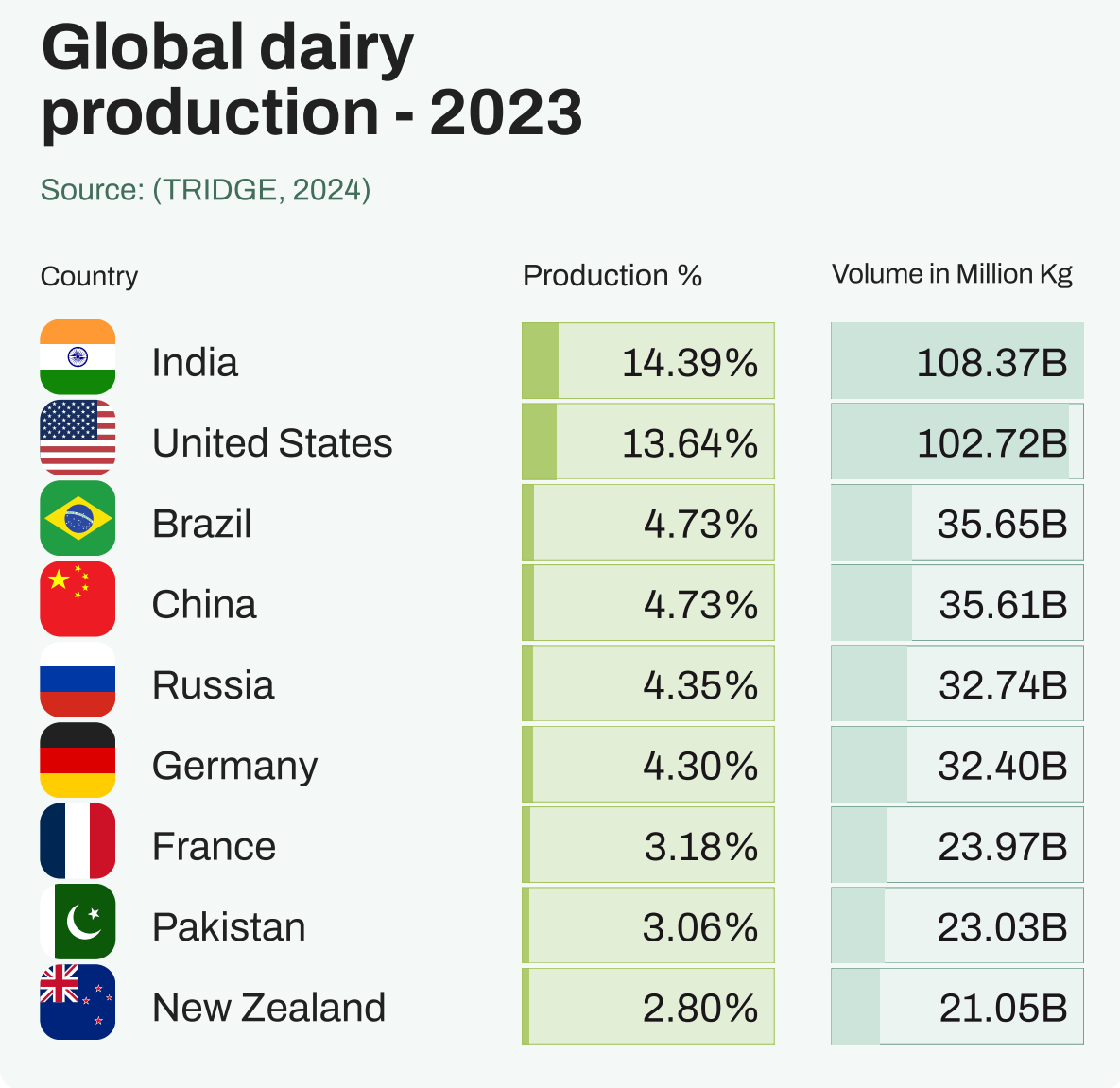




Overview

Dairy production is a key component of the livestock sector generating and **estimated 14% of the agricultural GDP and appx 4% of Kenya GDP.**

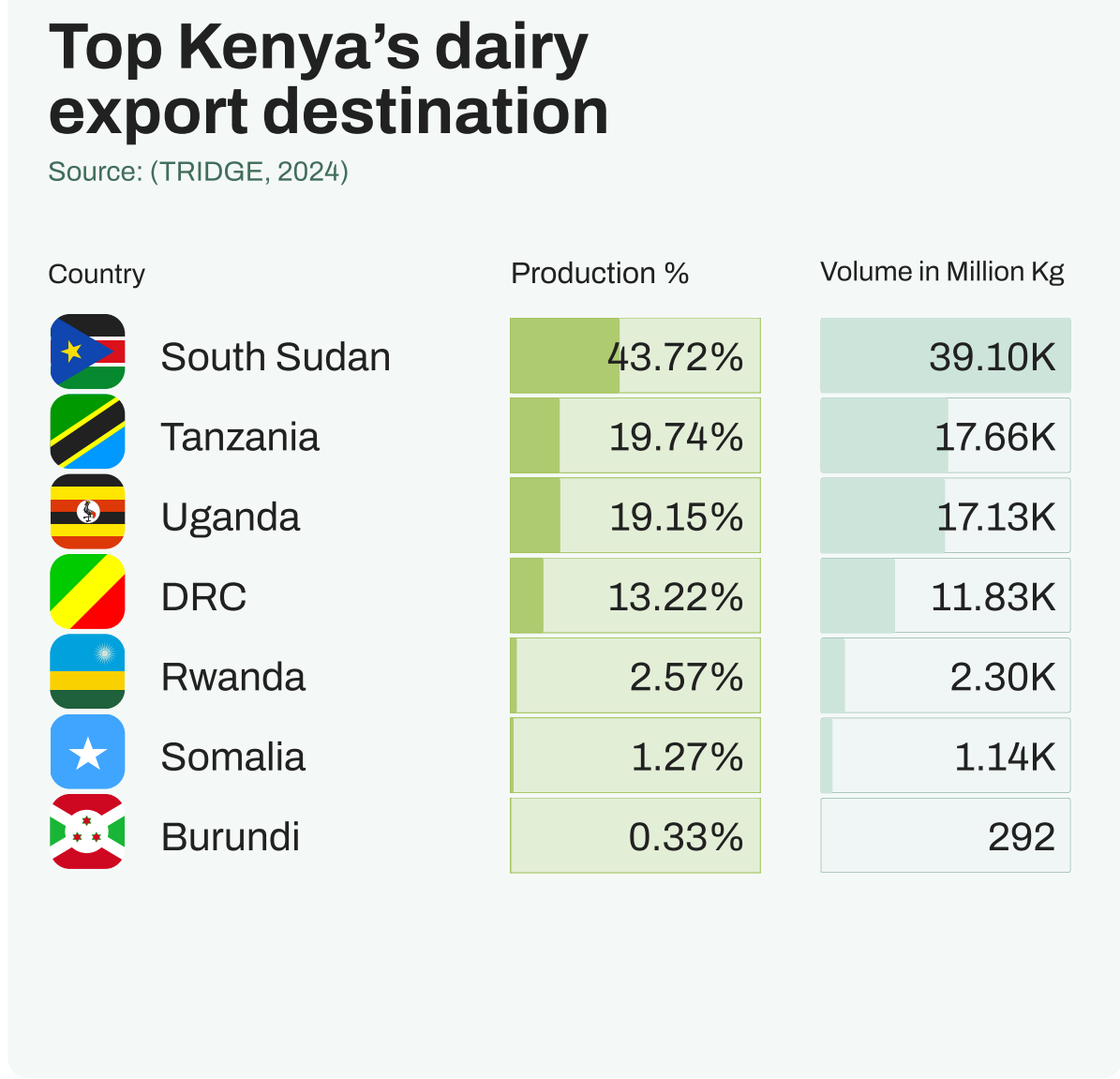
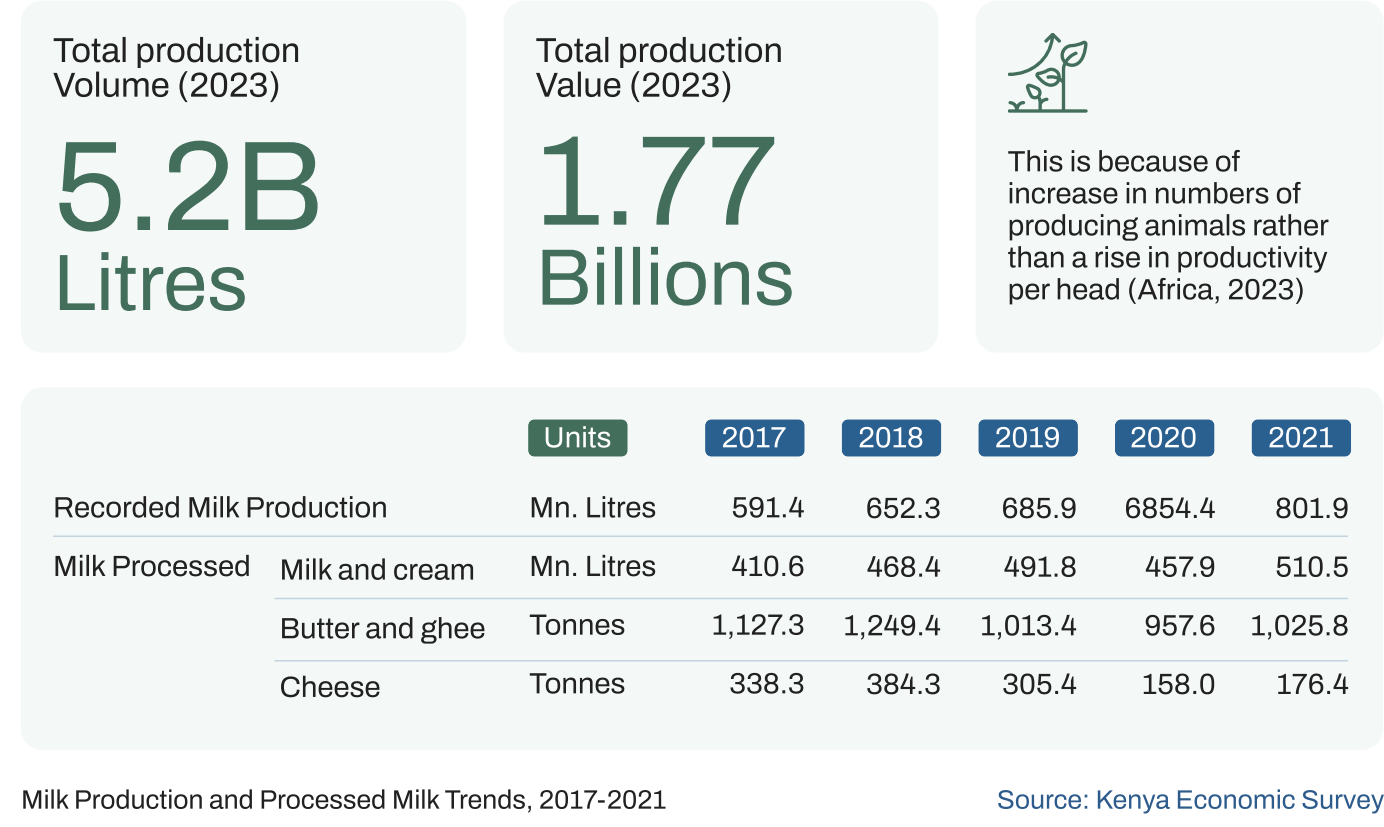
As a source of livelihood, the dairy industry supports smallholder dairy farmers summing up to 1.8 million and provides 1.2 million direct and indirect jobs.

Main players

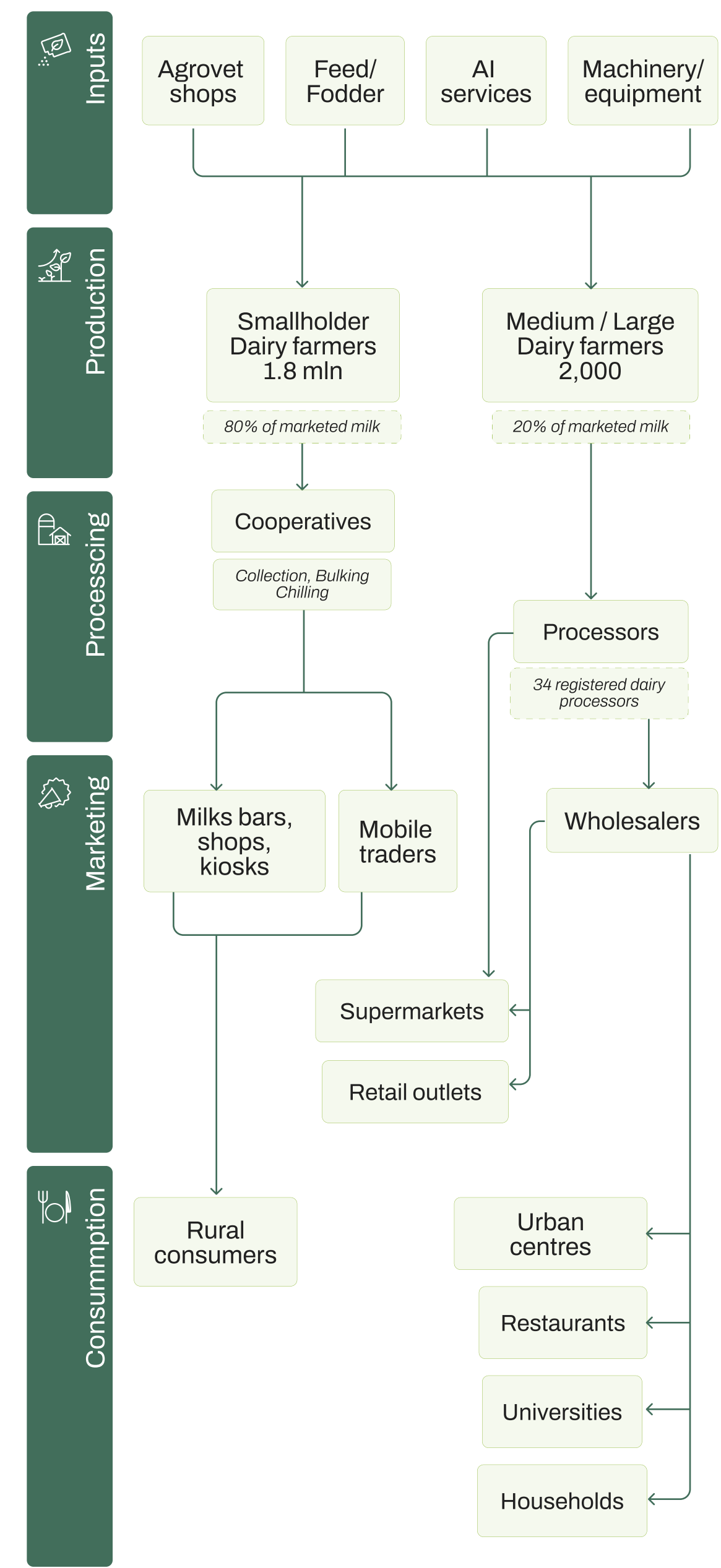
Sample Inputs suppliers

- Animal
- Bull Semen for artificial insemination
- Fodder seeds
- Agrovet stocking from

Input suppliers provide essential products and services to help farmers achieve optimal yields.



Value chain

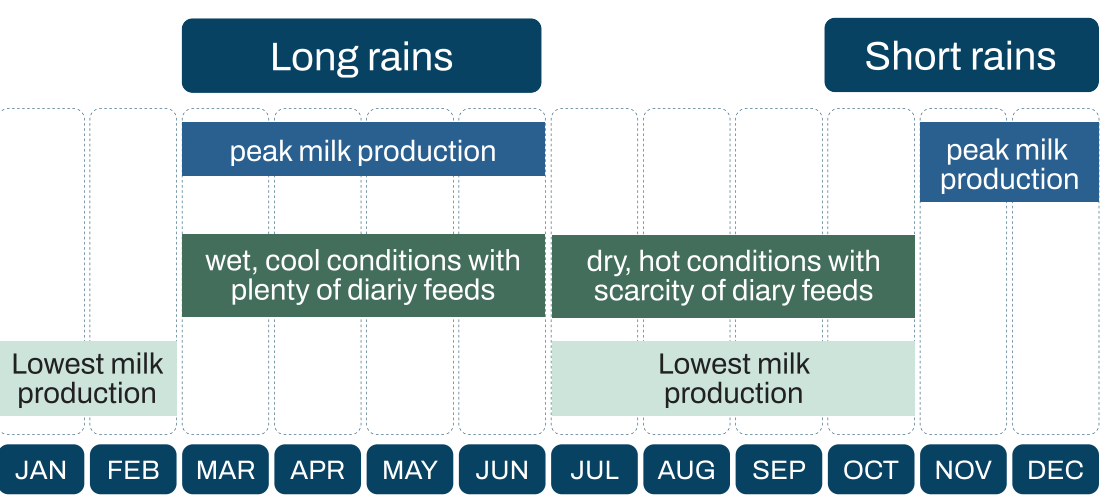


Crop calendar

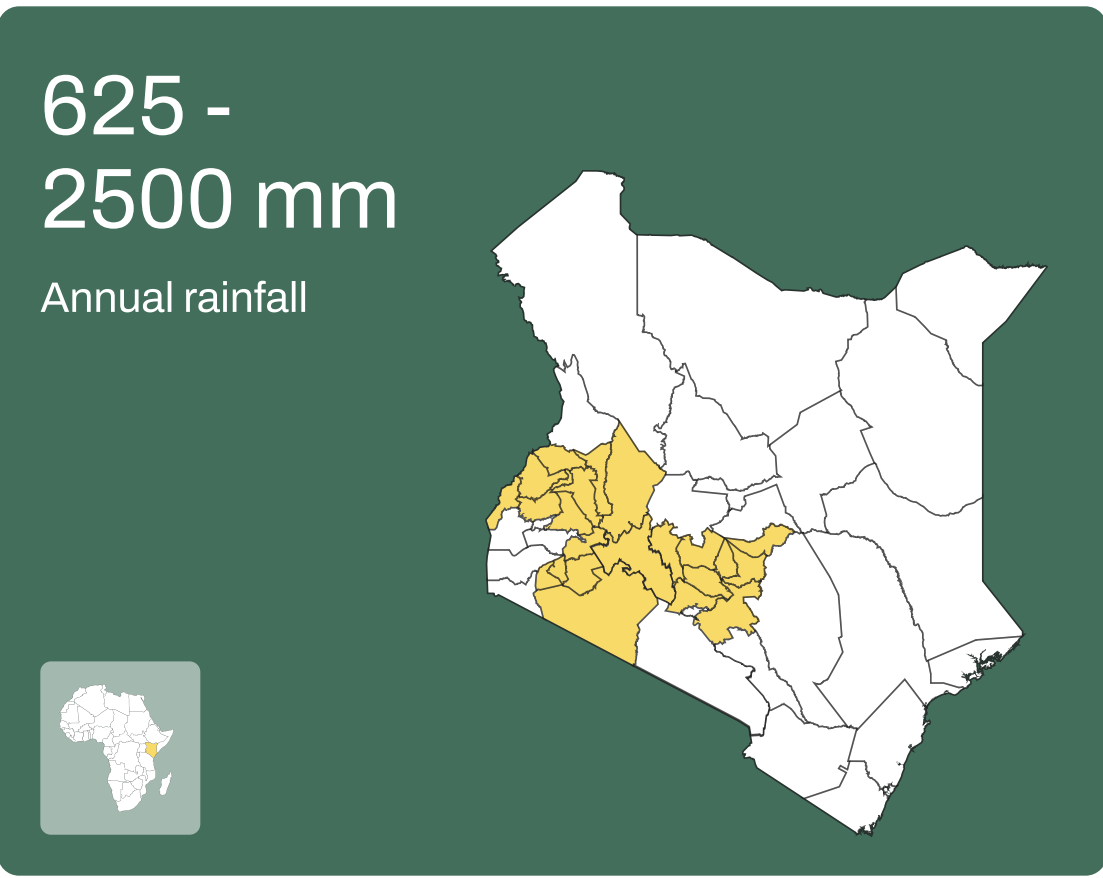
Milk production is dictated by dry and wet seasons. Highest milk production is during the wet season and lower in the dry seasons. During the wet season fodder quality and quantity is at the highest and thus doesn't constrain milk production.



There are more than 5 million cattle in Kenya producing an average of 5.2 billion litres of milk.



Production areas



Dairy production has traditionally been confined to high-to-medium potential areas with Rainfall Per Year being 625mm – 2500mm.

Major milk producing counties are **Trans Nzoia, Tharaka Nithi, Busia, Uasin Gishu, Bomet, Bungoma, Kakamega, Narok, Kericho, Nandi, Kisii, Nyamira, Baringo, Kirinyaga, Nyandarua, Nyeri, Embu, Meru, Kiambu, Murang'a, Elgeyo Marakwet, Machakos and Nakuru.**

Sustainability financing

VC Segment	Green Finance Requirements
Processor	- Yogurts, cheese and milk product processing equipment - Eco-friendly packaging - Solar powered cooling tanks - Finance for mini dairies and value addition
Aggregate	- Milk quality testing labs - Affordable vehicle and warehousing equipment/logistic financing - Quality based traceability systems at processors and cooperatives
Producer	- Biogas plants installation for manure management - Solar powered coolers in remote areas - Commercial fodder/ hay production and mechanization
Input	- Zero tillage farming tractors - Fodder chopping machines - Finance for dairy breeds and breed improvement using artificial insemination - Funds for installation of biogas plants - Drip irrigation systems for fodder production

Deforestation risk

They are 23 counties where dairy production is done, nine counties are classified as high-risk deforestation counties and the remaining counties ranging from medium to low risk.

This distribution highlights the environmental challenges associated with dairy farming in these regions, **emphasizing the need for sustainable agricultural practices to mitigate deforestation risks.**



Challenges and opportunities

Challenges

- Poor dairy animal husbandry practices** for example, inadequate dairy housing condition and improper use of antibiotics.
- Access and high cost of quality inputs.**
- Climate change which affects production of fodder for cattle**, its quality and quantity.
- Milk processing requires **high electricity needs**.
- Inefficiency and high cost at bulking** and collection nodes, affecting milk quality and cost.
- High fragmentation** in value chain.

Opportunities

- Increasing demand due to growing middle class**, changing preferences and a huge export market in East Africa over the medium term.
- ASAL regions have **good quality of fodder**.
- Processing Capacity **to boost value addition**.

eco.business fund

The **eco.business Fund** aims to promote business and consumption practices that contribute to the **conservation of biodiversity**, the **sustainable use of natural resources**, and **climate change mitigation and adaptation**. By financing business practices that preserve nature and promote biodiversity, the fund seeks investments that generate both **environmental and economic returns**. The fund primarily offers loans to qualified financial institutions, which in turn lend to eligible borrowers. These borrowers include holders of recognized certifications as well as those implementing changes that **support conservation and biodiversity**. The fund supports sustainable operations in the agriculture, fisheries (including aquaculture), forestry, and tourism sectors.

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