

UNITED NATIONS
ECONOMIC
AND
SOCIAL COUNCIL



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UNITED NATIONS CHILDREN'S FUND
Programme Committee

Recommendation of the Executive Director for an Allocation
ITALY
Milk Conservation

1. The Administration recommends an allocation to Italy of \$125,000 to provide equipment for a milk sterilization plant at Bari and for complementary equipment for the UNICEF-equipped milk drying plant at Frosinone. Government matching is estimated at the equivalent of U.S. \$200,000 for free milk distribution, and the Bari cooperative will invest the equivalent of \$109,000 in the required extension of the dairy.
2. The sterilization plant will be erected in the Bari Central Dairy to which UNICEF has provided machinery for two pasteurization lines, now producing safe milk for the entire city of Bari and vicinity. The sterilized milk, to be standardized at a low fat content, will be made available to the populations of the south-eastern regions of Puglia and Lucania, where the economic situation, transport problems and the climate exclude the use of pasteurized milk. Free distribution of sterilized milk from Bari is planned by the Government to at least 10,000 children for 120 days a year for 8 years, as part of its undertaking to substitute milk from national resources for present grants of surplus milk by the United States Government.
3. Complementary milk reception equipment is recommended for the Frosinone drying plant to allow the plant to operate at maximum capacity from 1957 on.
4. Since February 1949 when the Board first approved aid to Italy for a milk conservation programme, the Fund has provided a total of \$886,000 (excluding freight), for milk conservation in Italy.

/Central dairies

Central dairies

5. UNICEF equipment has been granted to 11 Central Dairies, one of which (Catania) will also operate a sterilization plant which will team up with Bari plant recommended in this document so as to cover between them the needs of much of the extreme south. To date 9 Dairies assisted by UNICEF are operating and the remaining two will be by June 1956. Four of the Central Dairies initially envisaged for UNICEF aid have been put into operation without any international assistance. Another five have also been erected by Italian efforts alone. Each of these Central Dairies processes the totality of the milk sold in the town where it is situated.

6. Free distribution of milk from UNICEF-aided plants to 84,000 children took place during the last school term. This exceeds slightly the commitment in the plan of operations. The Government's capital investment in the UNICEF-aided dairies amounted to \$312,000; in addition, it undertook long-term loans of \$2,430,000 and in the last school year spent \$372,000 for free milk distribution.

Drying plant

7. The UNICEF-equipped Government's Frosinone drying plant has been in operation for just over a year and has produced 400 tons of powder, or nearly half of its possible capacity. This milk has been entirely distributed free to 43,000 schoolchildren in the first semester of 1955, primarily in provinces where no pasteurized milk distribution took place, and to 454,000 in camps last summer. The total value of Government matching amounts to \$800,000 in capital costs and, in the first three quarters of 1955, to \$234,000 for powder issued free.

New perspectives

8. The output of Central Dairies and of the Frosinone plant destined for free feeding will be maintained in 1956 at similar levels to those of 1955. The provision by the Government of the United States to the Government of Italy of large quantities of surplus foods including surplus milk powder is making possible the feeding of 1,330,000 school and pre-school children in 1956 and 470,000 in summer camps. Italy is committed to continue the feeding programme on a similar scale when the U.S. surpluses are progressively /decreased...

decreased; it is therefore endeavouring to build up national milk resources which will eventually permit the country to meet a greater proportion of its needs out of local production.

9. A joint Advisory Committee, consisting of representatives of the Principal Italian bodies, the U.S. ICA in Italy and FAO, has been formed to guide the development of the feeding programme in its various aspects. Plans are being made to initiate a programme of education in nutrition which should be of value in encouraging the greater consumption of milk and other foods which are needed to improve the diet of children in Italy.

10. UNICEF assistance is now called for, as explained below, to provide certain of the added key processing facilities which will be required.

PROPOSED PLAN OF OPERATIONS

Bari Sterilization Plant

11. The Bari Central Dairy, owned and operated by a Cooperative ("Consortio") of which almost all the local milk producers are members, has received equipment from UNICEF for two pasteurization and bottling lines. The dairy has been one of UNICEF's most successful investments in Central Dairies in Italy. Not only have its operations proven themselves to be of a high technical standard but the impact of the dairy on production and consumption has been rapid and considerable.

12. Production and consumption: The dairy's daily output of bottled pasteurized milk has increased from 5,700 litres at the time of start-up (March 1952) to an average of 10,000 litres throughout that year, and reached 23,700 in 1955. A striking increase from 7,500 to 20,000 litres daily took place immediately after the law prohibiting the sale of unbottled milk went into effect in November 1953. The output is expected to reach the dairy's all-out capacity of 30,000 litres a day in 1956.

13. The dairy has already been obliged to curtail the delivery of milk to its collecting centres (which has created difficulties with many producers and the provincial authorities) and has been compelled to plan a cheese and casein production plant to handle flush season surplus (10 to 12,000 litres daily between March and July). This scheme will not

/allow, however,

allow, however, for the absorption of milk which is not yet moving through the dairy's marketing channels and makes no provision for the increase in production which will result from the Government's major land resettlement schemes in the region, the produce of which the Government wishes to see channelled into a regulated public market.

14. A pressing demand for bottled pasteurized milk has been maintained by consumers in neighbouring provinces, as far as Brindisi and Lecce 100 miles away. The dairy has met requests from surrounding areas to the extent which has been possible taking into account the rapid spoilage of pasteurized milk. This has amounted to 1,467,000 litres in the first 10 months of 1955. Under the proposed scheme, pasteurized bottled milk would be confined to the urban area of Bari, comprising a third of a million inhabitants, who obtain their milk from 280 refrigerated retail counters, and the consumption of which is reportedly almost entirely limited to mothers and children.

15. Proposed extension and consumption: Given a sterilization line with an hourly capacity of 3,000 litres, the dairy would absorb that much more of the milk produced and would establish an extensive distribution throughout the provinces of Puglia and Lucania. The Bari and Catania dairies would, furthermore, by mutual agreement presently under negotiation, link up their sterilized milk marketing areas so as to cover the entire south of the country, the keeping qualities of this type of milk no longer presenting any problems during transportation or storage.

16. The retail price of the milk is established by the municipality with producers'-consumers' counsel, and it is estimated that it will be sold at about 100 Lire to the public, which is amongst the lowest prices in Italy. A considerable portion of the milk will be standardized at 2 to 2.5% fat content. (Sterilized milk is exempted from legal restrictions in connexion with fat content.)

Government commitments

17. Free Distribution: Bari Dairy is presently the source of pasteurized milk distributed free to 7,300 children (1/5 litre daily for 87 days annually

/during 8 years

during 8 years). Under the expanded programme with U.S. aid, the two provinces referred to will include 127,300 children to receive supplementary feeding, including U.S. skim milk. The Government, through A.A.I.^{a/}, intends to turn to the Bari sterilization plant as one of its main suppliers and whereas the top figures of free beneficiaries cannot yet be established, the Government is prepared to commit itself to a minimum free distribution of sterilized milk to 10,000 children at 1/5 litre daily for 120 days during 8 years. This represents an expenditure of at least 130 million lire (\$200,000) spread over 8 years.

Local investment

18. The Government undertakes, on behalf of the Bari Cooperative, to provide the following:

- land (already available)
- buildings (construction started, as part of the combined sterilized milk-cheese dairy)
- steam generation and services
- refrigeration
- staff
- the required retailing organization

This represents a capital investment of some 68 million Lire (\$109,000) (covered by the members of the Cooperative and by a loan provided through A.A.I.) and annual operational plus amortization expenses amounting to 39 million Lire (U.S. \$62,400).

19. Technical training: The A.A.I. plans to send the Frosinone drying plant's chemical engineer abroad to study certain aspects of the operation of a sterilization plant, who will in turn train the personnel of the Bari and Catania dairies.

The Frosinone Drying Plant

20. At the time of the original recommendation requesting assistance in the erection of a drying plant for the Frosinone area no definite site had been decided upon. In the implementation stage the Government found that it was possible to purchase outright a collecting centre which

^{a/} The "A.A.I." (Amministrazione per le Attivita Assistenziali Italiane e Internazionali) is the Government Administration responsible for social welfare and has served as the liaison with UNICEF for all programmes since 1947.

/was used primarily

was used primarily for collecting milk and trans-shipping it without treatment to make up for seasonal deficits in the Rome area. A limited amount of cheese making was also undertaken at times of the year when local milk was not required in Rome.

21. After the purchase of this collecting centre an independent company, "SO-LAC", was formed, entirely owned by the Government (A.A.I.) in order to operate the Frosinone collecting centre and drying plant. The existing collecting centre comprised some small dilapidated buildings which have been completely rebuilt and incorporated into the new plant. Apart from a 3,000 litre/hour drying plant with its auxiliary equipment (pasteurization, clarifying, separating etc,) UNICEF has also supplied bottling equipment which allows Frosinone to act as a Central Dairy in supplying liquid pasteurized milk in bottles to the town of Frosinone itself.

22. The installation at Frosinone therefore fulfills a three-fold purpose. Firstly, it manufactures milk powder, the bulk of which is subsequently purchased by A.A.I. for use in child feeding programmes. Secondly, bottled milk is to be supplied shortly from the dairy to the town of Frosinone, where the population has never before been in a position to purchase hygienic supplies of milk. Thirdly, Frosinone supplies milk in liquid form to other areas of the country where supplies to dairies in these areas are subject to seasonal deficiencies.

23. In developing the original building to undertake a wider range of duties than originally envisaged certain site limitations precluded an ideal arrangement of the milk reception facilities. These site limitations were at the time unsurmountable, but since this time land has become available for purchase that will enable a reorganization of the reception area to take place. At the present moment there is a real limitation in milk reception which will ultimately affect the maximum capacity at which the plant could be operated. In order to overcome this limitation it is planned to install a modern receiving system which will greatly facilitate the whole reception operation and enable the dairy to ensure that all the milk available is handled in a comparatively short time, thereby reducing spoilage and making more milk available for the operation of the plant.

UNICEF commitments

24.	UNICEF would provide the following:	
	a) <u>For Bari, Central Dairy</u>	US \$
	1 milk sterilizing plant (capacity 3,000 litre/hour)	85,000
	b) <u>For Frosinone Dry Milk Plant</u>	
	Reception equipment, including plate cooler and clarifier))
	Laboratory equipment))
		23,000
	c) <u>Contingencies</u>	<u>5,000</u>
	Total equipment	\$113,000
	d) <u>Freight</u>	<u>12,000</u>
	Total recommended allocation	\$125,000