AFRICAN UNION
INTERAFRICAN BUREAU
FOR ANIMAL RESOURCES

POLICY BRIEF

Kenya

Securing Kenya's Livestock Future

Cooperative Financing and the Commercialisation of the Feed and Fodder Sector

1. Executive Front Matter

Primary Decision-Makers: Ministry of Agriculture and Livestock Development (MoALD) - State Department for Livestock Development, Kenya Dairy Board (KDB), Council of Governors (CoG), Agricultural Finance Corporation (AFC), and the Kenya Feed and Fodder Multi-Stakeholder Platform (MSP).

Decision Required: Endorse the establishment of a Cooperative Fodder Fund, enact policy guidelines to release idle public land for commercial fodder production, and scale up targeted subsidies for fodder mechanisation to eliminate staggering post-harvest losses.

Key Messages (Core Diagnosis):

i) **A Multi-Billion Dollar Engine:** Kenya's feed and fodder sector is valued at a massive **USD 4.5 billion**, yet its unstructured nature leaves the wider agricultural economy highly vulnerable to climate shocks.

ii) **A Crippling Deficit:** Kenya faces a stark **60% national feed deficit**. The country requires 55 million metric tons (MT) of dry matter annually; while the potential exists to produce 46 million MT, extreme post-harvest losses of 46% reduce actual availability to just 25 million MT.

iii) **The Cost of Inaction:** The devastating economic cost of reactive, drought-led management is unsustainable. In 2022 alone, 2.6 million livestock were lost to drought, erasing **KES 37.7 billion** in value and triggering the closure of 22 processing plants continent-wide.

2. Executive Summary

The compounded impacts of the "Triple C" crises—COVID-19, climate change, and conflict—have starkly exposed the fragility of Kenya's feed and fodder supply chains. Severe, recurrent droughts have decimated livestock assets and forced major dairy processors to drastically scale down or shut down operations entirely due to feed-induced milk shortages. To secure Kenya's livestock future, the sector must urgently transition from a fragmented, reactive disaster-response model into a coordinated, data-driven, and highly commercialised industry. This brief advocates for the immediate operationalisation of a **Cooperative Fodder Fund**, the release of idle public lands for large-scale commercial fodder production, and the strategic empowerment of women-led processing enterprises to build a resilient, multi-billion-dollar feed economy.

3. Introduction and Context

The livestock sector is a cornerstone of Kenya's economy, contributing approximately 10–12% to the national GDP, with the dairy sub-sector alone contributing 4% and employing over 750,000 people across its value chain. However, because feeding accounts for **60% to 80% of total livestock production costs**, the stability of the entire livestock economy is intrinsically tied to fodder availability. Despite a vibrant local feed economy and strong cooperative aggregation models among smallholder farmers, the feed and fodder sector remains highly informal. Because it relies heavily on rain-fed, small-scale forage production, the sector lacks the resilience required to withstand increasingly severe climatic shocks, leading to chronic national deficits.

4. The Problem: Deficits, Post-Harvest Losses, and Climate Shocks

The failure to commercialise and mechanise the feed and fodder value chain has resulted in a cascading series of market failures:

i) **The 60% National Feed Gap:** Kenya requires 55 million MT of dry matter annually. While domestic potential is 46 million MT, vast inefficiencies—including competitive alternative uses, wastage, and a staggering **46% post-harvest loss rate**—reduce actual availability to merely 25 million MT.

ii) **Devastating Cooperative Losses:** The lack of strategic fodder conservation translates directly into financial ruin during dry seasons. Key dairy cooperatives face extreme fluctuations in milk output (drops of up to 99% during droughts), resulting in massive annual deficits. For instance, Kenya Cooperative Creameries (KCC) loses an estimated **KES 942 million annually**, operating at only 40% capacity during shortages, while the Githunguri Dairy Farmers Cooperative suffers annual losses reaching **KES 671 million**.

iii) **Job Losses and Import Reliance:** The inability to sustain downstream agro-businesses due to upstream fodder shortages has led to over 48,000 job losses across the dairy value chain. To compensate, Kenya relies heavily on dairy imports from regional neighbours like Uganda, which suppresses local milk prices and undercuts domestic competitiveness.

5. Strategic Interventions: Cooperative Financing and Commercial Scale

To reverse these losses, Kenya must deploy targeted, scalable financial and operational models:

i) **The Cooperative Fodder Fund:** This proposed financial mechanism requires dairy cooperatives to pool a small percentage of milk sales revenue to jointly invest in county-level fodder banks, bulk procurement, and long-term storage (such as silage and hay). This ensures a guaranteed, year-round feed supply, shielding both the cooperative and the smallholder farmer from market-driven price spikes during droughts.

ii) **Private Commercial Fodder on Public Land:** To achieve essential economies of scale, the government is advancing initiatives (such as the Perfometer/5-actor model) to lease idle public and parastatal land to private investors. This model drives large-scale, mechanised fodder production, drastically lowering the per-unit cost of feed and ensuring consistent supply to off-takers.

iii) **Women-Led Supply Chain Transformation:** The **AWARFA Network Kenya Limited (ANKL)** is leading a strategic shift in the market. By targeting a 2% share of the USD 500 million commercial feed sector, ANKL is addressing supply chain fragmentation by directly sourcing quality ingredients (wheat bran, maize germ, sunflower cake) through regional partnerships. Utilizing semi-automated processing and packaging, ANKL provides

dairy cooperatives with consistent, high-quality, and traceable feed, proving that women-led enterprises can anchor commercial supply chains.

6. Targeted Policy Recommendations

To unlock the USD 4.5 billion potential of Kenya's feed and fodder sector, policymakers and financial actors must urgently execute the following:

i) **Establish the Cooperative Fodder Fund:** Mandate the Kenya Dairy Board (KDB) and the Ministry of Cooperatives to structure and operationalise pooled financing mechanisms. This fund will allow dairy cooperatives to bulk-purchase, process, and secure year-round strategic feed reserves for their members.

ii) **Fast-Track Public Land Leasing for Fodder:** Finalise and formally enact the policy guidelines enabling private investors and commercial fodder producers to lease underutilised government and parastatal land. This must be coupled with the promotion of Public-Private Partnerships (PPPs) to develop irrigated, industrial-scale fodder parks.

iii) **Subsidise Mechanisation and Processing:** MoALD and the Ministry of Finance must waive import duties and provide targeted "smart subsidies" for essential fodder machinery (e.g., balers, combine harvesters, silage wrappers, and choppers). Mechanisation is the only immediate pathway to eliminating the sector's 46% post-harvest loss rate.

iv) **Operationalise the National Fodder Contracting Platform:** Support the Kenya Feed and Fodder MSP to formally launch a national fodder contracting and investment forum. This must include the rollout of digital trading platforms (such as the proposed Kenya Fodder Exchange) to formally link commercial fodder producers, dairy off-takers, and financial institutions through enforceable forward contracts.

7. References

AU-IBAR. (2023). *Assessment of the Compounded Impact of Climate Change, Conflicts and Covid-19 on Feed Value Chain and Animal Source Foods Supply Chain in Kenya: (2018-2023)*. State Department for Livestock Development.

AU-IBAR. (2024). *Resilient African Feed and Fodder Systems (RAFFS) Project 2024 Annual Report and 2025 Progress Report*. African Union-InterAfrican Bureau for Animal Resources.

AU-IBAR. (n.d.). *Doc 1 - The Case for a Cooperative Fodder Fund: Securing Kenya's Dairy Future*. African Union-InterAfrican Bureau for Animal Resources.

AWARFA-N Kenya. (2025). *Sowing Seeds of Change: How AWARFA-N Kenya is Transforming Livestock Feed and Fodder Sector*. African Women in Animal Resources Farming and Agribusiness Network Kenya Limited (ANKL).