were currently not being addressed in research or in policy dialogue, and that this dialogue should be broadened to include issues of employment and the livelihoods of traders (especially in the informal sector) and consumers, as well as producers.

SDP had an in-depth output-to-purpose review<sup>17</sup> (OPR) after 18 months of Phase I, carried out in January 1999. At this stage, DFID itself was changing, with an increased focus on livelihoods and on policy-level interventions. Combined with DFID's change of emphasis to policies and institutions, the organisation started to close down many of its previously funded projects. After the early stages of the project, it became clear that SDP was one of the projects that DFID wanted to close.<sup>18</sup> The project management team argued forcefully about the relevance of the work and resisted closure. After this time, whilst DFID monitored activities through normal processes, and kept pressure to ensure the focus on policy influencing was maintained, there was no further threat of closure, and significant support was subsequently given to SDP's policy-influencing activities.

<sup>17</sup> DFID-funded projects are usually reviewed every 18 to 24 months. These reviews assess progress on achieving outputs against purpose.

<sup>18</sup> As well as the desire to concentrate on policies and institutions, in a way that SDP at that stage was not doing, DFID argued that people with dairy cattle were not poor, and therefore not the most appropriate use of their funds. However SDP managed to dissuade DFID from closing the project, arguing that many poor people's livelihoods were dependent on the sector.

This OPR led to the first changes to the project focus. Changes to the log frame, especially under the purpose section, were necessary in order to closely reflect the project's new Phase II goal (Table 2 shows the difference in goals for the three phases of the project changes). As a result of this positive review, a four-year Phase II stage was approved.

### *3.4.3 SDP Phase II (1999-2000): Change of focus*

The results of Phase I research were presented at a seminar at the National Agricultural Research Laboratory (NARL) in Nairobi in May 1999. Phase II of SDP attempted to develop the Phase I technologies further and also focused on the uptake of those technologies. The project also extended its geographical coverage to other areas of high and medium potential for milk production.

To achieve the new goal of '*Contribution to sustainable improvements in the livelihoods of poor people in Kenya*' the SDP team held a retreat in October 1999 to plan project activities and appoint three teams to carry out specific tasks. These 'task teams' were:

- Characterisation and diagnosis
- Validation and dissemination
- Management team (project manager, assistant project manager and field managers)

Phase II activities included a characterisation study of Western Kenya, conducted in 2000, and also a detailed longitudinal survey of dairy production in Nakuru and Nyandarua. This phase also saw the completion of the initial public health field activity.

In 2000, DFID, with the support of SDP management, called for a 'snapshot' review by an external consultant to quickly evaluate progress between OPRs. At this stage, the Sustainable Livelihoods approach, and focus on policy-level impact, as described above, was informing most of DFID's decisions. A particular concern of the snapshot review was to assess how the SDP activities, outputs and purpose were actually contributing to addressing the issues affecting Kenya's smallholder dairy systems in a rapidly changing policy and institutional environment.

The review reported favourably on SDP's progress but, due to the changes in the policy and institutional environment in Kenya, recommended that there was a need to develop a strategy for the reform of dairy policy and research and knowledge services in order to increase SDP's impact. It was acknowledged that it was difficult to have significant uptake of technologies at farm level in the prevailing policy environment. Regarding the changes, the SDP project manager noted:

'The conclusion was that the project is more likely to impact on policies (than through technologies) relating to dairy sector. This is in part because of the more conducive environment for policy reform within Kenya and also because the project had established good relationships with key players in the formulation of dairy policy. The Reviewer therefore recommended that SDP develop a strategy for reform of the dairy policy and for the wider reform of research and knowledge services. The SDP activities and output for this new role would be built into a revised logical framework (now Phase III log frame) while ensuring their integration into the ongoing wider formulation of Kenya Rural Development Strategy (KRDS) and the subsequent roll out of the Poverty Reduction Strategy Paper (PRSP).' (Muriuki, 2005)

Soon after the snapshot review of October 2000, the project log frame was changed again, Phase II was wound up, and Phase III of SDP began.

### *3.4.4 SDP Phase III (2000-2005): Looking for impact*

Activities and events during Phase III are described in more detail than the preceding phases. This is because events in this phase were picked out by interviewees and workshop participants as being of specific relevance in terms of influence on policy change. However it was stressed by many people that policy influencing activities in Phase III built on the sound research evidence and credibility of SDP as a stakeholder established during Phases I and II, and activities during those phases.

### **2000-2002: More active engagement with policy**

The SDP management had reservations about the capacity of the project staff to reorient from technical interventions towards policy impact. However, SDP developed and wrote the log frame, with the agreement that DFID would provide support on capacity building through consultancies. The SDP quickly set in motion mechanisms to mainstream the recommendations by forming a Policy Task Team, drawing up Terms of Reference for the policy work and organising a retreat in February 2001 to draw up a strategy for policy influencing.

Meanwhile, in February 2001, the findings of the SDP public health field activities of 1999-2000 were presented at a stakeholder consultative workshop on 'Assessing and managing milk-borne health risks for the benefit of consumers in Kenya'. The findings presented at this workshop proved to be very controversial, and this became one of the key events in the life of the SDP.

One of the findings of the survey was that most milk being sold, both by processors and by SSMVs, was in fact failing to meet their respective quality standards developed by the Kenyan Bureau of Standards (KEBS).<sup>19</sup> As a result of this workshop, a Dairy Public Health Committee (PHC) was convened by the KDB and MoLFD, comprised of representatives of MoLFD, KDB, KDPA, KEBS MoH and SDP. Their mandate was to make recommendations to address the issues raised by SDP's research. Although the committee met until 2003 and made various recommendations, inertia within the KDB meant that none were acted upon.

### **2002-2003: A strategy for influencing policy**

In May 2002, a retreat was held to plan how to better deliver on the new log frame. It was realised that although the log frame had been changed to focus more on policy influencing, the behaviour of the project staff had not yet changed and was still focused on R&D. So an outline strategy for policy influencing was developed.

SDP activities related to milk hygiene continued in Phase III. Likely causes of poor hygiene in milk from SSMVs included lack of training in milk handling, and the use of plastic jerry-cans. SSMVs avoided the use of recommended aluminium containers because of the expense, given the common practice of confiscation of containers by police. SDP therefore worked with KDB and the Ministry of Health (represented by District and Council Public Health Officers) to test a pilot scheme whereby an agreement was made to licence SSMVs trained in basic milk testing, hygiene and handling. A set of training materials and training guidelines were developed and tested in three milk producing areas. In each area, up to 20 SSMVs were encouraged to form groups licensed by KDB, who along with the Ministry of Health officers were also involved in the training. SDP also developed a simple technology for milk transport, namely non-spilling, hygienic and easy-clean milk containers at affordable prices.

However, as Phase III progressed, there still seemed very little achievement in terms of policy influencing or a well-defined strategy for policy advocacy. In 2002, a DFID Associate Professional Officer was seconded to SDP. The terms of reference included supporting management to develop a strategy for policy influencing to achieve policy change. In January 2003, SDP organised a workshop to develop a detailed policy influencing strategy. This workshop was facilitated by a consultant with extensive experience in policy processes and policy influencing, and with a background in the NGO sector. At the workshop, dairy industry stakeholders were mapped as 'beneficiaries' and 'opponents' of changes in policy, and a diagnosis was made of SDP capacity to engage in policy advocacy. As a result SDP was able to develop a detailed advocacy strategy.

Part of this policy-influencing strategy was to identify and foster links with CSOs that could bring capacity to engage in aspects of policy advocacy in which the SDP implementing institutions could not engage.<sup>20</sup> During 2003, SDP started working together with several CSOs including ITDG (Intermediate

<sup>19</sup> The specific standards were in relation to coliform bacteria, which are a good indicator of overall hygiene since they are of faecal origin. KEBS specifies different standards for pasteurised and raw milk in the market chain, with higher bacterial counts permitted in raw milk.

<sup>20</sup> SDP capacity weaknesses, as identified at the 2003 Policy Strategy Workshop, included: (i) capacity to communicate effectively with a range of stakeholders; (ii) ability to strengthen capacities of traders and farmers to advocate for themselves; (iii) ability to institutionalise the involvement of key stakeholders in the policy process; (iv) ability to understand linkages between dairy sector and other sectors and livelihood issues. Initially the link with CSOs was proposed in order to address the

Technology Development Group), IPAR (Institute of Policy Analysis and Research), Action Aid Kenya, SITE (Strengthening Informal Sector Training and Enterprise), and Land O'Lakes. These relationships were based on mutual interest in the livelihoods of the poor. SDP did not contract or pay for inputs provided by the CSOs. This strategic alliance was to be highly significant as the advocacy CSOs committed themselves to championing the policy changes suggested by SDP's research findings. This solved a pressing problem as none of the SDP partners had a mandate for policy change advocacy. The newly appointed DFID Associate Professional Officer acted as the main coordinator of these linkages between SDP and the CSOs.

In August 2003, at a second OPR, it was concluded that SDP had successfully transformed from a project that informed and advised on policy and research-extension, into one that actively mediated in the delivery of policy change and knowledge systems in the national dairy industry.<sup>21</sup>

Also in August 2003, an existing plan for SDP to hold a high-level Dairy Policy Forum was widened to include the CSOs as co-hosting partners. The purpose of the Forum was to present SDP's research results and to highlight their implications for policy. Six evidence-based policy briefs were prepared for the Policy Forum to lay out various issues in the dairy sub-sector, including the demand for dairy produce in Kenya, employment generation, competitiveness of smallholder dairy enterprises, public health issues, and improved child nutrition due to milk consumption (SDP, 2004a-f; SDP 2005a-d). Each policy brief gave an outline of the issue, backed up by extensive SDP research results, and presented conclusions and policy implications. In fact, these policy briefs were used by SDP staff and their CSO partners as soon as they were drafted, before they were even printed or officially launched.

### 2003-2004: More focused policy engagement

#### *The 'Milk War'*

In December 2003, however, the Kenya Dairy Processors Association (KDPA), a coalition of milk processors and TetraPak (a packaging manufacturer), launched a 'Safe Milk Campaign' against the SSMVs, using television, radio and newspaper advertisements and leaflets. Whilst planned and funded by these private companies, the campaign was officially sponsored by the KDB and MoH, and therefore perceived to be supported by government. The campaign was also co-funded by Land O'Lakes.<sup>22</sup> The campaign's message was that the consumption of raw milk was dangerous, because of milk adulteration by informal milk traders. The informal milk traders were portrayed as criminals who added potentially dangerous substances to preserve or increase milk volumes in order to boost their profits. It was widely thought that the intention of the large processors in launching this campaign was to stamp out what they regarded as their 'unfair' competitors – the SSMVs. The processors, however, argued that their intention was to warn consumers of the potential dangers of consuming raw milk. The campaign flagged up public health concerns, especially zoonotic diseases such as *brucellosis* and *tuberculosis*. The processors claimed it was their corporate duty to warn customers.

With its negative portrayal of informal milk traders as criminals, and the inaccuracy of the information released, the campaign was recognised by SDP and its CSO partners as being potentially extremely damaging to large numbers of poor peoples' dairy-dependent livelihoods. As a result, the CSO partners, IPAR, ActionAid Kenya, ITDG East Africa and SITE, supported by SDP, held a press conference on 3rd December 2003 to contest the campaign. They issued a press statement using SDP evidence to show that the claim that informal milk traders adulterated milk was not true. They also used SDP evidence to show that unsubstantiated health concerns were likely to reduce overall milk consumption, reduce health benefits to low income customers and destroy hundreds of thousands of farmers' and traders' livelihoods. The CSOs also raised the point that there was a need to engage with the SSMVs because of their substantial role in the milk market and the potential for job creation for the rural poor.

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issue of capacity building for disempowered stakeholder groups (especially small traders). However, it soon became obvious that working with the likeminded CSOs brought significant additional capacities relating to policy advocacy.

<sup>21</sup> This conclusion was based on several factors: the perception that Kenya was ripe for rapid policy change; the strong links SDP had built to the organs of policy and knowledge systems; and the fact that it was now clear that SDP was only responsible for delivery at the output rather than purpose level of its log frame.

<sup>22</sup> Land O'Lakes subsequently indicated that as they had some funds allocated for increasing milk consumption in Kenya, they had thought that the campaign was for this purpose.

SDP, although actively engaged in the process leading to the press statement, was procedurally constrained from playing a leading role in policy advocacy processes, because of SDP's collaborating institutions' mandates. ILRI, as an international research centre, did not want to be seen as engaging in local (Kenyan) politics; KARI, as a parastatal government research institute, did not want to be seen as influencing government policies; and MoLFD, as the implementer and the regulator of dairy industry, did not want to be seen as influencing their own policies. This awkward position left SDP unable to be directly involved in advocacy activities for the policy influencing processes, although the log frame required them to deliver on a policy change.

This press statement started what became popularly referred to as the 'Milk War', as the KDB and the processors tried repeatedly to challenge the CSO partners' statement. But they were unable to produce any evidence to back their claims, whilst the robust evidence from SDP strongly supported the CSOs' arguments. During the period of the Milk War, from December 2003 to March 2004, the newspapers were full of debate as the views of the opposing sides were put forward. The public also voiced their opinions, which mostly supported the CSO partners' views. In the end, the processors decided to withdraw the Safe Milk Campaign, most probably because they saw the potential for negative publicity backfiring on them. In spite of the withdrawal of the campaign, the debate in the newspapers continued right up until the time of the Dairy Policy Forum in May 2004.

Meanwhile, the CSO partners were using their personal contacts to lobby decision-makers and parliamentarians for support. IPAR lobbied the parliamentarians, and ITDG successfully arranged separate meetings with the Minister for Labour and the Minister for Livestock in January 2004. The high-level lobbying resulted in an increased profile for the SSMVs and widespread acceptance of their importance in the dairy industry.

Within SDP, further personnel changes occurred in early 2004 when the project manager retired and was replaced by a colleague. A final retreat was held in February 2004 to evaluate progress and to develop a communication plan together with exit and hand-over strategies as the end of the project (scheduled for March 2005) drew nearer.

#### *Dairy Policy Forum*

Throughout this time, the SDP and their CSO partners had been continuing with the plan to organise a high-profile Dairy Policy Forum, targeting key decision-makers, parliamentarians and high-level dairy industry stakeholders, to present the range of SDP evidence that supported pro-poor policy reform. These plans were modified when the Director of KARI, as a way of bridging the gap and bringing KDB on board, instructed that KDB should join MoLFD, KARI and ILRI as convenors of the Forum, with the CSOs also remaining on the organising committee. The KARI Director also offered to assist with moderating the KDB stand.

Initially, the KDB Managing Director was highly suspicious of the SDP CSO partners and was unwilling to let any controversial evidence be aired. The MoLFD permanent secretary had clearly directed that this Forum should go ahead, following a meeting called by SDP's partners. However, the Director of Livestock Production and the KDB Managing Director still used various delaying tactics, perhaps hoping that the organisers would give up. The partners worked hard to convince them not only of the need to present all the evidence, but that there was a real opportunity for the KDB to be shown in a positive light, in actually 'grasping the nettle' of developing the informal sector in a way that no other developing country had effectively managed to do. It is not clear whether they were in fact convinced, or whether the delaying tactics ran out of steam. But eventually plans for the Forum were agreed. As part of this agreement KDB put their name to a joint Policy Brief which had been drafted by SDP and its CSO partners.<sup>23</sup> KDB also agreed that a video, already made by SDP and ActionAid Kenya to present the 'Unheard Voices from Kenya's Dairy Sector', could be shown at the Policy Forum.

A successful Dairy Policy Forum was finally held in May 2004, attended by the Ministers for Livestock and for National Planning, together with parliamentarians and over 140 other delegates.

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<sup>23</sup> This joint brief summarised the range of evidence from SDP and others and made some broad policy recommendations. Whilst some of the potentially controversial recommendations were 'toned down' slightly in order for KDB to agree to put their name to it, SDP considered this joint statement to be an important milestone in achieving consensus and moving on from the conflict over the 'Milk War'.



Parliamentarians themselves put pressure on the government to pass the new Dairy Bill and to ensure the fair and equitable development of the industry. Farmers' voices were also very prominent at the Forum, especially through a farmer advocacy group in the North Rift Valley called 'Ngoma', that ActionAid Kenya had been supporting.<sup>24</sup> The video showing small-scale farmers, small-scale traders and poor consumers voicing their own concerns and talking about issues that affected them was shown at the Forum, and made a significant impression on participants.

At this Policy Forum, the Minister of Livestock gave a commitment to passing the stalled Dairy Bill, and to take account of the mass of evidence and stakeholder opinion presented.

#### **2004-2005: Further policy engagement and close of project**

Following the Dairy Policy Forum and media coverage of the issues, some MPs directly approached SDP partners and requested more information about the issues covered in the reform. The partners thus became involved in providing input into the development of the Parliamentary Committee on Agriculture's work plan. They also organised a special meeting with the Committee, in response to these requests, to present a range of evidence in more detail.

In November 2004 SDP was given a full session at KARI's Annual Conference to present their findings, an event that was further evidence of the acknowledgement of SDP prominence in agricultural research and development in Kenya.

SDP finally finished as a project in March 2005, when a final end-of-project workshop and open day was held. On this day, an additional set of Policy Briefs was launched, bringing the total number to 10. A wide range of dairy industry stakeholders attended and viewed displays covering the whole range of SDP research and policy-influencing activities.

Whilst the project itself ended, policy-relevant research and development activities are continuing through the SDP implementing organisations' collaborations with other partners, in particular through the USAID-funded KDDP, and through ongoing work with KDB and SITE in piloting approaches to licensing and training of milk traders.

#### *3.4.5 Comparative timeline of events*

Table 4 shows a comparative timeline of key events in the dairy sector, dairy policy, SDP and external environment. The external environment column lists some events that were described in other sections, but which during the analysis in the following sections were considered as important 'external' influences on the policy processes described.

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<sup>24</sup> 'Ngoma' is a farmer group that was formed to highlight the needs of maize and dairy farmers in the North Rift Valley. ActionAid Kenya worked with Ngoma to build capacity for the group to advocate for their needs.

**Table 4: Comparative timeline of key events in Kenya’s dairy sector, dairy policy, SDP activities, and external environment**

Date	Historical context – Evolution of Kenya’s dairy industry	Political context – Dairy policy in Kenya	SDP and partners	External environment	
1925	<b>KCC established</b> – monopoly on processing and marketing in major towns until 1983. Commercial dairying by settlers only.			<b>Colonial rule.</b> Policy and institutions entirely focused on interests of settlers.	
1954	Kenyans able to engage in commercial dairy farming.	<b>Swynnerton Plan</b> for Intensification of African Agriculture allows indigenous Kenyan’s to engage in commercial agriculture.			
1958	Law enforced by KDB and police. Works in favour of large-scale white producers who controlled KDB.	<b>Dairy Industry Act:</b> segregates dairy market into scheduled areas (urban areas; processed and packaged milk) and unscheduled areas (no regulation; small-scale producers).			
1963	<b>At independence</b> , many settlers leave, their dairy animals are redistributed to indigenous Kenyans and land sub-divided and redistributed.				Independence
1964	KDB dominated by government appointees; large-scale producers still able to lobby for their interests. KCC gives quotas to dairy co-ops and self-help groups to supply milk.	Sessional Paper No. 10 (Government of Kenya, 1965) on African Socialism: general policy of more equitable distribution of resources.			
1965	KCC becomes guaranteed market and able to buy any amount from farmers.	<b>Kibaki Commission:</b> leads to scrapping of KCC quotas; all farmers who can meet quality standards now able to supply to KCC. GoK increases supply of subsidised clinical, AI and dipping services.			
1977	Small-scale farmers become major producers of milk.				

1983	<b>KCC monopoly on milk processing broken</b> by licensing of first dairy co-ops.			
1986		<b>Sessional Paper No. 1 Economic Management for Renewed Growth</b> starts liberalisation and introduces cost-sharing for GoK services.		
1988			Collaborative research (involving KARI and ILRI on dairy processing and marketing in Coast Region (1988-1994).	
1991		<b>Dairy Master Plan:</b> paves way for liberalisation and milk price decontrol of the dairy sector.		
1992	<b>Gradual collapse of KCC starts.</b> Emergence of thousands of SSMVs and also private dairy processors.	Price control of milk scrapped.		
1994	<b>KDB invites milk processors to replace KCC representatives on KDB</b> resulting active campaign against SSMVs and refusal to license and them.		Discussions start with ODA on further collaborative dairy research focusing on highlands supplying Nairobi milk market.	
1997			<b>Launch of SDP</b> <b>Phase I: 1997-1999</b>	
1999	Milk processors and package manufacturers encourage KDB to enforce ban on selling raw milk in scheduled areas and run advertising campaign in local press to promote consumption of processed milk. But number of SSMVs in scheduled areas continues to increase.	MoA sets up Dairy Policy Review Committee (DPRC). DPRC informed on status of dairy industry post-liberalisation through SDP research. Resulted in more attention paid to informal sector.	<b>Rapid Appraisal completed:</b> economic and structural analysis of dairy sub-sector.  <b>Public Health Field Survey</b>	DFID starts focusing increasingly on policies and institutions and their influence on poor people's livelihoods.  DFID advised SDP that it should <b>broaden consideration of livelihood issues</b> related to smallholder dairy sector to include employment and traders.

1999	<b>Processors and package manufacturers</b> introduce cheaper packaging materials and lower price of processed milk.		<b>SDP Phase II starts</b>  Review completed of <b>public health hazards associated with informal milk marketing</b> showed near universal practice of boiling milk minimised risks.	
2000	<b>Land O'Lakes</b> began working in Kenya to stimulate milk consumption and marketing through provision of training to farmers groups in writing business proposals to gain credit.	Findings of public health review informed debate within Dairy Policy Review Committee and more broadly.	<b>'Snapshot' Review of SDP</b>	Start of Kenyan Constitutional Review process.
Dec 2000			<b>SDP Phase III starts</b>	
Feb 2001		Establishment of <b>KDB Public Health Committee</b> made up of GoK, processors and SDP to address issues raised and identify strategies to overcome them.	SDP organised workshop: <b>'Assessing and managing milk-borne health risks for the benefit of consumers in Kenya'</b> at which SDP research findings were presented.	
Jan 2002		MoA hold stakeholder consultation meetings to inform drafting of new Dairy Industry Bill. (SDP's evidence fed into MoA consultations and led to recognition of importance/role of raw milk market but no change to stakeholder representation in KDB.)	Research on 'Policy Environment of Kenya's Dairy Sub-sector' started. <b>SDP presented evidence at MoA's consultations</b> on importance of informal sector and the lack of adequate stakeholder representation in KDB.	FAO Technical Co-operation Programme with KDB.
Dec 2002	Milk processors increasingly pressurise KDB to <b>stamp-out hawking of raw milk.</b>		<b>SDP/KDB/MoH collaborative work with SSMVs to tackle problem of milk spoilage.</b>	General elections in Kenya. New NARC government.
July 2003			SDP starts to engage with civil society organisations supportive of SSMVs as advocacy partners.	
Oct 2003			<b>Series of policy briefs</b> on major policy-relevant findings drafted. <b>Video</b> commissioned on 'Unheard voices from Kenya's Dairy Sector'.	

Nov 2003	<b>'Safe milk campaign'</b> launched, funded by dairy processors, which characterised informal sector as major health risk.		Coalition of SDP partners, including NGOs, responded to <b>'Safe milk campaign'</b> .	
Jan 2004			'Milk War' waged in local press (Dec 2003 to Feb 2004).	
Feb 2004	Counter-campaign by SDP partners influenced withdrawal of 'Safe milk campaign'.	<b>CSOs lobby decision-makers and MPs</b> and succeed in gaining ministerial support for SSMVs.	Meetings with Ministers for Labour and Livestock organised by SDP's CSO partners.	
Mar 2004	<b>Milk processors and package manufacturers shift focus of advertising campaigns</b> away from attacking raw milk market towards emphasis on benefits of processed milk to consumers and engage with some SSMVs to distribute their products.	NARC Government launches its <b>'Strategy for Revitalising Agriculture'</b> which includes proposal to harmonise the legal, regulatory and institutional framework including one apex Agriculture Act.	Having been directed by the Director of KARI, SDP convinced an initially reluctant <b>KDB to be a partner in a Dairy Policy Form.</b>	
May 2004		Forum led to <b>MPs lobbying government</b> to proceed to pass new Dairy Bill and SDP partners providing input to Parliamentary Committee on Agriculture.	<b>Dairy Policy Forum</b> hosted by SDP and partners, now including the KDB and CSOs. Policy briefs officially launched and the video 'Unheard voices from Kenya's Dairy Sector' shown.	
2005 (ongoing)		New draft Dairy Policy rewritten to include explicit recognition of role of SSMVs and timetable for KDB becoming a stakeholder-owned body.		

### 3.5 Behavioural change of key stakeholders and SDP's role in this

We have now 'tracked back' from the changes in the dairy policy environment itself in the form of an Episode Study (Section 3.3), and 'tracked forwards' from the inception of SDP in the form of a Case Study (Section 3.4). As described in chapter on research approach and framework (Chapter 2), the third and final element to this study draws on Outcome Mapping. Outcome Mapping does not focus specifically on the policy itself, or the SDP log frames, but instead on the actual behavioural change that occurred among the key actors involved. The results of the Outcome Mapping-based exercise will be presented in this section.

#### *3.5.1 Changes in attitudes and behaviour of key actors*

The participants at the ROA workshop were first asked to list all the stakeholders in relation to SDP, and a long list was created.<sup>25</sup> They were then asked to pare this list down to the key stakeholders involved (these are the stakeholders that are presented in Table 5 below), and to discuss the changes that had occurred in these stakeholders' behaviours and attitudes. Each change in behaviour of each actor was then written on a card, and stuck up on the wall at roughly the time the change occurred to create a chronological 'Wall Map' (see Figure 1). Detailed notes were written on the back of the card as to the causes of the change according to participants.

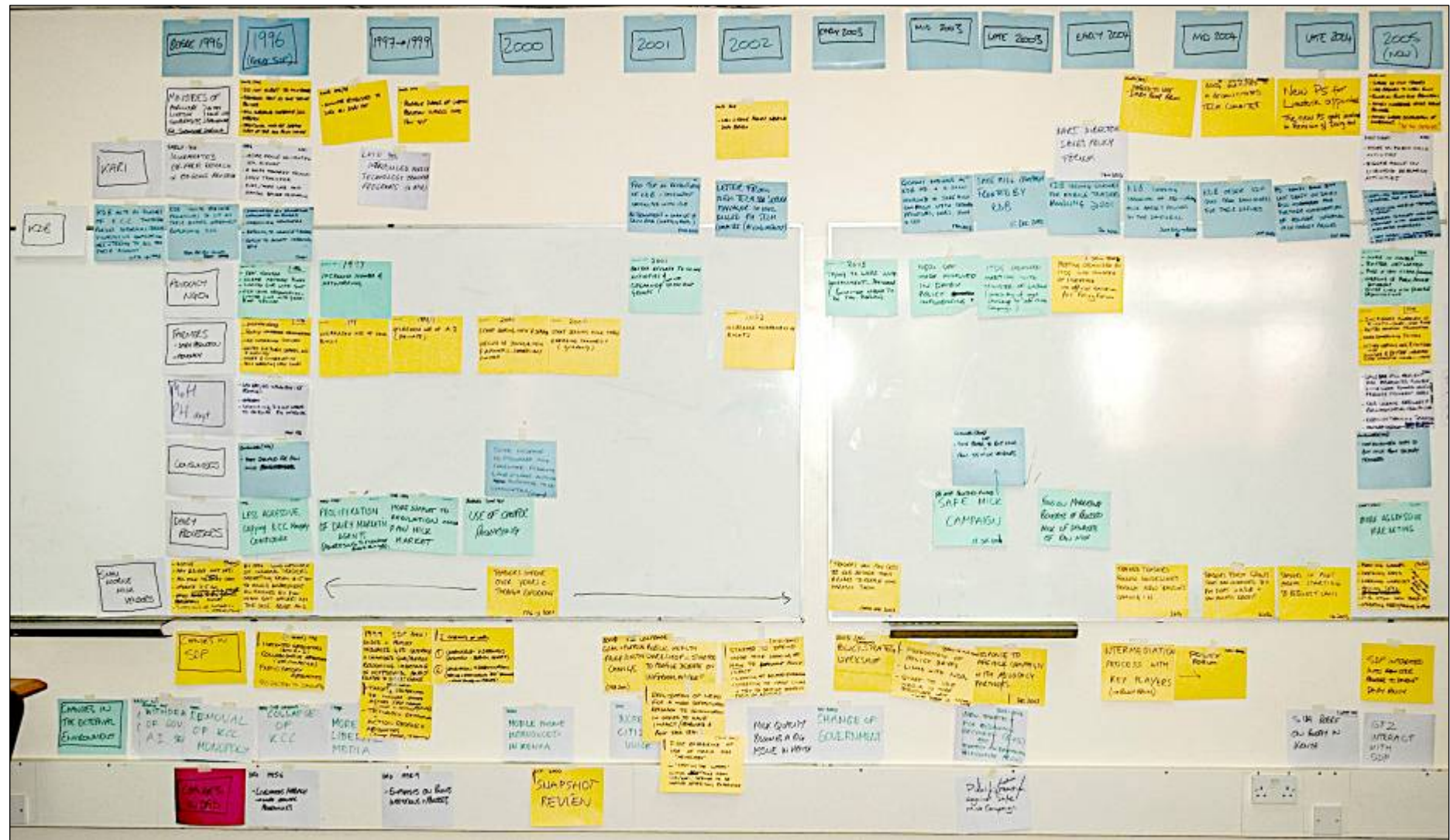
It is evident that substantial changes in behaviour had taken place over the life time of the project among many of the actors. It is also clear that there has been a much wider change in the way most people perceive the informal milk market and the way forward for the development of the dairy industry in Kenya. These changes were further explored and triangulated in follow-up interviews with the stakeholders themselves. A summary of the behavioural change of key stakeholders is presented in Table 5 and then in a brief elaborating section on each actor.<sup>26</sup>

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<sup>25</sup> In no particular order, these were: Agricultural ministries (Agriculture, MoLFD, co-operatives); KDB, co-operatives; stockists; Land O'Lakes; Egerton University; bets; Dairy training institute; GTZ; KCC; University of Nairobi; MoH-Public health department; Kenya Bureau of Standards; DFID; SACDEP; farmers' advocacy groups; Central Bureau of Statistics; TetraPak; Parliament; USAID; traders; feed millers; the police; ILRI; SDP; small mobile milk traders; dairy processors; KARI; farmers; advocacy NGOs; consumers; the media; Amos Omore; Nick Hooton; Bill Thorpe; John Kutwa; Mr Muriuki; Director of Livestock Production; Mr. Gichohi (Director of Livestock Production 1996); Action Aid; SITE; ITDG; IPAR.

<sup>26</sup> N.B. These descriptions of behaviour change were an output produced by participants at the case study workshop. In the subsequent analysis, these descriptions have been triangulated against findings from other components of the case study, and the text descriptions and analysis may therefore differ.

Figure 1: The behavioural change map







## **KDB**

Behavioural changes are most significant in the KDB, the current regulator of the industry, which has changed the way it implements current legislation related to licensing SSMVs. It is now prepared to licence mobile traders handling more than 20 litres of milk per day and by admission of its own officers, no longer harasses these traders as it did before. KDB also now promotes the ‘SDP milk cans’ (which had been developed in collaboration with the traders to suit their needs) as an example of what traders should be using to store and transport raw milk. Previously KDB had been opposed to the use of these cans, even though the only practical alternatives for SSMVs were plastic containers, which raised far greater concerns. KDB is also now working in partnership with SITE to pilot the provision of training and licensing for SSMVs through business development services. KDB is also working with ITDG, another of SDP’s previous advocacy partners, to support small-scale dairy enterprises.

More generally, there is a clear change in the way KDB officials relate to the informal sector, with more emphasis on bringing traders into the regulatory system, and supporting them to sell quality milk. KDB’s Corporate Strategic Plan for 2005-2009 talks of ways to ‘*improve the skills of informal traders in milk handling and processing and transform them into formal market players*’. A specific part of the strategy is to work in partnership with other stakeholders to develop training curricula and materials for different categories of milk traders, in particular through accrediting service providers to carry out this training. Changes in attitudes and behaviours are reported not only at the central level but also at provincial and district levels. However, the extent to which officials’ behaviour is changing, and the impact on different small-scale actors in the industry, is the subject of ongoing research being carried out by ILRI and its partners. Only time will tell whether there really is a long-term change in implementation and behaviour within the KDB. It has set targets for collection of licence and cess fees, although cess fees rely on traders and processors’ own declaration of sales. But interacting with SSMVs is more difficult than with the larger formal sector players. KDB claims to have trained and licensed around 1,000 SSMVs so far throughout Kenya, but with an estimated 40,000 SSMVs, there is a long way to go. Continued changes within KDB will clearly depend on the progress of the underlying policy and legislation described above.

## **MoLFD**

As well as their involvement in the development of the new Dairy Policy and Bill, government officials in the MoLFD have shown significant changes in their attitudes and behaviour, including support for the informal market traders. The Livestock Permanent Secretary personally triggered the recognition of informal milk traders in the proposed Dairy Bill revision, when he sent back the Bill for alterations to include more specific recognition of informal traders.

## **KEBS**

The Kenya Bureau of Standards (KEBS) provides the dairy sector with relevant standards and codes of practice on production and marketing of milk, and provides training for public sector staff. Whilst KEBS still insist that all players in the dairy sub-sector, including the informal sector, should comply with Kenyan Dairy standards, they now support KDB in developing the informal sector and have given KDB a special mandate to deal with the informal sector, while KEBS inspectors concentrate on the large industrial processors.

## **Other government agents: District Public Health Officers**

District Public Health Officers are also now involved in the training and licensing of SSMVs together with the KDB.

## **Dairy processors**

The dairy processors and packaging companies had been among the most vociferous opponents of change in the regulations affecting raw milk marketing. Their aggressive attacks on the SSMVs had been the trigger to the Milk War and the subsequent exchange of opinions in the media. However, the processors have now changed their marketing strategy to focus much more on the value and safety of processed, packaged milk for consumers, without overtly attacking the SSMVs. Some processors are also starting initiatives with SSMVs, encouraging them to trade in processed products.

### **SSMVs**

Some SSMVs can now access training in basic milk testing and hold KDB licences. Certified SSMVs work freely and can better develop their business. As a result, some report higher incomes due to less milk spoilage. Untrained SSMVs are seeking to be trained and certified by KDB. Many are starting to organise into groups to share costs, although whether such organisation can progress into structures that increase the ‘voice’ of traders in the policy process remains to be seen. It may also be that in the longer term, the licence and cess fees involved may be a disincentive for some traders, when they weigh up the benefits of complying with regulations against the risk of paying fines or bribes if caught unlicensed.

### **Farmers, consumers and the public**

Various instances of articles and letters in the media and contributions at public meetings have indicated that there has been a significant change in behaviour towards the informal milk market. This may not actually be a change in attitude, as the vast majority of people already purchased milk from this sector. But the proposals to move along a path of dairy development that is inclusive of the SSMVs, and supports livelihoods and jobs in the sector, have clearly struck a chord with most commentators and the public in general, and people now talk much more openly about the issues. Also, farmers have become increasingly vocal during stakeholder meetings to argue that policy should support the informal marketing channels that they depend on, and that KDB should represent the interests of the whole industry, especially small-scale farmers.

### **Donors**

Donor-funded activities in the sector now tend to be more explicit about the role of the informal sector in dairy development (e.g. the support given by GTZ for the passage of the revised Dairy Bill).

### ***In sum***

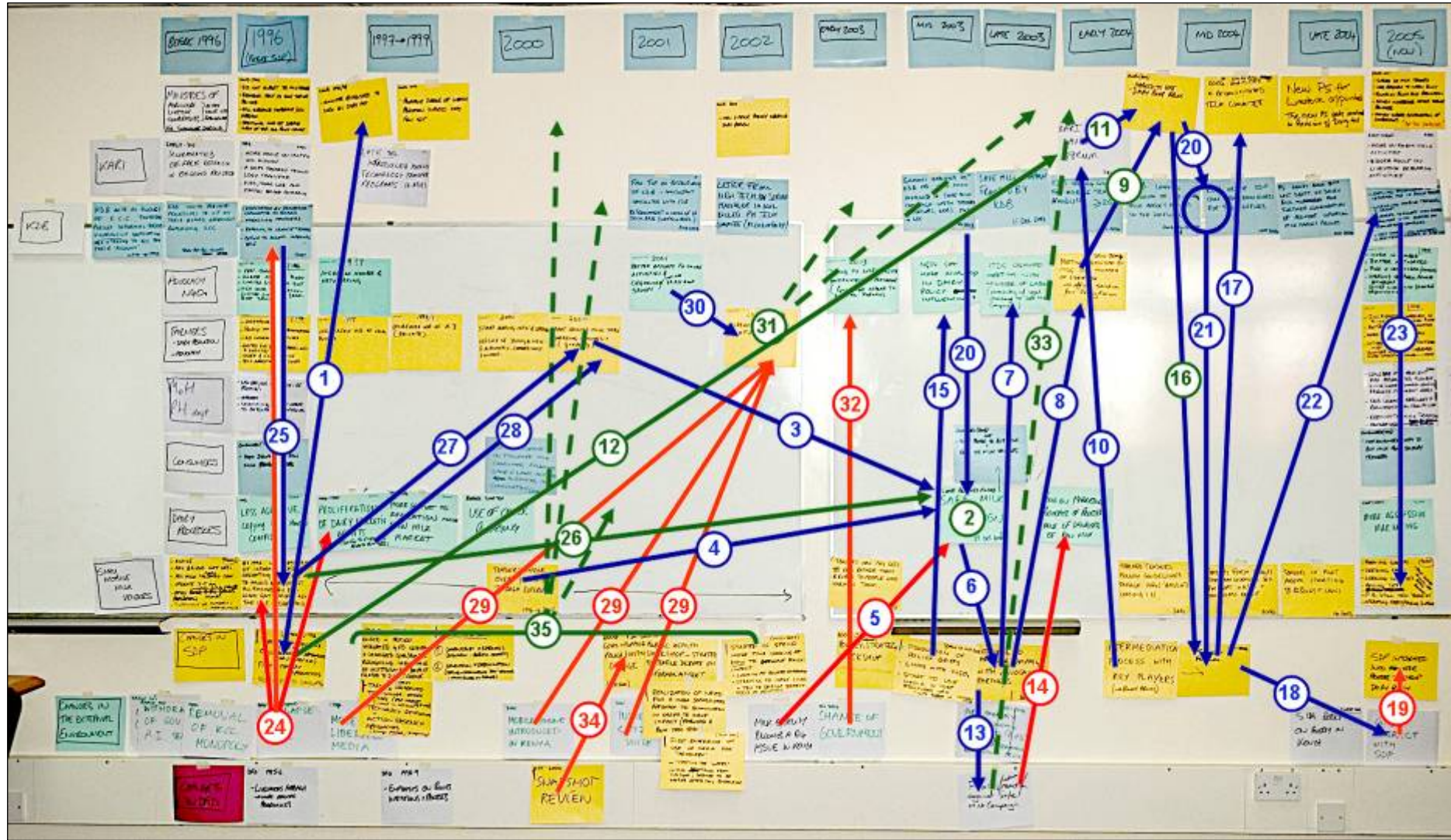
In sum, the key changes in attitudes and behaviour towards the informal dairy sector are:

- inclusion and regulation of the informal market in the new Dairy Policy and Dairy Bill;
- broader stakeholder representation (possibly including the informal sector) on the KDB Board has been written into the new Dairy Policy and Bill;
- SSMVs can be trained and certified by the KDB, and can then pursue their business freely, whilst paying for a license and cess;
- there has been a general change in attitudes and behaviour of key industry actors, as well as the general public, towards the role of the raw milk traders;
- new donor-funded initiatives incorporate informal trade as an issue.

### ***3.5.2 SDP impact on key industry stakeholders***

After having completed and discussed the list of key stakeholders and changes in their attitudes and behaviour, it became clear that the Safe Milk Campaign was a pivotal moment. This is not to underestimate the importance of the preceding years of communicating information and gradual changing of mindsets, but the Safe Milk Campaign proved to be a ‘tipping point’, and as such, a key event. Participants were asked to identify which behaviour changes had contributed to this event, and how this event had influenced subsequent events, and these were marked up on the map. The combined ‘Wall Map’ and key ‘Causal Effects’ can be seen in Figure 2.

Figure 2: Causal factors



The relationships and behavioural changes highlighted before, during and after the Safe Milk Campaign (2) were as follows (numbers relate to the effects shown in Figure 2):

- The removal of KCC monopoly (24) resulted in the collapse of KCC. This resulted in the proliferation of other private processors, which were invited to join the KDB Board. It also resulted in a proliferation of SSMVs, which then became the target of the KDB (25), and encouraged the processors to support the Safe Milk Campaign (26), but also provided more milk marketing options for farmers (27), as did the emergence of new processors.
- With the inception of SDP, a collaborative approach to research, involving ministry staff (1), was necessary for the results of SDP research to feed into ministry policy processes. It was a two-way process – ministry involvement also informed the content of the research. The results of the research throughout the research phase of the project fed through into knowledge and attitudes (though possibly not into behaviour without other factors) among staff in MoLD, KDB, processors and others (35).
- SDP's continuous provision of information about the scale and role of the informal market and the role of the SSMVs contributed to an increased awareness among processors that an improvement in the quality of the product provided by SSMVs might present a real threat to them. This contributed to the Safe Milk Campaign (2). The processors were also influenced by farmers starting to sell more milk through informal channels (3), a proliferation of traders (4), and the fact that milk quality became a big public issue (5). The Land O'Lakes media campaign to increase milk consumption and the support they received from the new Director of KDB (20) also played a role.
- In response to the Safe Milk Campaign (6), SDP asked ITDG to organise a meeting with the Minister of Labour (7) to discuss the possibility of a legal challenge to the Safe Milk Campaign. SDP also launched a media and information campaign to inform the public response to the Safe Milk Campaign (13), which then encouraged the dairy processors to change their strategy towards positive advertising of processed milk rather than negative advertising about the dangers of raw milk (14), and which influenced government attitudes in general (33).
- SDP asked ITDG to organise a meeting with the Minister of Livestock (8), to encourage him to support the Dairy Policy Forum (9). SDP had been working with the Director of KARI to support the Forum (10). He insisted that KDB should be fully involved in the Forum, and once SDP had accepted this, he helped convince the Minister of Livestock to host the Forum (11), and to instruct (20) the KDB to be involved (21).
- Although KDB was initially reluctant to be involved in the Forum, the effort made by SDP to bring them in as an equal partner (which nearly lost the NGO involvement) meant that they then had to take the results into account. This led to the reported change in behaviour of KDB field staff (22), which in turn led to the reported increase in the number of licensed SSMVs (though it is difficult to assess accurately whether this is actually the case).
- Only a small proportion of SSMVs were exposed to training activities supported by SDP, and took part in the development of the curriculum and design of milk cans. However, those that did indicated significant benefits from their improved understanding of milk hygiene, including lower milk spoilage and higher incomes. Those SSMVs who were involved clearly attributed these changes to SDP's activities.
- SDP's ability to convince the Director of KARI to support the Forum was partly because the project was working directly with KARI (12), but also because SDP staff (particularly the project manager from MoLFD) were well connected and politically astute, and knew how to connect with senior people using available channels. Changes in attitude and behaviour within a large organisation such as KARI are difficult to quantify and to attribute. However, KARI researchers who have worked with SDP are proud to be associated with the project. SDP was requested to run a half-day session at KARI's annual conference in 2004 in order to showcase their achievements.
- SDP's production of policy briefs for the Forum and their increased interest in policy advocacy encouraged NGOs to become involved in the milk trader issue (15).
- The Minister's support and offer to host the Forum was essential for it to go ahead (16). The Forum took place shortly after Tanzania had passed a similar Dairy Act. This helped to convince participants at the Forum of the importance of a new Act in Kenya, and the revival of the process of developing the new Dairy Act (17) and the involvement of SDP staff in other donor/government processes to support the new bill (18, 19).

- More liberal media, increased citizens voice, and improved communications (29) all contributed to increased farmers' voice both directly and indirectly through, and with the help of advocacy NGOs (30), and played an increasing role in influencing MoLFD and KDB attitudes and behaviour (31). The new government in 2003 was much more open to the voice of citizens and NGOs which provided much better access to Ministers and policy makers than they had before, but they also had to provide more constructive inputs rather than simply criticising government (32).

### *3.5.3 Further behavioural change: Other projects working in the dairy sub-sector in Kenya*

Virtually all recent projects in the dairy sub-sector in Kenya have used and cited SDP research results as a source of information. Many organisations have also subsequently linked with the SDP implementing institutions for new dairy related activities in Kenya, in both service delivery and policy-related areas.

- The Kenya Dairy Development Project (KDDP) works closely with ILRI to develop their training manuals, extension materials and approaches to informal sectors and allows continued engagement with the policy making process;
- IFAD's Smallholder Dairy Commercialisation Programme used SDP data to fine-tune its target activities and investment;
- SITE, which was one of SDP's advocacy partners, is now working closely with KDB and ILRI to develop their training manuals and to support development of small-scale business development services for milk traders;
- GTZ's Promotion of Private Sector Development in Agriculture (PSDA) project supported the process of revising and passing the new Dairy Bill, following commitments made at SDP's Dairy Policy Forum. This is a result of consultation with SDP, following the GTZ representative's attendance at the Dairy Policy Forum, and thus can be seen as an SDP achievement in attracting other donors to engage in the informal dairy sector activities.

## 4 Analysis and Reflection: What Changed and Why?

ODI's RAPID programme has developed a framework to help researchers and policy entrepreneurs understand the role that research-based evidence plays in influencing pro-poor policy processes. The four components of this CEL framework – Context, Evidence, Links, and External Environment – can provide the user with valuable in-depth information regarding policy windows, key policy actors and networks, gaps in the existing evidence, alternative means of communication, and trends and changes in the external environment. Unfortunately, addressing all these issues can prove a daunting task. However, this tool can be used to ease the process as it presents some of the key questions that the researcher or policy entrepreneur should answer when examining critical factors leading to policy impact. Further details on the RAPID framework and the key questions can be found in Appendix 4.

In this section, the four CEL components of the process leading to policy change, and SDP's role in this, will be assessed by answering the key relevant framework questions and linking them with the changes in dairy policy and practice, the project's external events and internal project changes. The focus of this analysis is inevitably on the role of SDP and its partners in the policy change, as the ROA methodology focused on these actors. This analysis is based on evidence from the ROA process, including workshop descriptions of the policy changes and reasons, and the interviews with key actors that followed.

### 4.1 The policy context: politics and institutions

#### 4.1.1 *General political context*

Following independence in 1963, despite the government's initial measures to include previously marginalised indigenous Kenyans in the commercial economy and policy processes, Kenya's political system became rigid, conservative and unresponsive to change until the arrival into power of NARC in December 2002. NARC introduced the Economic Recovery Strategy and the Strategy for the Revitalisation of Agriculture, which allows for greater possibilities for change in policy. In 2003, the newly elected government encouraged parliamentarians to seek new roles in overseeing the changes in policy processes, after they had begun to make changes to the political and socio-economic aspects of the country. Whilst some may argue that little has yet changed in the way government and policy making actually works, there has undoubtedly been a change in perception and expectations of Kenyans. The policy advocacy activities of SDP's partners took place against this changing background and feeling that the government has to listen to its citizens' voice. In this respect, the political context post-2002 provided more space and opportunity for policy change at the time of SDP's more active policy influencing activities, although these themselves built on the previous policy-influencing activities.

However, there are some issues concerning the sustainability of the changes. The plans for development of fewer, broad-based Acts governing agriculture could, in theory, derail the changes that have occurred in the new Dairy Bill. During development of such new legislation, the interests of the formal sector are likely to emerge and similar battles may need to be fought again. However, in reality, the development of such a new legislative framework does not seem imminent and, in the meantime, if progress is made with implementation of the new Dairy Bill, the principles of stakeholder involvement and development of the informal market should become more established.

This raises the importance of continued monitoring of the situation, with lobbying where appropriate, to ensure momentum is maintained. Now that the SDP project has finished, it can no longer play the coordinating role. Although its research and advocacy partners are still there, working together in some instances, it is questionable as to how well they will be able to carry on such lobbying.

### 4.1.2 *Civil society roles and citizen voice*

Some background to the changing role and activities of CSOs in Kenya may help to understand why they were able to be such key partners to SDP during its policy influencing activities. As mentioned above, there had been significant changes in the role of citizen voice in the policy process in Kenya from the time the project started. In particular, the role of CSOs, especially advocacy-focused organisations, changed significantly from being small, disconnected organisations, with limited links to citizens at the grassroots, to being well-organised, collaborating and influential organisations which more effectively linked grassroots voices with decision-makers.

The reasons for this change are quite complex and were discussed by actors during the ROA workshops. Two key reasons suggested were: (i) increased donor support of CSOs in the mid-late 1990s; and (ii) the Kenya Constitutional Review process – the CSOs played a key role in this process and strengthened their links both with grassroots citizen groups and with policy makers. Because of changes in the political context, NGOs themselves had more space for influencing policy makers, and had better links with grassroots organisations. By 2003-2004, with the advent of the new government, some of SDP's CSO partners were able to call meetings with government ministers at short notice, whilst the SDP research partners were still limited to going through formal procedures to reach policy makers. The CSOs were also very willing to engage in controversial advocacy in support of their clients, whilst the SDP research partners were limited mainly to presentation of evidence.

SDP chose to link with CSOs in its policy influencing activities, mainly because they had identified capacities there that were lacking in the existing SDP partner institutions,<sup>27</sup> and institutional difficulties in engaging in direct policy influencing. But the decision by SDP to work closely with such advocacy-focused CSOs took advantage of these changes in the role of civil society and were crucial in getting across the policy messages that came from SDP research. As well as opportunities for meeting with ministers, this also worked in indirect ways. The high-profile advocacy and more open use of the media that the NGOs were able to engage in, together with ActionAid's ability to link the smallholder farmer advocacy group they supported to SDP's evidence, meant that the public, and farmers in particular, were able to put increased pressure directly on the KDB and on their MPs for changes. For example, an MP who spoke at the Policy Forum stated how farmers in his constituency had lobbied him about milk marketing problems. Given the context of improving citizen voice described above, these kinds of voices turned out to be a very powerful influence.

### 4.1.3 *Representation in the dairy policy process*

The reality of dairy production, marketing and consumption, as shown in SDP's characterisations, is predominantly driven by consumer demand. This may seem an obvious point, but it had been ignored by many actors in the policy process. Consumers not only show a clear demand for unprocessed milk, based on affordability, availability and taste, but also show an awareness of and ability to deal with possible health risks by boiling their milk. This demand in turn has supported the maintenance of a strong market for unprocessed milk with a variety of market agents, including the SSMVs. And in turn, the majority of smallholder dairy producers sell their milk into this market for unprocessed milk, whilst others sell through chains that supply the processors.

However, representation in the key dairy industry bodies, particularly the Board of KDB, does not reflect this spectrum of stakeholders. The current membership is dominated by larger-scale producers and formal sector representatives. There is no consumer representation, nor any representatives from the informal sector. Small-scale farmers also claim that those producers who are on the board do not represent their interests.

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<sup>27</sup> SDP capacity weaknesses, as identified at the 2003 Policy Strategy Workshop, included: (i) Capacity to communicate effectively with a range of stakeholders; (ii) Ability to strengthen capacities of traders and farmers to advocate for themselves; (iii) Ability to institutionalise the involvement of key stakeholders in the policy process; (iv) Ability to understand linkages between dairy sector and other sectors and livelihood issues.

The KDB's mandate is to regulate and develop the dairy industry and they are funded mainly through cess, licenses and levies – only about 30% of their budget is from the government.<sup>28</sup> Because they only recognised the formal sector, they could only collect licence fee, levy and cess from the formal sector producers, processors and traders, who, in turn, lobbied to stamp out their 'unfair' competitors: the informal sector. As well as being much better represented in the policy making process, the processors and packaging manufacturers are also extremely well resourced, and were able to devote large amounts of money towards efforts to expand their market share. Given this current make-up of the KDB Board, and the difficulty for the majority of smallholder farmers, small-scale traders and consumers to get their voice heard, it is clear that the majority of stakeholders in the Kenyan dairy sector do not currently play a role in the policy process. Whilst there was a stakeholder policy consultative process included in the development of the draft Dairy Industry Bill, it is not clear to what extent the interests of the small-scale actors were actually taken on board, when they conflicted with the interests of the more powerful actors. In this context, it is perhaps not surprising that the policy environment did not reflect the reality of the sector. This is not to ignore the issue of quality control and health risks in the unprocessed milk sector, but makes the point that the reality and driving forces behind the largest part of the dairy sector would have been difficult for the KDB Board to fully understand without including representation from this sector.

The resistance to evidence-based policy making that would favour the informal sector was therefore rooted in a conflict of interest between the large processors and packagers, and the informal sector players (SSMVs, farmers who supplied them, and consumers who buy milk from them). The informal sector, which dominates the production and marketing of milk in Kenya, is considered by the big processors to be operating on the basis of unfair competition.

This skewing of influence towards the interests of larger private-sector actors in the dairy sector meant that any evidence that challenged these interests was likely to be strongly resisted, and this was indeed found to be the case once SDP started to publicise its research findings. Nevertheless, SDP and its partners continued to push this evidence, and to develop an alternative model for the sector, which included proposals that would change the representation structure of KDB itself.<sup>29</sup>

The proposed transformation of the main regulatory body to become a truly representative, stakeholder-run organisation, would, if it occurs, significantly change this context of representation in the policy process. However, the challenges to these changes in representation should not be underestimated. Whilst farmer organisations are becoming more involved in the policy process, and smallholder farmer advocacy clearly played a role in the changes seen, there remains little if any organisation of small-scale traders, and still no active consumer organisation. Development of small-scale trader groups is being supported by some of SDP's partners but it is unclear how representation in the stakeholder bodies will occur. It is likely that a substantial effort will be needed for training and capacity building for the informal sector and the SSMVs.

## 4.2 Evidence: relevance, credibility and communication

It seems clear that research-based evidence has played a major role in the changes in attitudes and practices that have taken place in the dairy sector. As well as the entrenched interests described above that were seeking to protect their positions, the 'conventional wisdom' on dairy industry development could at first glance be seen to support their position. Improvements in quality and reduction in health risks have in most developed countries taken place through moves towards a cold-chain based processed milk model. However, the range, relevance and quality of evidence that SDP research produced were used to offer a wholly different paradigm of dairy market development.

It is also clear that SDP was by far the most significant player in the production of evidence from the late 1990s to 2004. Whilst other institutions, such as Tegemeo Institute, were producing

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<sup>28</sup> In 2002-2003, the government contribution to KDB represented 33% of their revenue. 'Cess' accounted for 58% of revenue, with the remaining 9% coming from licensing and other services (KDB Corporate Strategic Plan for 2005-2009).

<sup>29</sup> The ongoing work with KDB and SITE which pilots a training and licensing system for SSMVs should also contribute to bringing these traders more into the policy process.



complementary policy research that produced similar findings, these often drew on existing SDP research. So this section focuses almost entirely on SDP's use of evidence. There are many aspects of this research, and the way it was obtained and communicated, which seem to have been significant in achieving the acceptance of this new paradigm for dairy development. The range of evidence was very broad, as outlined in the Box below: findings on consumer demand, the scale of the different marketing channels, the low level of actual health risk, ways of improving quality through training, the livelihoods and jobs that depended on the informal sector, and the implications of the existing policy environment; all combined to produce a convincing picture of the need for change. The relevance and credibility of the evidence meant that this picture was difficult for opponents to refute. The evidence was also communicated strategically, effectively targeting a range of audiences, and often using innovative means.

**Box: Summary of relevant evidence supporting policy and institutional reform**

In outline, the evidence and its implications are as follows:

- Some 800,000 smallholder households depend on dairying for their livelihoods.
- In addition to this household income, smallholder dairy farms also support over 350,000 full-time wage labourers.
- At least 86% of marketed milk is sold through the informal sector as raw, unpasteurised milk. By extension, the vast majority of both farmers and consumers depend on this market.
- This informal sector accounts for over 70% of the 40,000 jobs in dairy marketing and processing.
- This informal market pays significantly higher prices to farmers, and sells to consumers at about half the price of processed, packaged milk.
- Access to good nutrition through affordable milk for poor households is very important for child physical and cognitive development.
- The vast majority of Kenyan consumers boil purchased milk before consumption, whether they purchase raw or pasteurised milk, thereby massively reducing public health concerns.
- Licensed milk traders, under current systems, show no significant difference in milk quality compared with unlicensed traders, implying that licensing and quality control systems are not working.
- Training of small-scale milk traders in testing and handling of milk, and use of appropriate containers, leads to improvements in milk quality for the consumer.

#### *4.2.1 Relevance of evidence*

The relevance of the evidence is important. From SDP's initial research emphasis on technical aspects of milk production, the direction of the research was changed to address the key constraints identified in the initial characterisations. This change in focus was influenced by DFID's shift to livelihoods rather than just on production, and both the implementing organisations and the donor were flexible enough to make this change in the direction of the research. Where there were key areas for technical research, these were addressed, most notably in the work that was done to assess the level of public health risk associated with different marketing channels and ways of managing the risks that were present. Opportunities were also taken to highlight particularly relevant aspects of the evidence where appropriate: when the new government stressed that employment generation was the cornerstone of its economic recovery strategy, SDP focused on completing and publicising its research on employment, and through its advocacy partners was able to deliver these findings directly to the Minister of Labour.

#### *4.2.2 Credibility of evidence*

The credibility of the evidence rested to a large extent on the reputation of the implementing research organisations, ILRI and KARI, and on the consistent focus of MoLFD and SDP management on robust methodologies and approaches. As major public research institutions, they were seen as unbiased and reputable. The quality of research staff ensured high quality research outputs. But the collaborative nature of the research and the focus on participatory approaches were also important. The design and evaluation of training approaches for SSMVs and the development of appropriate containers was done in close collaboration with the SSMVs, so the resulting guidelines and containers were both relevant

and appropriate. This evidence also took the arguments beyond identification of issues and problems, and showed clear ways forward that policy makers could support, if they were convinced.

The SDP researchers were also very careful to maintain the credibility of their evidence. Thus extreme care was taken not to release controversial evidence until they were absolutely sure about particular figures and findings, even when SDP's advocacy partners were starting to engage in public arguments and pushing for statements from SDP. This was in marked contrast to 'evidence' presented in the Safe Milk Campaign by the processors, and associated with the KDB and MoH, apparently intended to frighten consumers; statements were made that could not be substantiated. With the comprehensive and highly credible evidence of SDP, the advocacy partners were able to very effectively counter the processors' arguments and the campaign was eventually withdrawn.

### *4.2.3 Communication of evidence*

Evidence is useless if it is not communicated, and it is through the strategic communication of research findings that SDP seems to have been most successful. SDP's strategy for influencing policy included mapping out different targets and producing appropriate communication materials and means of delivering them. These ranged from conventional dissemination in scientific meetings and stakeholder workshops, through the use of the media to inform the general public, to specific targeting of policy makers both directly through policy briefs, and through the advocacy activities of SDP's partners.

The collaboration between the SDP implementing organisations meant that the MoLFD (as an SDP implementing organisation) was fully involved in the research and the findings and implications were effectively embedded in the formal policy making process throughout the project, although attempts were made at higher levels to block changes. The collaborative nature of the research also meant that key stakeholders, including the KDB, were continually aware of the research outputs as they were being produced, and in some cases directly involved in the research. For example, KDB collaborated in the training of SSMVs, and in this respect could be considered as having some 'ownership' of the results.<sup>30</sup> This maintained quality and relevance, as well as ensuring good understanding of the outputs amongst these key partners. This was also the case for the key industry organisations which made up SDP's Steering Committee and met quarterly. They were fully briefed on the ongoing research and the findings and able to provide input.

The importance of this ongoing communication of evidence throughout the lifetime of SDP, especially through the SDP project manager's office in MoLFD, cannot be underestimated. Over a number of years, stakeholders would, in one way or another, continually hear about the research and its implications, so that what was initially considered as almost heretical became more widely accepted, if still controversial.

Towards the end of the project, specific communication with policy makers was planned through the production and use of policy briefs, specifically at the Dairy Policy Forum. It was in this area that SDP's partnership with the advocacy CSOs proved highly important. MoLFD, KARI and ILRI were constrained through their institutional mandates to only communicate evidence, and not to advocate for change. In addition, the situation was complicated by MoLFD's role in the later stages of more overt 'advocacy', when MoLFD (through SDP) was effectively advocating against itself. The institutions were quite aware of this issue, and because of it KARI and ILRI had a higher profile in these later activities. Certainly when powerful private interests, linked with the KDB and MoH, were aggressively attacking the informal sector, with unsubstantiated evidence, there was a clear need for some effective advocacy to counter this. Concerned with the livelihoods of poor producers, traders and consumers, the advocacy CSOs were able to use SDP's evidence not only in their press conferences and in their use of the media, but also in directly targeting key policy makers. They were able to call face-to-face meetings with the Minister of Labour and the Minister of Livestock, and invite SDP researchers to be present to explain the evidence, while the advocacy CSOs argued the implications. Key people were always given the

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<sup>30</sup> In reality this is a little more complex, as when personnel changed with KDB, especially when the new MD was appointed in 2003, some agreements to collaborate in what were controversial areas were reneged upon. However, the ongoing collaboration in the SITE project is now an extension of that earlier KDB collaboration.

relevant policy briefs and contact details of the researchers to facilitate follow-up. Other opportunities were also taken to provide input to policy makers, including through the connections of SDP's partner IPAR to the parliamentary Select Committee on Agriculture, where the opportunity was taken to provide the policy briefs and an offer to meet with members. IPAR subsequently became closely involved in advising and supporting the work of the committee during 2004.

The culmination of the communication with policy makers came at the Dairy Policy Forum. This high-level event, attended by the Minister of National Planning and the Minister of Livestock together with some 200 stakeholders, was used to communicate the research findings through presentations and a video made specifically for the occasion, as well as distribution of policy briefs. Although primarily an SDP-led event in collaboration with KDB, the CSO partners played a key role in planning this event. The professionally made video, featuring farmers, traders and poor consumers talking about their concerns and the issues of importance to them, brought the voice of ordinary stakeholders into this high-level forum and proved a powerful back-up to support the implications of the research. Farmers at the Forum also engaged in articulate debate with the KDB. This Forum, where SDP was able to gain support from key decision-makers and obtain commitments to changes in policy, seems to have been a definite tipping point.

Communication to the public was also addressed effectively, through use of the national newspapers to publish key research findings and their implications. These pieces were written with care to ensure readability without compromising on the robustness of the evidence. Also, in the collaboration between the advocacy CSOs and SDP, especially at the time of the Milk War, the newspaper and broadcast media provided a hugely important means of getting the advocacy partners' messages across through press conferences and opinion pieces in the press. For some months, the issues received wide coverage, and the quality of the evidence meant that most independent articles clearly argued from the same perspective as the SDP partners. Without this public reaction, ministers and parliamentarians may not have agreed to participate in meetings and lend their support.

In some instances however, SDP had to be much more subtle and careful about communications with those they wanted to influence. SDP's relationship with KDB was critical throughout the project. Despite KDB sitting on the Steering Committee, there seemed to be intrinsic biases within key KDB staff against the implications of SDP's research, and despite repeated attempts to meet and rationalise differences, key KDB senior staff were extremely hard to reach. SDP's enthusiastic efforts to push forward with the work of the Dairy Public Health Committee also led to tensions. SDP's strong support to their CSO partners' reaction to the Safe Milk Campaign also led to further deterioration in the relationship, when KDB felt they were being openly 'attacked'. It can be argued that SDP were not sensitive enough about the position key people in KDB found themselves in, although it would not have been easy to predict the way KDB were going to react. However, in the run up to the Dairy Policy Forum, a lot of effort was made to present a much more positive role for KDB as implied by the evidence, stressing the key role the Board could play, and acknowledging the extent to which KDB had already tried to engage with the informal sector.

In sum, the strategic use of a variety of means to communicate the research findings to different audiences seems to have contributed to the clear shift in attitudes and, after the Policy Forum, a promised change in written policy.

### 4.3 Links

The dairy sector is a complex sector with many different actors involved. Any intervention, be it the process of developing policy or of obtaining information that could inform policy, requires linkages between a range of stakeholders. The making and maintaining of effective linkages seems to have been very important in the way that changes in attitudes and policy occurred in the sector.

There were frequent dairy industry stakeholder meetings convened by a range of organisations, including the KDB, MoLFD, SDP itself, and a range of other organisations. These had always enabled particular issues to be aired and discussed, but during the lifetime of SDP, every opportunity was taken to use such meetings both to get input into research and to disseminate findings.

### *4.3.1 Collaborative approaches to research*

Reference has already been made to the collaborative nature of SDP's activities, but this bears closer analysis. The three implementing institutions – MoLFD, KARI and ILRI – worked very effectively together. This was based on several years of previous collaboration in dairy research at the coast during which the collaborating institutions, and key individuals within them, gained experience of working together. Each brought different capacities and trusted the other partners to carry out their respective roles.

One absolutely key linkage that existed throughout the project was that the project manager was a MoLFD official intimately involved with policy making processes, sitting on drafting committees and in close contact with peers responsible for leading these processes. The way this linkage enabled evidence to feed continually into the policy process was very important.

The close collaboration with KARI was not only important for the research capacity and expertise that was brought, but also in the critical involvement of the influential KARI Director himself, which played a key role in ensuring that the Dairy Policy Forum actually took place, at a time when relationships between SDP and KDB were extremely tense.

In addition, the SDP Steering Committee acted as a consultative forum for stakeholders in the dairy industry. All the major stakeholders were represented and, through their quarterly meetings, had an opportunity firstly to influence the way SDP carried out its work, and secondly to learn about the findings and implications as they emerged, and to feed back to their institution, even if in small ways. Wider collaboration in research activities also brought new partners in, and added to the credibility of the evidence, as already discussed. SDP also worked closely with key organisations that could be seen as targets. In particular the work on addressing quality and safety in raw milk markets and in training SSMVs was done in collaboration with KDB.

Through SDP's efforts to communicate with stakeholders, and to take part in any relevant stakeholder meetings, there were frequent opportunities to make further linkages and contribute to processes, including being asked to sit on various committees, such as the Public Health Committee (convened by the KDB and chaired by MoLFD) following presentation of the public health research findings.

### *4.3.2 Links with advocacy partners*

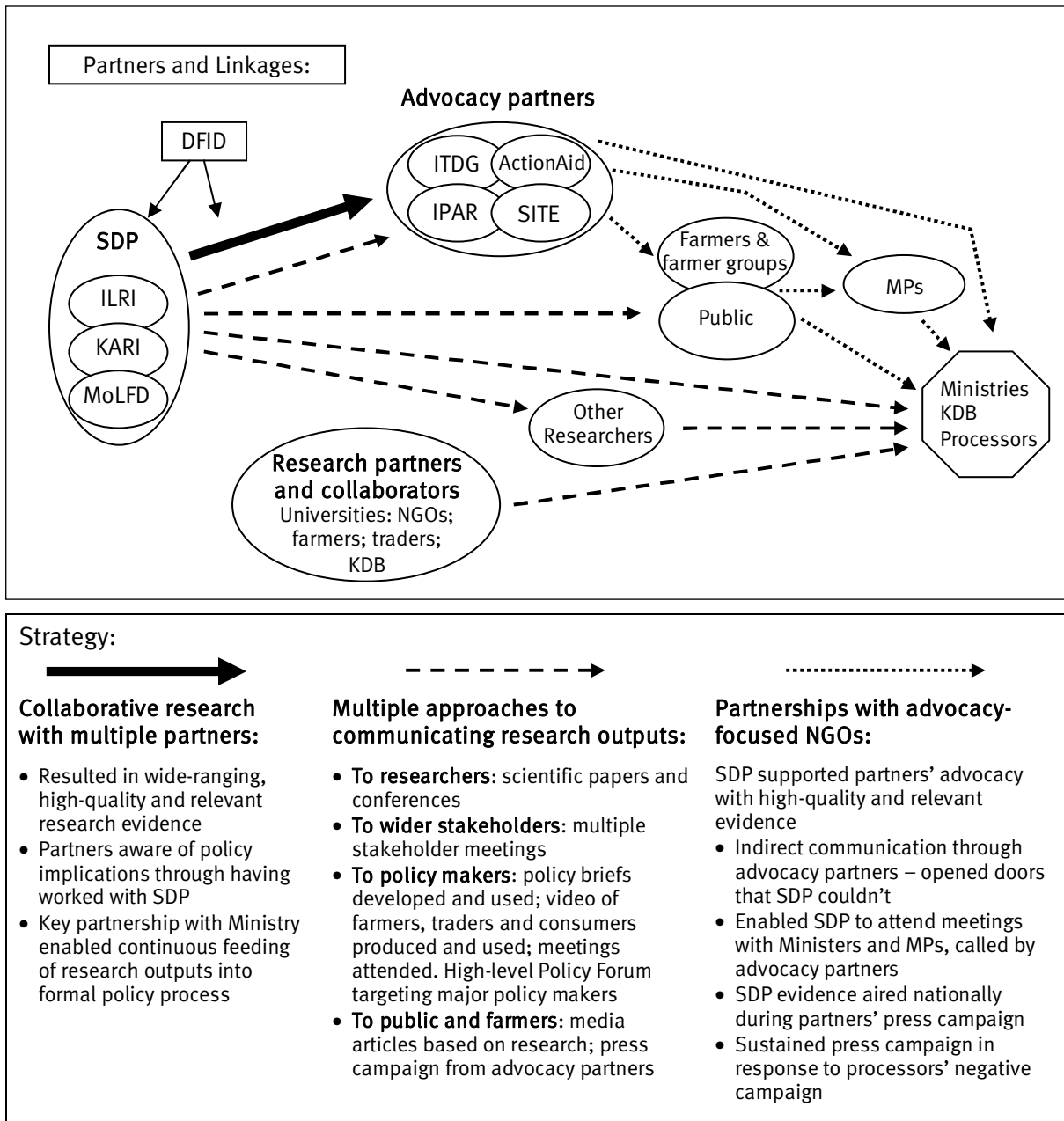
SDP's creation of links with advocacy partners has already been referred to, and can be seen as an extremely effective collaboration. However, these linkages required a lot of work to establish and maintain. They were made because the advocacy partners brought completely different capacities, ways of working and mandates. But by their very nature they are different organisations from the SDP research partners, working in different ways, and with different criteria for judging success. None of the CSO partners had a particular focus on the dairy sector. So why were these links made and how were they maintained?

There is an important link here to the focus of SDP's research, which was on the livelihoods of those involved in the dairy sector, in particular the poor. The CSOs themselves had missions to work in various ways to improve poor people's livelihoods. The complete picture of how existing policies and institutions were damaging to poor people's livelihoods in the sector, and the potential benefits to the poor offered by the new paradigm that the evidence supported, meant that SDP became a useful partner to the CSOs in achieving their own objectives, while at the same time they were helping SDP to achieve its objectives. So whilst they worked in different ways, SDP and the advocacy partners shared a vision. The practical benefits of these linkages in influencing the policy process have already been discussed in the previous section. ITDG organised meetings with Ministers of Labour and Livestock and IPAR facilitated links to gain support from parliamentarians. Through these direct linkages to policy makers, and also through ActionAid's and SITE's effective links to grassroots farmer organisations and traders, SDP's sphere of influence was significantly expanded. SDP was also able to take more of a back seat in many advocacy activities, playing a catalytic and facilitating role, responsible for presenting and explaining the evidence itself, which was consistent with the institutional constraints and mandates of the implementing organisations.

On a practical note, the making and maintaining of links requires time and effort. With a budget for policy-influencing activities, SDP was able to support most of the collaborative activities that they carried out with their advocacy partners. Importantly, the DFID Assistant Professional Officer (APO) who was working to support the policy influencing activities was able to devote considerable time to maintaining these links.

Figure 3 shows a representation of the strategy used by SDP to communicate findings through collaborative research, partnership in communication, and advocacy.

**Figure 3: SDP strategy for communicating research findings**



#### 4.4 External influences

Among external influences, the most immediate and most significant for SDP has been policy shifts within DFID. Their shift to a focus on Sustainable Livelihoods Approaches in the mid-1990s contributed to the early SDP focus on livelihoods, and therefore on the importance of informal sector-related livelihoods. Later, there was a significant shift in DFID policy towards a greater emphasis on the

political context, termed the ‘policies, institutions and processes’ (PIP) aspects of livelihood outcomes. This new emphasis, which DFID started using increasingly from 1998, resulted in the change of focus of SDP Phase III to policy advocacy.<sup>31</sup> It is likely that without this influence on the direction of the project there would have been far less active engagement in policy influencing and, arguably, far less impact on policy, even if the evidence was still as livelihoods-focused.

There seems to have been a two-way influence here. As well as concentrating on policies, DFID was moving away from funding projects, and as described earlier, SDP had to fight to resist closure. But once the decision not to close was made, DFID supported SDP in its attempts to engage with the policy process. And in turn, once the policy influencing activities started, the DFID APO regularly made efforts to feed back the lessons to DFID both at country level and centrally, including at the annual advisers’ conferences. These lessons included the importance of robust livelihoods-relevant evidence in controversial policy debates. This study has not assessed the degree to which thinking or practice within DFID has changed as a result of the SDP experience, but SDP is widely quoted within DFID as a success story in influencing policy, and it is not unreasonable to assume that lessons have been taken on board.

Other processes going on at the same time also had influence. An FAO technical co-operation project (TCP) was supporting the restructuring of the KDB and building its capacity to carry out its important functions. Although the project personnel were not as supportive of pro-informal sector change as were SDP and its partners, significant changes were made in KDB’s systems of operation, to reflect the reality of the sector, including training of some informal sector traders, and better representation of stakeholders in the KDB. Overall, this project led to important improvements in the way KDB operated.

External influences on the policy process are continuing in the form of donor support (from GTZ) to the development of the new Dairy Bill and Policy, based on the revisions stemming from the Dairy Policy Forum.

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<sup>31</sup> Similar changes in emphasis were seen in other DFID-funded projects around this time, for example in the Decentralised Livestock Services in Eastern Indonesia (DELIVERI) project – see [www.deliveri.org](http://www.deliveri.org).

## 5 Conclusion

### 5.1 Lessons on how to achieve pro-poor policy impact

#### 5.1.1 Collaboration

A common statement from the interviews with some of the key players in dairy industry was that *'SDP is the first collaborative project in Kenya that worked smoothly and harmoniously'*. One interviewee added that: *'Experience from other collaborative projects was that such a project will disintegrate into two or three sub-projects which will meet only when a project review is imminent'*. This statement highlights the necessity of the high degree of collaboration required, and which occurred between the partner institutions within SDP. This was in turn based on several years of previous KARI/ILRI collaboration in research at the coast, including with links to the MoLFD. Without undermining the project's dynamics and also acknowledging that there are tensions and frictions between collaborating institutions (as would be expected in any collaborative project), **this good collaboration can be seen as a contributing factor to the success of SDP in achieving policy change.**

A characteristic of the SDP was that very few of SDP's staff were actually employed by SDP. Only the support staff and research technicians were employed by SDP and worked for the project full time; the managers, researchers and other senior positions within SDP combined other research and other activities with their SDP work. The senior members of staff maintained their positions in their respective parent institutions and were remunerated by their parent institutions. This arrangement had the benefit that SDP staff could still work for their parent institutions and thus act as 'people from the inside' to communicate SDP research results and advocate SDP opinions to decision-makers and other actors in their respective parent institutions.

Another significant aspect of collaboration was the good relationship established with the SSMVs. This was an achievement because initially the SSMVs were very suspicious of anyone who tried to work together with them. **Project members of staff were able to break the ice, gain and maintain their trust. Assigning a specific person or specific people to work with a specific community and to work with them very closely is a good approach to replicate.**

#### 5.1.2 From research to policy

SDP spent four years conducting research on various aspects of the dairy sector and produced the most up-to-date and most comprehensive understanding of this sector. SDP publications are still referred to today by decision-makers and researchers in Kenya's dairy industry. The research was rigorous and comprehensive, so much so that the research findings are still uncontested. All of these factors are very important in ensuring that SDP partners (especially the advocacy CSOs) are still interested in championing the cause initiated by SDP, and that the policy influencing process occurs smoothly – uncontested evidence means that 'opponents' to change have little option but to accept the implications of SDP's research.

SDP was able to produce credible and comprehensive research because it started as a research and development project, consequently the scientifically sound and high standard research results were used as a basis in the decision-making process about the informal milk market. To base the project within two reputable research organisations meant that SDP enjoyed high credibility in the scientific community. The quality of the research conducted by SDP had to be up to the standard maintained by both research institutions.

By the time SDP began to engage with policy, it already had the best knowledge of the dairy sub-sector in Kenya. **It is doubtful whether the evidence the project collected would be as rigorous and thorough if SDP had not started as an R&D project or whether it would have been able to achieve policy change if it had been set up as an advocacy project from the very beginning.** In this respect,

an initial clear focus on R&D, before an emphasis on policy influencing may be a good avenue to achieving policy change.

### *5.1.3 A forum for the dairy industry*

The SDP Steering Committee consisted of representatives of almost all major stakeholders in the dairy sub-sector, therefore it was basically a forum for representatives of the dairy industry to meet quarterly. All SDP findings were presented to and endorsed by the Project Steering Committee (PSC). This provided SDP with good opportunities to consult with the key stakeholders before they presented research results to the scientific community or to the general public. The PSC was also very useful in helping SDP to determine the research focus and research topics. Having a Steering Committee consisting of representatives of all stakeholders is a good lesson worth replicating for other projects.

Presentation of the research findings was not only limited to key stakeholders of the dairy industry; they were also communicated in several different forums using different methods of presentation. For the scientific community, SDP used journals and various scientific meetings, where research results were included in the proceedings, to convey their message. For policy makers and other dairy industry stakeholders, SDP used policy briefs, audio-visual material and other forms of presentation, such as scientific fora and public debate in local media. For the general population, SDP used mass media such as newspaper articles written in popular language to present the research findings.

Other forums were also set up following presentation of SDP research, such as the Public Health Committee, which looked at specific aspects of public health in the industry. The Policy Forum was the culmination of SDP's efforts to influence policy. In this Forum SDP and its advocacy CSOs were able to show their success in empowering the farmers and traders themselves to make a case for development of the informal sector. **The ability of empowered farmers and SSMVs to speak on behalf of their colleagues in person at the Dairy Policy Forum in May 2004 proved to be the most compelling factor in successfully changing the decision-makers' opinion** about the need to recognise and develop the informal sector.

### *5.1.4 Working with CSOs*

SDP was successful in adopting a facilitating role, and played on the strengths of both the project and its advocacy CSO partners to make policy change. The three collaborating institutions that made up the SDP could not be seen to represent a different view point from that of the government and to engage in active policy debate without following established bureaucratic procedures. To link with advocacy CSOs who could champion the need to acknowledge the informal sector in dairy industry was a good strategy and worth replicating.

The advocacy CSOs were not paid by the SDP. They all agreed to be involved because their institutions also had similar mandates, specifically poverty alleviation, strengthening SMEs, and empowering grassroots-level organisations. The coalition really came to life when it had to contend with the specific issue of the Safe Milk Campaign that they perceived as threatening the informal sector and the livelihoods of those who depend on it. The CSO advocacy partners appreciated the role played by the credible evidence supplied by the SDP to back up their own advocacy.

However, to raise the interest and to maintain the commitment of such organisations requires a lot of time and resources. SDP was lucky to have a full time DFID APO who was committed to doing this job. A part-time staff member would not have been able to achieve the same impact. **This coordination was very demanding of time, and retaining a person or a team to coordinate policy advocacy work seems to be a necessity.**



### 5.1.5 *Multiple approaches*

SDP enjoyed the opportunity to engage with a multi-stakeholder and multi-level approach. It was able to connect with farmers (producers) in the field, up to decision-makers at the national level, to talk about issues in dairy development. **It was also able to work with various stakeholders in dairy industry through the PSC and various other fora. This is considered to have been more effective than if SDP had only been able to work through a single channel.**

**SDP's ability to present its findings in different formats and different media was another key to the success of the policy-influencing activities.** Their ability to present their case and to give a counter-argument to the opposing opinion was vital to achieving a change in policy. SDP was able to maintain its collaborating partners' mandates whilst still engaging in policy-oriented dialogue – this is a good strategy to replicate.

The effective relationships and good alliances between the project's collaborators and partners attracted other institutions (projects, CSOs and donors) to work with SDP's implementing organisations. **A significant degree of effort was invested by SDP to maintain their interest and to keep them on board** – such efforts require a good allocation of staff and resources. However, SDP's experience here is not necessarily the best example for replication as there was very few written strategies for such engagement. Some aspects of collaboration were more opportunistic rather than strategic, although SDP's flexibility and strategic alliances already in place enabled prompt response to opportunities when they arose – in effect part of the strategy was to be well placed to take advantage of opportunities as they arose.

### 5.1.6 *Importance of individuals*

Notwithstanding the importance of collaboration, the personalities and positions of people managing the SDP were important. For example, the Project Manager from the MoLFD was another key to the success of the project because he had direct access to decision-makers and also sat on various ministries' dairy committees. With the credibility and contacts to communicate evidence, he could be considered a 'policy champion'. This role demonstrates **the importance of a single credible policy champion, who is able to draw on broader collaborative networks.**

Conversely, some individuals in key positions acted as barriers to change for a long time. But SDP effectively countered the effects of this through their multiple approaches – working with partners to support grassroots pressure, and bypassing individual blockers through the avenues opened up by advocacy partners.

### 5.1.7 *Right timing*

Prior to the arrival of the new NARC government in December 2002, Kenya's political system was largely unresponsive to change. Had SDP had to fight the so-called 'Milk War' within the political context before December 2002, the outcome might have been different or it might have taken much longer to achieve the desired change of policy. After 2002, there was a change in Kenyans' perception of the government. The new government was expected to be more accommodating to the needs of ordinary Kenyans, including those in the informal sector, which meant that they were no longer as afraid of voicing their concerns. **In general, there was a change in citizen voice in the policy process in Kenya** which enabled the general public to show their support to informal dairy marketers through the mass media. There was also a significant change in the level of influence that CSOs could have in the policy process, so that the SDP decision to involve CSOs in the advocacy process gave more leverage in SDP's efforts to change the policy towards the informal milk marketers. Once again, the continuous feeding of findings on the sector before these later advocacy activities was very important in starting the process of changing mindsets. Active advocacy for change much earlier than it was done may have met with a different outcome. The combination of these factors contributed to speeding up the process of policy change.

### *5.1.8 External factors*

In the beginning of SDP Phase III, SDP staff were reluctant to accept the new project objective which put more emphasis on policy advocacy. Most SDP staff were researchers and therefore felt somewhat uneasy at being involved in policy advocacy to gain greater impact of their research results. But **as DFID focused more clearly on ‘policies, institutions and processes’, putting greater emphasis on the political context, they required SDP staff to do the same.** As well as encouraging this change of approach, they also gave support to achieving it, notably through supporting the DFID APO position. Without this influence, it is likely that SDP would have been less active in its engagement in policy influencing, and change in policy towards informal milk marketers might not have been the focus of the project.

### *5.1.9 Focus on incentives*

An overarching lesson that SDP and its partners learned and applied was to look at the incentives of key players, especially politicians and those close to them. The response of key people in the policy process depended as much on how much personal political gain they would achieve, as it did on the evidence itself. This is a complex area, and researchers cannot be expected to be experts in political issues. However, politicians live or die by the vote, and demonstrating how change is in the popular interest seemed to help balance the pressure on politicians from private interests. As a result of change in attitude in response to the evidence, KDB are now perceived as pioneers of a new model of a dairy industry, which responds to the needs of the majority, as opposed to an organisation that acts only in the interests of the large-scale formal sector. The lesson from this is to look carefully at how a policy change affects key people’s personal interests. If there is a conflict, come up with a strategy to address it; if they are aligned, then take advantage and highlight the political gain.

## **5.2 Lessons on the Rapid Outcome Assessment (ROA) approach**

As mentioned in the beginning of Chapter 2, this study used a methodology called Research and Policy in Development Outcome Assessment (RAPID Outcome Assessment or ROA) as a combination of the elements of three well-established methodologies adopted by the PPPPPC project.

One significant contribution that the ROA method can offer is its ability to map the cause and effect of key events, and to map the contribution of each of the key actors. By doing so it is possible to address the problem of attribution to a certain extent. Therefore, it is vital to have representatives of the key actors in the workshop so that they can describe exactly what the role was of each key actor and their contribution to each key event.

Individual discussions and interviews with various key players to triangulate, clarify, and verify the data and information collected in the workshop were highly important in gaining understanding about background information of key events. They were also important tools for gaining a good understanding of the project time line – provided each interview was carefully planned. The wrap-up meeting at the end of the study with project staff was beneficial in focusing on the findings of the study and for understanding the expectations of the results of the study.

In sum, although this was the first time that the ROA methodology was used, and it was therefore more demanding than a familiar methodology would have been, it seems to have been a useful tool to collect and analyse data on SDP’s policy impacts.

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## Appendix 1: Research and Policy in Development Outcome Assessment (ROA)

ROA was designed as a learning methodology to assess the contribution of a project's actions and research on a particular change in policy or the policy environment. It is a flexible, visual tool that can be used to map changes in the project and its environment, and it can be used in conjunction with other evaluation tools and methods to evaluate a particular project or programme.

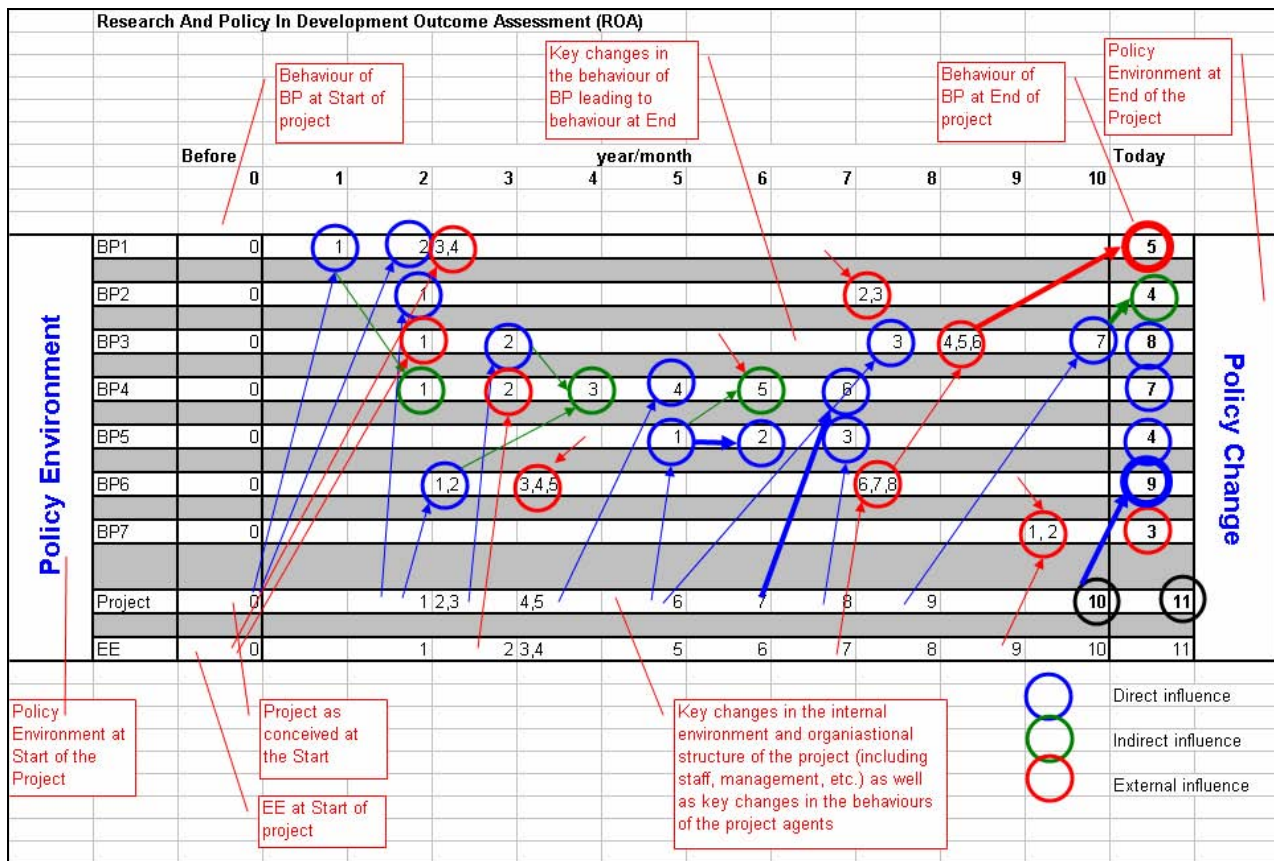
The key steps of the ROA were originally designed as follows:

1. Describe the policy environment at the end of the project;
2. Describe the policy environment at the beginning of the project;
3. Identify the key policy actors or agents of change;
4. Within the agents of change, identify the boundary partners that are conducive to the change or that influence the policy environment;
5. Describe the behaviours of the boundary partners that are conducive to a change in the policy environment or policy;
6. Describe the behaviours of the boundary partners at the beginning of the project;
7. Map the key changes in behaviour for each boundary partner from the start of the project;
8. Map the key changes in the internal environment of the project including organisational changes, outputs and changes in behaviour during the same period;
9. Map the external influences including the actions of strategic partners and other exogenous factors during the same period;
10. Determine the level of impact/influence of the project on the changes in behaviour of the boundary partners;
11. Determine the level of impact/influence of external influences on the changes in behaviour of the boundary partners and the project;
12. Refine the conclusions with in-depth interviews and assess the real contribution of the project to the policy environment;
13. Write report.

The intention was that steps 1 to 11 could be covered in a workshop with key stakeholders to produce a table similar to Figure 4 below.

However, after some discussions with SDP researchers, concerns were raised about the ability of some workshop participants less exposed to training methodologies to understand the ROA methodology and to follow the discussion. It was decided that the initial workshop with SDP related staff and advocacy CSOs would not follow the steps described above rigidly. Instead, various participatory training techniques were used to collect the information needed to complete the expected output of ROA.

Figure 4: Example of Research and Policy in Development Outcome Assessment (ROA) Output



In the SDP workshop, the following steps were actually carried out:

1. *Description of the policy environment at the beginning and the end of the project.* Participants were asked to write on cards what they thought had changed in the smallholder dairy sector in Kenya in the last few years. The cards were then organised into following categories: organisational change, policy change, practical change and behavioural change.
2. *An introduction to the Smallholder Dairy Project.* A presentation about the history, organisation and activities of the SDP was given by the original project manager from MoLFD.
3. *Identification of SDP project time line, policy context and external factors.* Participants were divided into groups:
  - o Group 1 (SDP Staff) developed a project time-line and identified the key events and changes;
  - o Group 2 (Other participants) were asked to develop a 'rich description' of the policy context for smallholder dairy production in Kenya currently and in 1996; and to identify any key external events which influenced how the policy context for smallholder dairy production has changed.
4. *Identification of key players.* Participants were asked to name all the key players in the development of the smallholder dairy sector in Kenya. They were then asked to select the three that they thought had had the most impact on the smallholder dairy sector, and to write the reasons why on a coloured card – yellow for their first choice, green for their second choice and blue for the third choice. A score was calculated for each stakeholder where a yellow card equalled three points, a green card two points and blue cards one point.
5. *Description of key actor behaviour.* Participants were divided into groups to consider specific groups of stakeholders and wrote on cards their behaviour now, their behaviour in 1996, and key points when their 'behaviour and attitudes' changed in between. On the back of those cards, they wrote why they thought that behaviour change happened, and what impact they thought that the change had had on others. The cards were then pinned to the wall.
6. *Participants were then asked to look at all the factors on the wall and see if they could see any links between them.* Each link identified was connected using a piece of string and the reason was noted. A copy of the cards and links was projected via PowerPoint onto another wall. There was not

enough time to complete this activity on the second day; a smaller group completed the map the following day.

7. *Identification of issues* to be followed-up in the interviews with key players.

In the end, the workshop was able to produce a table similar to the example above and important information about the project was gathered.

From the process of applying ROA in the workshops, some useful findings and experiences should be noted:

- It is very important to know in advance exactly who will be participating in the workshop, their background, their expectations, their relationship with the project and their agendas (if any) as this will help smooth the facilitation process and enable better planning of workshop activities.
- The participants should remain the same throughout the workshop – people who are not available to attend for the whole duration of the workshop should not be invited as it will delay the progress of the workshop and disrupt the small group discussions.
- It is important that all participants understand the concepts of policy, behaviour and attitude to be able to accurately identify changes in policies. The facilitator should ensure the participants understanding before moving on to the next activity.
- Involving the project staff in the planning of the workshop and also involving them in the facilitation process is very useful for focusing the activities better and to gain ‘insights’ into participants statements and comments, thus enabling a better understanding of the project.
- Better workshop planning needs to be done to avoid a long plenary discussion, especially in identifying links between key events. The background of each participant should be collected so they can be grouped into different criteria of key actors and asked to discuss the links in small groups. It would be useful for one group to discuss the link between the project and external environment with the key events, and the other group to discuss links between other key actors and the key events. Another idea is to give three sets of strings to each participant: blue for direct effects from the project; green for effects from the key actors; and red for effects from the external environment. Participants are then asked to use the strings to link two key events and note why they think there should be a link. The result should then be discussed in a plenary session.
- Writing a daily report and having it available for the next day of the workshop is very useful in focusing the discussion on the second day because the participants can refer to the results of the discussions from the day one.

Through this case study ROA was proven to be beneficial for:

- Developing a project time line
- Identifying the key actors and the role they played in specific key events and their interaction with SDP and other key players
- Identifying changes overtime
- Identifying external influences
- Identifying the project behaviour
- Describing behaviour changes
- Identifying ‘hotspots’ (a key event which leads to many other key events or when various key events added up to one major event)
- Establishing cause and effect between various key events (to certain extent)
- Identifying issues to follow up

However, the ROA was not effective for:

- Describing what actually happen within each of the key events
- Identification of the environment surrounding a specific key event

## Appendix 2: Policy Impact Workshop, 22-25 February 2005, Kenya

For information on the workshop programme and notes, please see the webpage at [http://www.odi.org.uk/RAPID/Events/ILRI\\_workshops/docs/Workshop\\_2\\_notes.pdf](http://www.odi.org.uk/RAPID/Events/ILRI_workshops/docs/Workshop_2_notes.pdf).

### Participants (Facilitators: Cokro Leksmono, John Young, Dannie Romney)

- Amos Omore, ILRI, SDP
- Julius Nyangaga, ILRI, SDP
- Henry Magara, Strengthening the Informal Sector Training and Enterprise, (previously with MoLD in Kiambu)
- Margaret Wambugu, ILRI, SDP and KDDP
- Lucy Chege, MoLFD, Kiambu
- Josephine Kirui, Land O'Lakes
- Steve Ashley, UK Consultant, the IDL Group (doing the final project review of SDP, also facilitated the SDP 2001 log frame workshop)
- Rachel Sila, Public Health Officer, MOH Muranga
- H.G. Muriuki, ex MoLFD and SDP
- Nick Hooton, former DFID Associate Professional Officer working with SDP
- Professor Arimi, University of Nairobi, Department of Veterinary Medicine
- Professor Gangethe, University of Nairobi, Public Health
- Gabriel Karanja, Milk Trader, Thika
- George Gichungu, DLPO, Thika



## Appendix 3: List of Interviewees

Name	Job Title	Date of Interview
Dr. William Thorpe	ILRI, Regional Representative, Asia (Current, previously SDP Field Manager)	15 <sup>th</sup> December 2004
Dr. Dannie Romney	Researcher MOSD	20 <sup>th</sup> December 2004
Dr. Nick Hooton	DFID APO	12 <sup>th</sup> January 2005
Mr. H.G.M. Muriuki	SDP project Manager 1997-2003	Various occasions
Mr. Machira Gichohi	Managing Director, Kenya Dairy Board	21 <sup>st</sup> and 25 <sup>th</sup> February 2005
Mrs. Immaculate A. Odwori	Principal Import/Export Officer, Kenya Bureau of Standards	19 <sup>th</sup> February 2005
	Ministry of Co-operative Development	19 <sup>th</sup> February 2005
Mr. Richard Matengi	Local Council Public Health Officer, Thika	20 <sup>th</sup> February 2005
Mr. Gitungu	District Livestock Officer, Thika	20 <sup>th</sup> February 2005
Mr. Peter Karanja Ms. Virginia Amaida Ms. Anijoke Kamara Mr. Gabriel Karanja Mr. Joseph Kamani Ms. Grace Jaydi Ms. Margaret Wanjiko	SSMVs, Thika	20 <sup>th</sup> February 2005
Mr. Mahul Jayantilal Shah	Chairman of the Dairy Processor Association of Kenya	28 <sup>th</sup> February 2005
Mr. Harun N. Baiya and Ms. Mary Mwangi	Chief Executive and Programme Officer, Strengthening Informal Sector Training and Enterprise (SITE)	1 <sup>st</sup> March 2005
Mrs. Joyce Kiio	Technical Officer, Kenya Dairy Board	2 <sup>nd</sup> March 2005
Ms. Heike Hoeffler and Mr. Joshua Inoti	Agricultural Policy Advisor and Programme Officer, Promotion of Private Sector Development in Agriculture (PSDA)	2 <sup>nd</sup> March 2005
Mr. Simon Sale	KDB Branch Manager, Kisumu	5 <sup>th</sup> March 2005
Mrs. Mildred Kosgey	KDB Branch Manager, Kericho	5 <sup>th</sup> March 2005
15 Traders	Self-help group members from Nakuru	6 <sup>th</sup> March 2005
Mr. Gem C. Argwings-Kodhek	Researcher, Tegemeo, University of Egerton	7 <sup>th</sup> March 2005
Mr. Cheruiyot	Head of Planning, Ministry of Livestock and Fisheries Development	7 <sup>th</sup> March 2005
Dr. John Omiti	Senior Research Fellow, Institute of Policy Analysis and Research	7 <sup>th</sup> March 2005
Mr. Elkanah Odembo	Director, Ufadhili (Think Tank)	8 <sup>th</sup> March 2005
27 Traders	SSMVs, Murang'a	9 <sup>th</sup> March 2005
9 Traders	SSMVs, Machakos	10 <sup>th</sup> March 2005
Mr. Eric Schmidt	Managing Director, Tetra Pak Limited, Kenya	11 <sup>th</sup> March 2005

## Appendix 4: The RAPID Framework

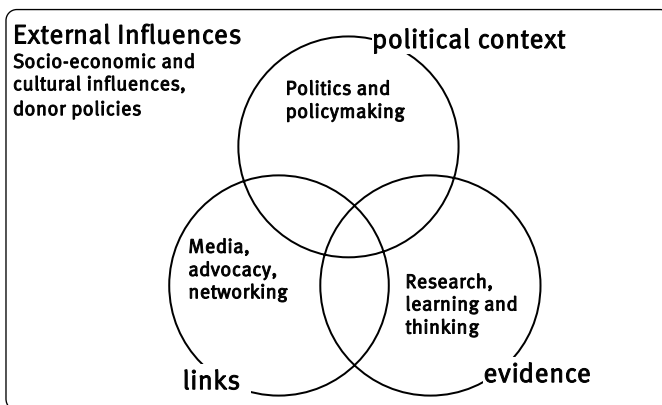
### What influences research to policy uptake?

Often, the link between research and policy, or evidence and practice, is viewed as a linear process, whereby a set of research findings or lessons shift from the ‘research sphere’ over to the ‘policy sphere’, and then has some impact on policy makers’ decisions and practical programmes. Reality tends to be much more dynamic and complex, with two-way processes between research, policy and practice, shaped by multiple relations and reservoirs of knowledge.

The traditional question ‘How can research be transported from the research to the policy sphere?’ has been replaced by a more complex question: ‘Why are some of the ideas that circulate in the research/policy networks picked up and acted on, while others are ignored and disappear?’.

ODI’s theoretical, case study and practical work has identified a wide range of inter-related factors, which determine whether research-based and other forms of evidence are likely to be adopted by policy makers and practitioners. These factors can broadly be divided into three overlapping areas: the political context; the evidence; and the links between policy and research communities, within a fourth set of factors: the external context. The interplay of these four areas is laid out in Figure 5. The framework should be seen as a generic, perhaps ideal, model. In some cases there will not be much overlap between the different spheres; in others the overlap may be considerable.

**Figure 5: The RAPID framework**



### Political context: politics and institutions

Research-policy links are dramatically shaped by the political context. The policy process and the production of research are in themselves political processes from start to finish. Key influencing factors include: the extent of civil and political freedoms in a country; political contestation, institutional pressures and vested interests; and the attitudes and incentives among officials, their room for manoeuvre, local history, and power relations.

In some cases the political strategies and power relations are obvious, and are tied to specific institutional pressures. Ideas circulating may be discarded by the majority of staff in an organisation if those ideas elicit disapproval from the leadership.

### Evidence: credibility and communication

Our findings and experience suggest that the quality of the research is important for policy uptake. Policy influence is affected by topical relevance and, as importantly, the operational usefulness of an idea; it helps if a new approach has been piloted and the document can clearly demonstrate the value of a new option. A critical issue affecting uptake is whether research has provided a solution to a problem. The other key set of issues here concern communication. The sources and conveyors of evidence, the way new messages are packaged (especially if they are couched in familiar terms) and targeted can all make a big difference. For example, marketing is based on the insight that people’s reaction to a new product or idea is often determined by the packaging rather than the content in and

of itself. The key message is that communication is a very demanding process and it is best to take an interactive approach. Continuous interaction leads to greater chances of successful communication than a simple or linear approach.

### **Links: influence and legitimacy**

Third, our work emphasises the importance of links; of communities, networks and intermediaries (for example, the media and campaigning groups) in affecting policy change. Some of the current literature focuses explicitly on various types of networks, such as policy communities, epistemic communities, and advocacy coalitions. While systematic understanding remains limited, issues of trust, legitimacy, openness and the formalisation of networks have emerged as important. Existing theory stresses the role of translators and communicators. It seems that there is often an under-appreciation of the extent and ways that intermediary organisations and networks impact on formal policy guidance documents, which in turn influence officials.

### **External influences**

Finally, a synthesis of the RAPID experience emphasises the impact of external forces and donors actions on research-policy interactions. While many questions remain, key issues here include the impact of international politics and processes, as well as the impact of general donor policies and specific research-funding instruments. Broad incentives, such as EU Accession or the Poverty Reduction Strategy Paper (PRSP) process, can have a substantial impact on the demand for research by policy makers. Trends towards democratisation and liberalisation and donor support for civil society are also having an impact. Much of the research on development issues is undertaken in the North, raising concerns of relevance and beneficiaries' access to the findings. A substantial amount of research in the poorest countries is funded by international donors, which also raises a range of issues around ownership, whose priorities, use of external consultants and perceived legitimacy. As policy processes become increasingly global, this arena will increase in importance.

For a synthesis of the main conclusions of recent ODI work in this area, see the RAPID Briefing Paper available at: [http://www.odi.org.uk/RAPID/Publications/Documents/rapid\\_bp1\\_web.pdf](http://www.odi.org.uk/RAPID/Publications/Documents/rapid_bp1_web.pdf).



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