

# Opportunities and constraints for growth of smallholder dairy value chains in the Philippines

## Key details

### Location

Philippines

### Duration

**Start** Oct 2024

**End** Sep 2026

### Budget

AUD 499,940

### Commissioned organisation

Central Queensland University

### Partners

NSW Department of Primary Industries and  
Regional Development; PCAARRD

### Project leader

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### ACIAR Research Program Manager

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### Program

Agribusiness

### Project code

AGB/2023/192

## Research need

**This small research activity aims to evaluate the opportunities and constraints for growth of smallholder dairy value chains in the Philippines.**

The Philippines Government has placed a high priority on dairy industry development and increasing domestic milk production. To date domestic production represents only 1.3% of the national requirements and there is an opportunity to grow domestic milk production to meet industry and consumer requirements through a more productive smallholder dairy sector. However, there has been limited research to date to evaluate the opportunities and constraints of smallholder dairy value chains to enable identifying potential ways to support growth.

Farm level constraints within the Philippines smallholder dairy sector include enterprise scale and lack of business profitability. Contributing factors to these constraints are low productivity as a result of farm practices related to agronomy, herd nutrition, animal husbandry, reproductive performance and milk harvesting, quality and hygiene.

Post farm gate, the lack of cold chain infrastructure, milk quality and safety, and access to competitively priced imported dairy ingredients and finished products have all been impediments to industry development.

The broader policy environment also impacts on the growth of the sector and the ability of smallholder



farmers to participate and grow. Policies related to land tenure, land reform, heifer importation with distribution to new dairy farmers to build herd numbers, and labelling requirements of fresh milk products are particularly important.

Understanding smallholder dairy systems, the diversity across the Philippines and factors that will improve ongoing market engagement are crucial first steps to enable sustainable change in these complex systems.

An evaluation of the sector will help to identify value chains that engage with smallholder production, what barriers exist for greater participation by smallholder dairy farmers and the information and incentives needed to drive and sustain on-farm practice changes.

To support smallholder dairy development in the Philippines there is a need to better understand the policies, value chain arrangements and coordination, including the role of milk cooperatives.

## **Project objectives**

- Understand and evaluate the role of policies, institutes and markets which influence dairy smallholder development in the Philippines.
- Identify and pilot farm-level interventions which utilise the services of cooperatives to better support smallholder dairy to increase farm profitability.



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