



MILKING THE FUTURE: UNLOCKING SRI LANKA'S DAIRY POTENTIAL

DAIRY KNOWLEDGE SHARING EVENT



MAY 20, 2025

DEVPRO GUARANTEE LIMITED

NO: 3 Elfindale Ave, Colombo 4



Hotel Radisson, Colombo 04

Executive Summary

DevPro Guarantee Limited (DevPro) is an independent, not-for-profit organization with a vision of “A just world where development is in service of equality.” Founded on the legacy of Oxfam in Sri Lanka, DevPro’s work spans inclusive economic development across sectors such as agriculture, climate resilience, WASH, education, and enterprise development.

DevPro convened a high-level national event titled “**Milking the Future: Unlocking Sri Lanka’s Dairy Potential**” on 20th May 2025 in Colombo, as part of its **Resilient and Gender Inclusive Enterprise System (RIES)** project. The event served as a national-level platform to promote knowledge exchange, showcase evidence-based interventions, and foster a policy dialogue to enhance the sustainability and inclusivity of Sri Lanka’s dairy sector.

The event was part of the knowledge capitalization efforts of the **Resilient and Gender Inclusive Enterprise System (RIES)** project, implemented by DevPro with the aim of strengthening micro, small, and medium enterprises (MSMEs), especially women-led enterprises, across key agricultural value chains including dairy. Since its inception, the RIES project has reached over 7000 farmers, 500+ value chain actors, and 683 MSMEs, with a focus on increasing income, improving profitability, and enhancing climate resilience.

The Knowledge Sharing Event was designed around the following core objectives:

- To share successes, lessons learned, and impacts from 2017 to 2025.
- To explore opportunities for scaling and replicating the proven models beyond the project districts.
- To engage a broader set of stakeholders to foster an inclusive and coordinated ecosystem for dairy sector development.
- To discuss pathways for institutionalizing effective models into the public and private sector systems.
- To reinforce gender equity and climate-smart practices as foundational pillars for dairy development.

Annex 01: Agenda of the Event

The event brought together over 80 key stakeholders representing senior officials from the Ministry of Agriculture and Department of Animal Production and Health (DAPH), academic experts from Uva Wellassa University and University of Peradeniya, representatives of milk producer companies, RIES project beneficiaries, private sector leaders, and other development partners.

Annex 02: List of Participants

A major component of the event was the **Technical Session**, which included four presentations based on DevPro’s ground-level work across the Uva, Central, and Eastern Provinces. These sessions provided rich evidence of the effectiveness of different models piloted by the RIES project:

1. **Drought Resilient Dairy Farming** – A Case Study from Monaragala, by *Dr. Deshani Mudannayake, Senior Lecturer, Faculty of Animal Science, Uva Wellassa University. (Annex 03: DRDF Manual)*
2. Use of **Dairy Leader Farmers (LF)** to Bridge the Knowledge Gap Among Smallholder Dairy Farmers by *Dr. Nimal Chandrasiri, Consultant. (Annex 04: LF Consultancy Final Report)*
3. Promoting **Private Breeder Farmers** as a Solution to Increase the Supply of Dairy Animals, by *Dr. Nimal Chandrasiri, Consultant. (Annex 05: Breeder Farmers Consultancy Final Report)*

4. **Code of Conduct for Ethical Milk Marketing**, by Dr. Nishani Abeysinghe, Senior Lecturer, Faculty of Animal Science, Uva Wellassa University. (Annex 06: Code of Conduct)

One of the event's key features was the panel discussion titled **"Challenges and the Way Forward for Sri Lanka's Dairy Sector"**. The panel included:

- Dr. Nimal Chandrasiri, BVSc, M.S., Ph.D. in Animal Breeding – Former Director General of DAPH and Head of Animal Breeding Division.
- Prof. Anil Pushpakumara, BVSc., M.Sc., Ph.D. – Senior Lecturer, Faculty of Veterinary Medicine and Animal Science, and specialist in Large Animal Medicine.
- Dr. B.M.M. Ekanayaka, BVSc. – Additional Director General, DAPH.
- Mr. Sarath Bandara, Diploma in Agriculture – General Manager, Ambewela Livestock Pvt. Ltd. and Pattipola Livestock Pvt. Ltd.

The discussion was moderated by Dr. Sam Daniel, BVSc., M.Sc., M.A. – Former Additional Secretary (Livestock) at the Ministry of Agriculture and a former Consultant to the World Food Programme (WFP). A large and diverse audience, including development organizations, milk producer groups, field officers, and beneficiaries of the RIES project, actively participated in the open dialogue.

Key themes that emerged from the discussion included:

1. The shortage of technical personnel within government veterinary and extension services, and the need to explore public-private partnerships for service delivery.
2. The successes and scalability of the LF model as a cost-effective and community-rooted approach to dairy extension.
3. The importance of improving breeding services and removing bottlenecks in artificial insemination (AI) delivery by empowering private sector actors.
4. The need for institutional reform and policy support to ensure the continuity and sustainability of grassroots innovations.
5. Recommendations for ethical milk procurement practices, promotion of mega dairy farms as technology hubs, and the certification of private breeder farms to ensure access to quality dairy animals.

The event validated the need for institutionalizing participatory models, such as the LF approach, and decentralizing extension and AI services to increase outreach and efficiency, especially in remote and underserved areas and served as a call to action for policymakers to recognize and act on the valuable lessons generated through the RIES project. The knowledge shared, relationships fostered, and solutions proposed at the event are expected to contribute to the national dialogue on dairy development and influence future strategies aimed at unlocking Sri Lanka's full dairy potential in an inclusive and sustainable manner. Participants emphasized the urgency of scaling successful models across districts and formalizing best practices through institutional mechanisms.

The event concluded with a collective agreement on key policy and operational recommendations that should be prioritized to unlock the full potential of Sri Lanka's dairy sector. These recommendations are below.

Recommendations

1. A New Approach to Technology Dissemination for Dairy Development

Sri Lanka's dairy sector is predominantly supported by smallholder farmers, many of whom lack access to high-yielding milch animals and the necessary skills for modern dairy management. Effective dissemination of improved technologies and practices is vital to enhance productivity and year-round milk supply. This requires a coordinated extension model tailored to local needs.

- **Assign the responsibility of extension services, including follow-up on AI and veterinary support to milk processing companies that procure milk from farmers.**
- **In milksheds with multiple processors, encourage collaborative service delivery through a privately managed model involving LF.**
- **The DAPH should support with technical inputs (e.g., semen, liquid nitrogen) and monitor private extension providers.**
- **Provincial DAPH offices should continue to oversee disease control, feed quality, and AI monitoring while offering technical guidance to LF.**
- **Formulate a national institutional mechanism to scale this public-private extension model across all provinces.**

2. Removing Barriers to Private AI Service Delivery

The demand for AI by farmers is not restricted to Government working days and hours, and as such, it is the most practical and cost-effective way of AI delivery by private actors. Although the private AI delivery model has been adopted in Sri Lanka by DAPH since the 1970s, DAPH and the Ministry are still unable to address the root causes and systemic barriers, particularly excessive government control (on training of AI technicians, registration of AI technicians, issue of semen and other inputs to the private AI technicians), that continue to hinder its effective implementation.

- **Register private milk processing companies as authorized AI service providers under DAPH.**
- **Establish a formal scheme and monitoring mechanism for AI delivery through these companies.**
- **Reform the current regulatory framework to enable flexible, demand-responsive AI services that operate beyond traditional working hours.**

3. Incentivizing Private Veterinary Services

Veterinary services related to treatment, surgery, and obstetrics are private goods and should not be delivered by public veterinary officers during official hours. The continuation of such public involvement suppresses the emergence of a robust private veterinary service ecosystem.

- **Discontinue government veterinary surgeons' involvement in private treatment services during working hours to avoid conflicts of interest.**
- **Facilitate the outsourcing of public veterinary functions (where feasible) to veterinarians employed by private milk processing companies at agreed service rates.**

- **Initiate policies that encourage the growth of independent or milk-company-affiliated veterinary practices to serve the evolving needs of dairy farmers.**

4. Promoting Mega Dairy Farms for Technology Dissemination

Mega dairy farms, such as Ambewela and New Zealand Farms, subsidiaries of Lanka Milk Food, have demonstrated the viability of scale and innovation under local conditions. These farms now serve as training hubs (for local youth on modern dairy farm management and also for newly passed-out veterinary graduates) and suppliers of surplus improved breeding stock to the smallholder farmers.

- **National Livestock Development Board (NLDB) with its large acreage of farm lands should explore public-private partnerships (PPPs) to transform underutilized land into commercially viable mega dairy farms.**
- **Position these farms as centers for technological innovation, farmer training, R&D, and breeding stock supply for smallholder integration.**

5. Facilitating Private Breeder Farms to Expand Breeding Stock Supply

A key bottleneck in dairy sector expansion is the limited availability of high-quality breeding animals. Encouraging private breeder farms can help fill this critical gap.

- **Provide incentives for medium-scale dairy farmers to invest in establishing certified breeder farms.**
- **Prioritize regions such as the coconut triangle and dry zone for promoting these breeder farms.**
- **Enable DAPH to create a certification and monitoring system to ensure quality assurance in breeding stock sales.**

6. Establishing a Code of Conduct for Ethical Milk Production, Collection, and Marketing

Because of the low density of milk in a given milk shed/ milk collection route, there is intense competition by milk processors to increase their volumes of milk collection to defray their milk collection costs. This encourages some unscrupulous dairy farmers to adulterate their milk with various substances to increase the volumes of milk delivered. These practices threaten consumer confidence and the long-term sustainability of the local dairy industry.

- **Form an oversight mechanism involving the Food Authority, Consumer Protection Authority, Ministry of Health, and Ministry of Agriculture and Livestock to monitor milk quality.**
- **Enact legislation to enforce ethical milk production, transparent collection practices, and responsible marketing by milk processing companies.**
- **Promote consumer trust through certification and regular public reporting on compliance with milk quality standards.**