



Dairy Sector Investment Opportunity in Kenya



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The ARISE IIP Kenya platform is anchored by a secured portfolio of industrial zones across Kenya's key economic corridors — including Vipingo Special Economic Zone on the northern coast, the port-adjacent Coast Integrated Industrial Park (CIIP) SEZ in Mombasa, Great Rift Industrial Park (GRIP) SEZ in the geothermal-rich Rift Valley, and the fiber-to-fashion Rivatex SEZ in Eldoret, western Kenya. Each zone plays a distinct role within the national industrial platform, enabling manufacturing, processing, and export activity to be deployed where location, infrastructure, and energy advantages perform best.

By aligning a secured multi-zone industrial portfolio under common standards, sector logic, and investor pathways, ARISE IIP Kenya delivers a single, coordinated industrial platform enabling investors to enter with clarity, operate with certainty, and scale across locations without restarting the investment journey.

The ARISE IIP Kenya industrial platform is not a collection of zones.

It is Kenya's industrial advantage system — designed for delivery.

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From National Ambition to Industrial Performance.



Acknowledgements



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Ministry of Agriculture and
Livestock Development

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- State Department for Livestock Development (SDLD)
- Kenya Dairy Board (KDB)
- National Environment Management Authority (NEMA)

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National Environment
Management Authority





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Global Dairy Market Growth

The global dairy market is undergoing robust and sustained expansion. Valued at **\$991.5Bn in 2024**, the market is projected to surpass **\$1.5Tn by 2033**, growing at a CAGR of **4.75%**. This growth is powered by rising urbanization, increasing nutritional awareness, and technology-driven productivity gains across the value chain. Global milk production reached **965.7Mn tonnes in 2023**, with total dairy product exports valued at approximately **\$107Bn**.



\$992Bn

2024 Market Value

Global dairy market valuation in US dollars



\$1,5Tn

2033 Projection

Expected market value exceeding this figure



\$107Bn

Export Value

Total value of dairy product exports globally

Source: OECD-FAO Agricultural Outlook 2024-2033.

Global Dairy Trade Dynamics

Global dairy trade is expected to grow by 12% by 2034, reaching 13.8 Mn tonnes. The United States, European Union, and New Zealand will drive most of this growth, together projected to account for the majority of global exports

- 64% of cheese exports
- 69% of whole milk powder (WMP)
- 73% of butter
- 78% of skim milk powder (SMP)

Argentina is expected to contribute 6% of global WMP exports by 2034, while Australia remains a notable exporter despite declining market share



Kenya's Dairy Sector Significance



Economic Impact

The dairy industry accounts for 14% of Kenya's agricultural GDP, equaling about 4% of total GDP



Production Dominance

Cow milk accounts for approximately 79% of total milk production in the country

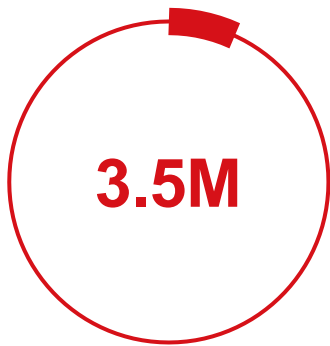


Value Chain Benefits

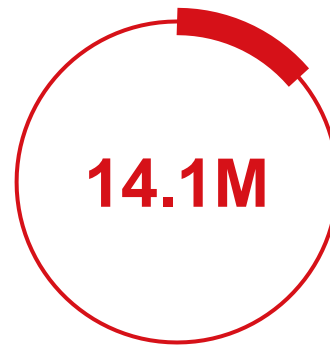
Essential for increasing farmer incomes and creating jobs in logistics and value addition

Kenya's Dairy Production Capacity

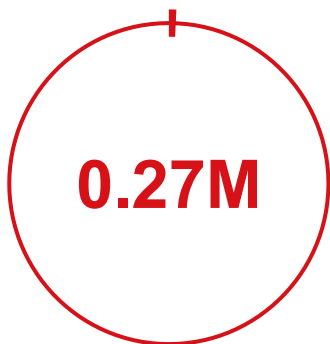
Kenya is one of the largest producers of dairy products in Sub-Saharan Africa, with an impressive livestock base supporting the industry. Total milk production in the sector is estimated at 5.76 billion liters, growing at 5% per year, representing a significant contribution to food security and rural incomes



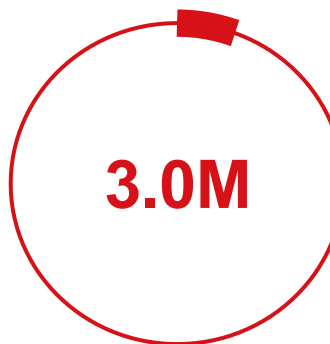
Improved Dairy Cattle
High-yielding breeds for commercial production



Indigenous Cattle
Traditional breeds supporting rural livelihoods



Dairy Goats
Alternative milk source for smallholders



Dairy Camels
Adapted to arid and semi-arid regions

Source: National Agriculture Production Report, 2025

Key Raw Materials and Resources

Kenya's rich endowment of natural resources, livestock, and feedstock provides a solid raw material base for both domestic dairy consumption and industrial processing.



Large Dairy Herd

One of the largest in sub-Saharan Africa with high-yielding breeds. Smallholder farmers contribute over 80% of milk production.



Abundant Feed Resources

Pastureland in high rainfall areas, crop residues, and agro-industrial by-products widely available as feed supplements.



Favorable Climate

Moderate temperatures and reliable rainfall in key dairy zones create ideal year-round conditions for dairy farming



Genetic Resources

Availability of improved dairy breeds and ongoing investment in artificial insemination services to improve yields.

Employment and Livelihoods

Direct Impact

The dairy sector supports livelihood to an estimated **1.8 Mn smallholder households**, employing approximately **750,000 persons directly** and **500,000 indirectly**

Diverse Production Systems



Intensive Systems

High-input commercial operations with improved breeds and controlled environments



Semi-Intensive

Balanced approach combining grazing with supplementary feeding and shelter



Open Grazing

Traditional extensive systems relying primarily on natural pastures

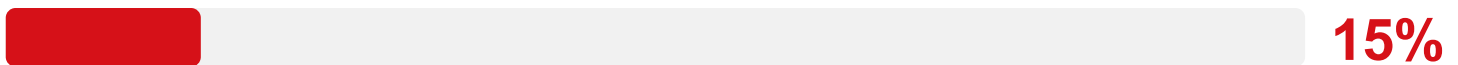
The sector includes smallholder and large-scale producers, various milk animal species (cattle, camels, goats), and both formal and informal market segments with a developing value chain

2024 Milk Production Overview



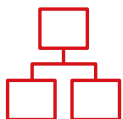
Cow Milk Share

Percentage of total milk production from cattle



Formal Sector

Portion handled by regulated processors



Informal Sector

Processed and consumed through informal channels

In 2024, Kenya's total milk production reached an estimated **5.76 billion liters** (approximately 13.1 billion pounds). The informal segment primarily involves the sale of raw milk directly to consumers or on-farm consumption.

Source: Kenya Ministry of Agriculture and Livestock Development; FAS Nairobi estimates

Dairy Product Portfolio

Kenya's dairy industry produces a variety of processed products, mainly through formal processors. While most milk is sold fresh or consumed at home, value-added dairy products are gaining popularity due to urban demand and shifting consumer preferences

Product	2019	2020	2021	2022	2023	2024*
Liquid milk and cream, 000' MT 	504.4	471.6	526	487.8	572.1	908.4*
Cheese, MT 	336.6	174.6	174.6	174.6	102.7	72.5
Butter and ghee, MT 	1117.1	1055.6	1149.9	817.9	1101.9	1,000

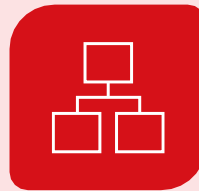
Formal vs. Informal Sectors



Formal Sector

Consists of regulated entities handling collection, processing, and distribution through licensed channels, ensuring compliance with safety and quality standards set by the Kenya Dairy Board (KDB)

- Dairy cooperatives connecting farmers to formal markets
- Regulatory oversight by Kenya Dairy Board
- Quality, safety, and hygiene standards compliance

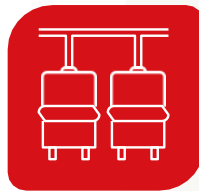


Informal Sector

Accounts for an estimated 85% of milk consumed in Kenya, operating outside the formal regulatory framework

- Small-scale milk traders and vendors
- Local milk bars and hawkers
- Direct farmer-to-consumer sales
- Minimal regulation and oversight

Processing Infrastructure



Major Processors **1**

32 active processors with capacity of 3.75 Mn liters per day, absorbing 83% of production in 2023



Small Processors **2**

186 small processors handling the remaining 17% of the 835 thousand metric tons delivered



Cooperative Network **3**

770 dairy cooperatives linking smallholder and large-scale farmers to the formal market

Major Dairy Companies in Kenya



New KCC

State-owned cooperative entity with long history, producing milk, powdered milk, butter, cheese, flavored milk



Daima

Part of Sameer Group, producing fresh milk, yogurt, juices under the Daima brand



Githunguri Dairy

Cooperative with strong rural linkages producing milk and value-added products under Fresha brand



Brookside Dairy Ltd

Kenya's largest milk processor producing fresh & UHT milk, yogurt, butter, cheese. Brands include Ilara, Tuzo, Molo Milk, Delamere

Regional Processors and Cooperatives

Meru Dairy Co-operative Union



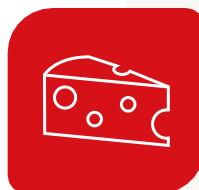
Farmer cooperative based in Mount Kenya region serving local and regional markets with processed milk products

Kinangop Dairy Ltd



Medium-size processor located in Ol Kalou/ Kinangop region producing fresh milk, yogurt and related dairy goods

Bahati Dairies



Based in Nakuru, specializing in niche products including yogurt, maziwa lala, and mozzarella cheese

Pricing Regulations

The government – through the Kenya Dairy Board – has instituted minimum farm gate and processor payout prices under the Dairy Industry (Pricing of Dairy Produce) Regulations, 2021. These regulations ensure that over 1.8 Mn smallholder farmers receive fair compensation while discouraging exploitative pricing

Nature of Dairy Produce	Minimum Price to Cooperatives (Kshs/kg)	Minimum Direct Sale Price (Kshs/kg)
Unchilled milk	34	33
Chilled raw milk	36	35
Pasteurized milk	38	37

Source: Kenya Dairy Board

Market Pricing Dynamics



Farm-Gate Price

Averaged \$0.39 per kilogram, above New KCC support price



Retail Price

Averaged \$0.89 per kilogram according to Kenya Dairy Board Report 2024



Processed Products

Milk powder: \$9-15/kg;
Infant formula: \$22-\$35 depending on brand

Milk prices vary widely depending on quality, quantity, buyer type, distance to processors, and distribution method

Source: Kenya Ministry of Agriculture and Livestock Development, USDA: Overview of the Kenya Dairy Industry (2024)

Regional and International Trade

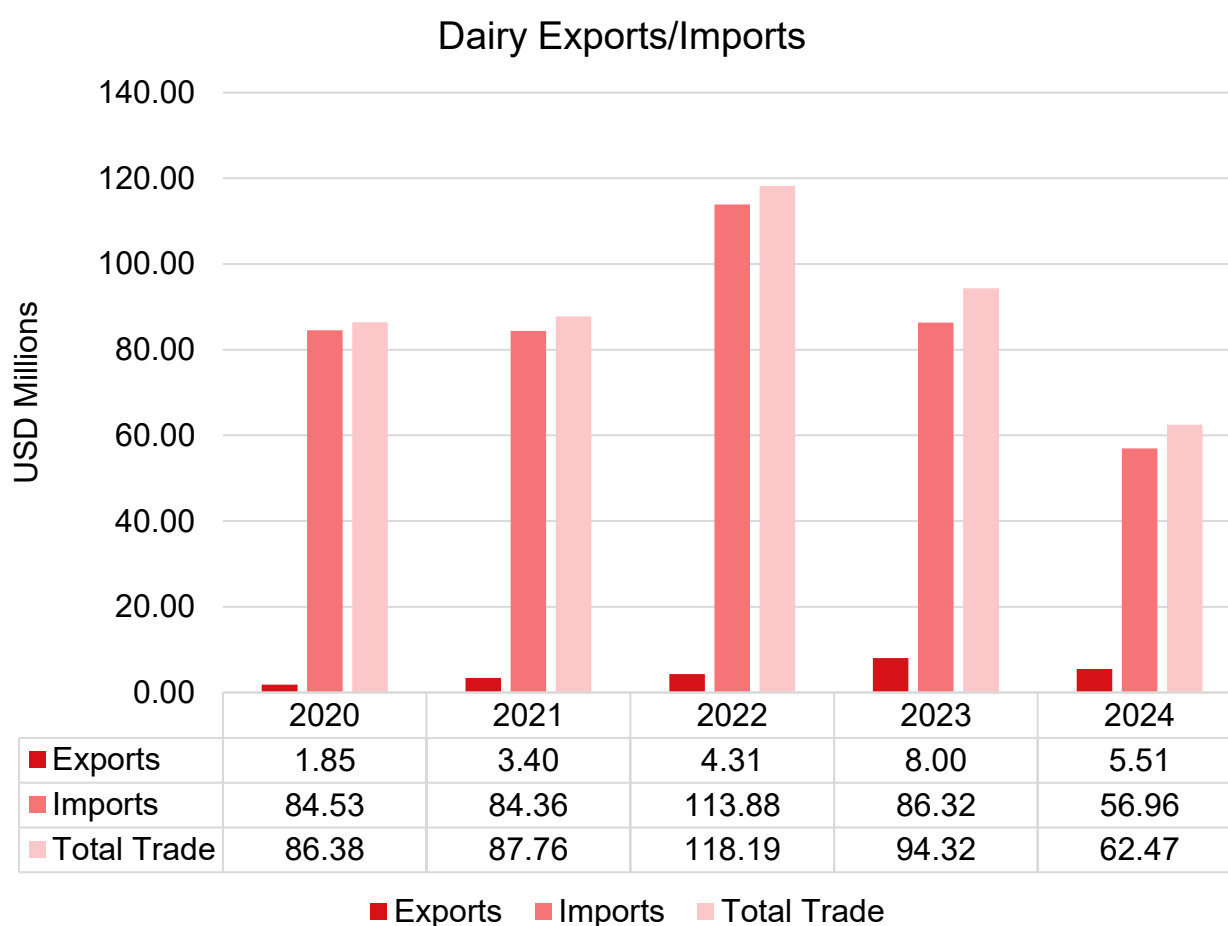
While Kenya's domestic market remains the largest consumer, both regional and international trade are playing an increasingly significant role. The country exports processed milk, milk powder, yoghurt, and cheese primarily to neighboring markets

Key Export Destinations

- Uganda
- Tanzania
- South Sudan
- Democratic Republic of Congo

Trends in Kenya's Dairy Products Export and Import Market

The dairy subsector recorded improved performance in 2024, with the value of marketed milk increasing by 17.4% to KSh 60Bn, driven by a rise in milk deliveries from 810.8 Mn litres to 908.4 Mn litres.



Kenya's dairy exports declined from USD 8Mn in 2023 to USD 5.5Mn in 2025, a decrease of 31.3%, while imports also fell by 34% from USD 86.3Mn to USD 57Mn. Kenya's share in global dairy exports remains negligible, ranking 107th worldwide.

Source: ITC, 2025

Import Product Categories

Imports of dairy products show distinct patterns across different categories, with milk and cream experiencing the most significant decline.



1.

Milk & Cream

Declined from \$96.8Mn (2019) to \$46.8Mn (2023)



2.

Skim Milk Powder

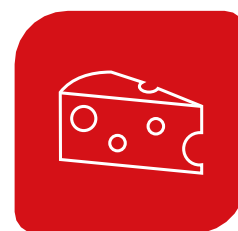
Fluctuated sharply, peaking at \$52Mn (2022) before declining to \$31.9Mn (2023)



3.

Whole Milk Powder

Showed volatility, rising to \$7.4Mn (2022) then dropping to \$4.2Mn (2023)



4.

Cheese & Butter

Remained relatively low and stable with minor year-to-year variations

Trade Monitor LLC. (2024). Overview of the Kenya Dairy Industry – Nairobi, Kenya (Report KE2024-0013)

Top Import Sources 2024

Uganda remains Kenya's dominant dairy import source, though imports fell 33% to **\$40.6M in 2024** – driven by import permit restrictions, rising prices, and Kenya's own formalization success. Meanwhile Kenya's dairy exports grew **828.9%** between 2020–2024 – one of the fastest export growth rates globally.



\$40.6M

Uganda
(65.9%)



\$8M

Netherlands
(12.99%)



\$7M

Belgium
(11.36%)



\$6M

Ireland
(9.74%)

Other smaller volumes came from Germany (\$0.5M), Denmark (\$0.5M), and Egypt (\$0.2M).

Source: USDA FAS Agricultural Trade in Kenya Report KE2025-0016

Dairy Value Chain Overview

1. Production



Dairy farming and raw milk production from various animal species

2. Collection & Chilling



Milk collection, quality testing, and temperature control

3. Processing and Manufacturing



Pasteurization, homogenization, and product manufacturing

4. Distribution



Transport to wholesalers, retailers, and consumers

1. Production

Animal Husbandry

Involves raising dairy animals like cows and managing their lactation cycles to produce raw milk efficiently. This foundational stage determines the quality and quantity of milk entering the value chain.



Milking Operations

Milk is collected from animals using manual or automated methods, with increasing adoption of mechanized systems to improve efficiency and hygiene standards.



2. Collection and Chilling



Collection

Raw milk collected from farms by farmers, cooperatives, or self-help groups



Chilling & Transportation

Milk chilled to preserve quality and transported to processing facilities



Quality Testing

Upon arrival, milk tested for quality and safety to ensure it meets standards

3. Processing and Manufacturing



Pasteurization

Milk heated to kill harmful bacteria and extend shelf life



Homogenization

Fat globules broken down for smooth, consistent texture



Separation

Milk separated into cream and skim milk using centrifuges



Value Addition

Further processing into yogurt, butter, cheese, and milk powder



Packaging

Products filled into bottles, cartons, or sachets and sealed

Why Invest in Kenya's Dairy Sector?



Large Growing Herd

Over 5 Mn dairy cattle, one of the largest in Sub-Saharan Africa



High Local Demand

110+ liters per person annually, among highest in Africa



Favorable Climate

Temperate highlands ideal for year-round production



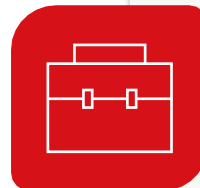
Government Support

Priority sector under Agricultural Transformation Strategy



Value Addition Potential

Significant portion still sold raw or unprocessed



Job Creation

Supports 1.8M+ smallholder farmers with direct social impact

Ecosystem Players



Government & Regulators

Policy development, subsidies, regulation enforcement, and trade facilitation through various ministries and boards



Financial Institutions

Provide capital, credit, risk mitigation, and financial services to farmers and dairy businesses



Research Institutions

R&D in animal genetics, feed efficiency, dairy technology, and sustainability



Technology Providers

Innovations in herd management, milk quality monitoring, supply chain efficiency, and traceability



NGOs & Development

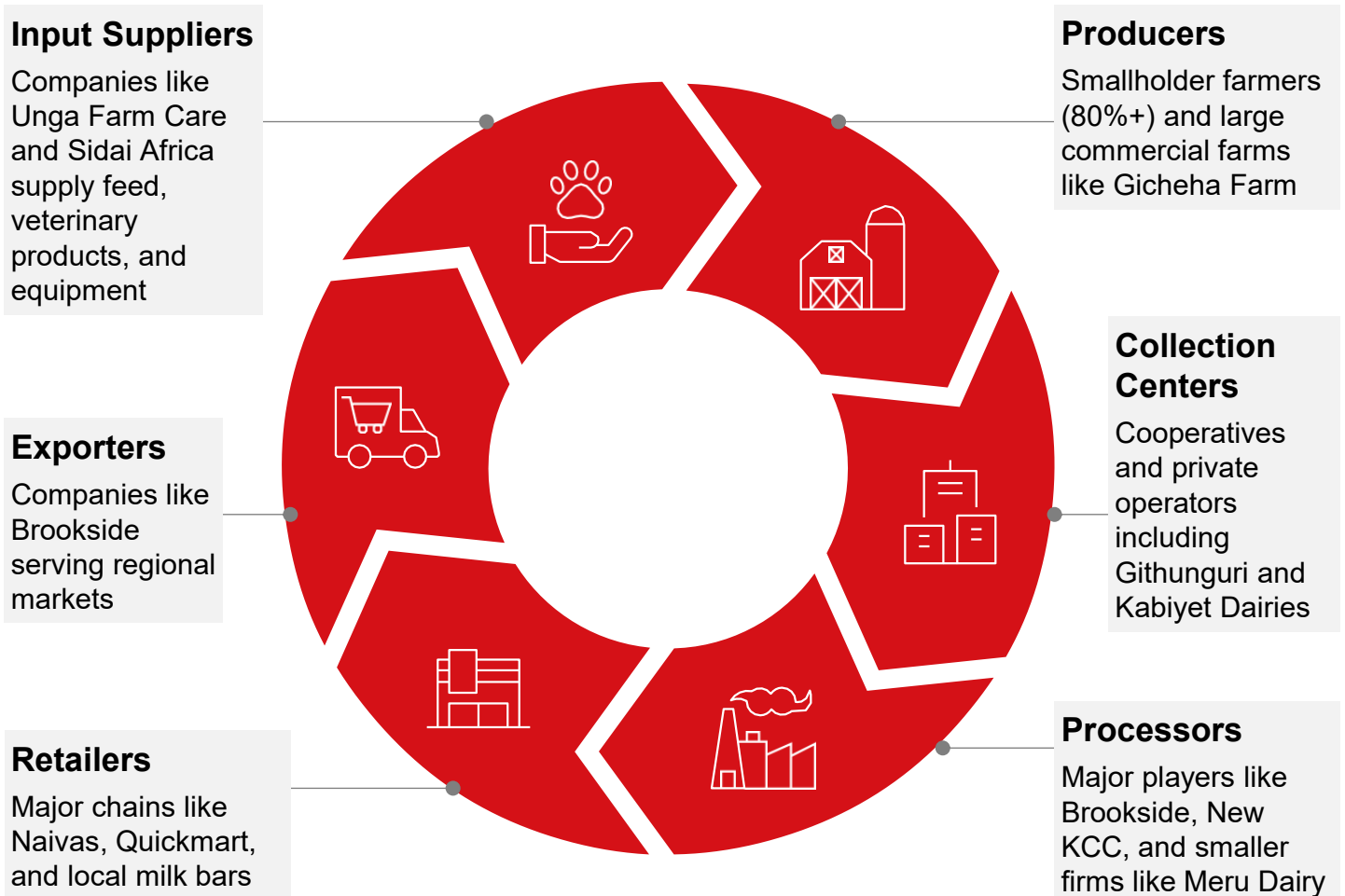
Capacity building, training, rural empowerment, gender inclusion, and market access



Cooperatives

Aggregate production, improve bargaining power, manage milk collection, ensure farmer welfare

Business Landscape



Export and Innovation Opportunities

Emerging Export Markets



Kenya has strategic access to regional markets (EAC, COMESA), with growing demand for dairy across Africa. With the right standards, Kenyan dairy products can penetrate new markets and drive export revenue growth.

Technology Adoption



Increasing use of technology in dairy – from digital milk collection platforms and AI-assisted veterinary services to precision feeding and cold chain innovations – making the sector ripe for modern investment models.

Investment Opportunities Across the Value Chain



Input Supply & Genetics

Improved breeding, AI services, quality feed production, veterinary services. Foundational to raising productivity per cow



Production & Farming

Commercial farms, climate-smart dairy farming, farm management services. Supply gap is large with low productivity in informal farms.



Collection & Cooling

Milk cooling infrastructure, cold chain transport, improved storage networks. Big causes of loss currently affecting quality and income



Processing & Value-Addition

Establishing processing plants, specialty products, packaging innovation. Latent capacity with higher margins for value-added products.



Market Development

Formalization support, distribution networks, export market development. Large informal sector can unlock better prices and reduce losses.

Kenya's Dairy Sector Awaits Your Investment

With the right investments in infrastructure, technology, and farmer support, Kenya is well-positioned to expand its dairy sector and compete regionally. The interconnected ecosystem highlights strong potential for economic growth, employment, and sustainable returns.

- Strong fundamentals with 5.76 billion liters annual production






- Government support through Agricultural Transformation Strategy

- Multiple entry points across the entire value chain

- Growing regional and international market access

Kenya offers multiple public SEZs, EPZs and industrial parks

Example parks¹

	<p>Konza Technopolis Machakos 5,000 acres</p>	<p>Borders 3 counties (Makueni, Machakos and Kajiado) 60 KM from Nairobi</p>
	<p>Dongo Kundu SEZ Mombasa 3,000 acres</p>	<p>Adjacent to the Mombasa Port in Likoni</p>
	<p>Naivasha SEZ Naivasha 1,000 acres</p>	<p>Located in Maai Mahiu along the Nairobi-Naivasha SGR line Competitive power tariffs Planned 5,000 acre expansion</p>
	<p>Olkaria SEZ Nakuru 8,292 acres</p>	<p>Leverages geothermal power and hosts KenGen's Green Energy Park</p>
	<p>Riwa SEZ Homa Bay 530 acres</p>	<p>13 KM from the CBD 8 industrial, sector-based zones planned</p>

18,000 acres of public SEZ and industrial park land
47 CAIPs in development

1. At different stages of development (e.g., Konza Technopolis is operational, Dongo and Naivasha are under construction)

Source: SEZA, EPZA

Private SEZs and industrial parks are also available in Kenya

Example parks¹

<p>1</p>	<p>Vipingo SEZ Kilifi 2,000 acres</p>		<p>Plug-and-play industrial park in Kilifi County focused on green energy solutions</p>
<p>2</p>	<p>Two Rivers Financial Center Nairobi 64 acres</p>		<p>Access to international markets for global, regional, and Kenyan service-oriented business enterprises</p>
<p>3</p>	<p>Tatu City Kiambu 5,000 acres</p>		<p>Mixed-use special economic zone</p>
<p>4</p>	<p>Northlands SEZ Kiambu 528 acres</p>		<p>Private SEZ located in Ruiru, Kiambu County</p>
<p>5</p>	<p>Infinity IP Nairobi 200 acres</p>		<p>Private IP for SMEs located 10 km from Jomo Kenyatta International Airport and 20 km from Nairobi's City Center</p>
<p>6</p>	<p>Mount Kipipiri Golf and Resort Nyandarua 1.478 acres</p>		<p>Megaproject in Kipipiri, Nyandarua</p>

Source: SEZA, EPZA


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Meet our sector expert...

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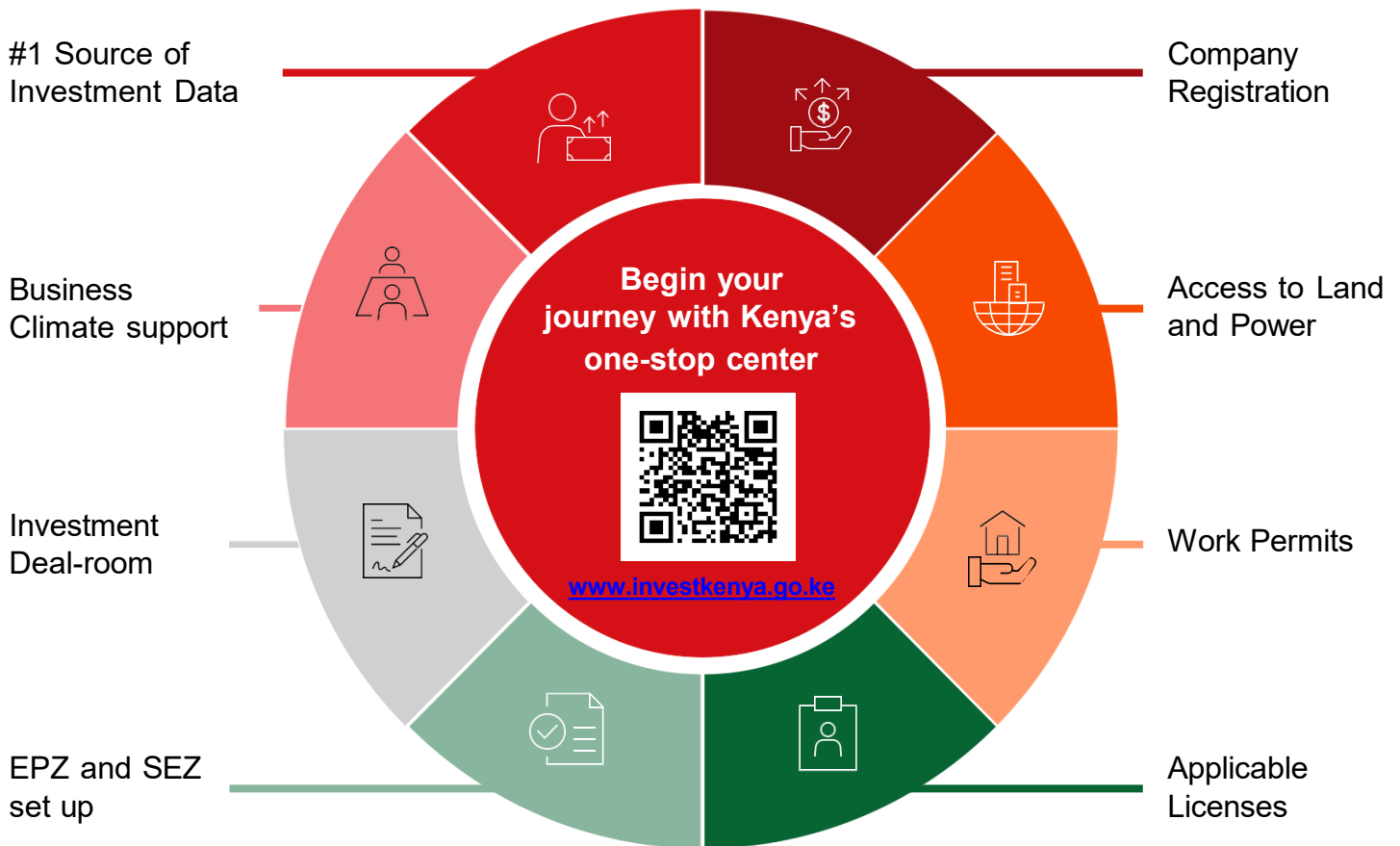
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