

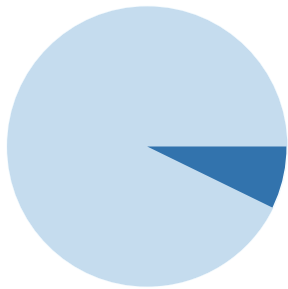
Dairy Profile

Kenya Dairy Board © 2023

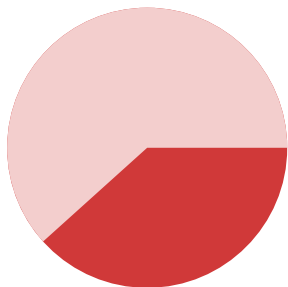
The Kenya Dairy Board is a state corporation that was established in 1958 through an Act of Parliament Cap 336 of the laws of Kenya.

The dairy industry has grown tremendously over the last one decade at an estimated rate of 5 % per annum. This is a result of the initiatives put in place by the government, the Board and other industry players.

It contributes **4%, 12 % and 44%** to the national agriculture and livestock GDP respectively. It provides an estimated **750,000** direct waged employment and an estimated **500,000** indirect employment in the service sector.



12%
contribution to
National Agriculture



44%
contribution to
Livestock GDP

Mandate

To provide for the improvement and control of the dairy industry and its products

Our Mission

To facilitate a sustainable dairy industry that meets stakeholders expectations

Our vision

To be a globally competitive dairy industry



Core Values

- Professionalism
- Innovation
- Integrity
- Environmental consciousness
- Equity
- Customer focus

A group of black and white dairy cows, likely Holsteins, are standing in a lush green grassy field. The cows are looking towards the camera. The background is a bright blue sky with scattered white clouds. The text "Dairy Producers" is overlaid in a large, white, sans-serif font across the center of the image.

Dairy Producers

The Kenyan dairy sector is very vibrant contributing an estimated 4 % to the National GDP. Total milk production is estimated at 5.2 billion annually. It has been growing at an estimated rate of 5 % per annum and is a source of livelihood to an estimated 1.8 million smallholder households apart from providing direct employment to an estimated 750,000 million waged employment and about 500,000 indirect employment in allied sectors of AI services, equipment manufacturing, animal feeds, breeding and consultancy among others.

TOTAL MILK PRODUCTION 5.2 BILLION LITRES

Cow Milk	3.9 Billion Litres
Camel Milk	920 Million Litres
Goat Milk	273 Million Litre
Sheep Milk	107 Million Litres

MILK DISTRIBUTION

754

Million litres of
milk processed in 2022

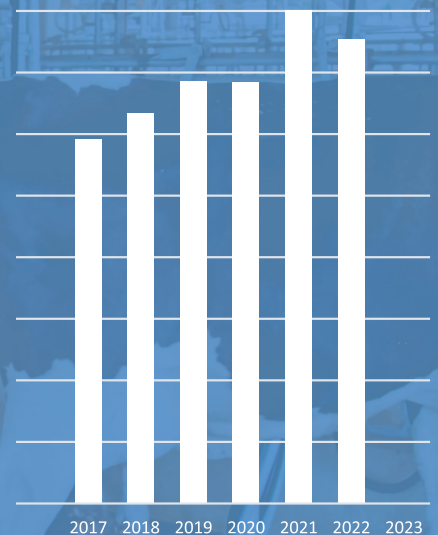
2.2 B

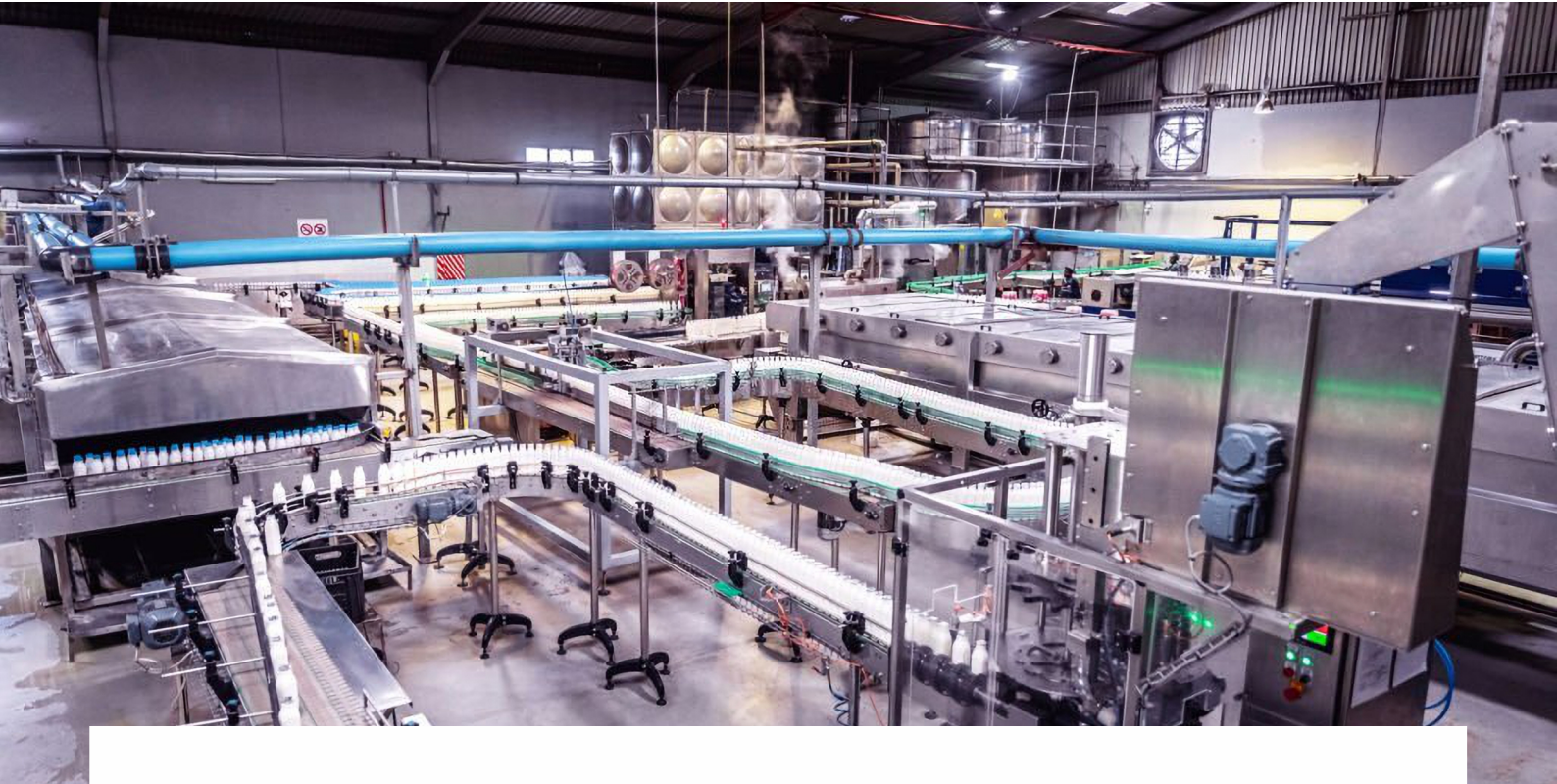
Billion litres is sold
informally

Litres Consumed

800,000,000
700,000,000
600,000,000
500,000,000
400,000,000
300,000,000
200,000,000
100,000,000
0

MILK INTAKE





On the processing front, milk intake has fared much better, rising from 406 million litres to 634 million litres, a 56% rise in milk processing volumes in the country.

While Kenya records some of the highest formal retail penetration in Africa at about 30% of all purchases, a significant development in the last five years has drastically changed in the retail industry, significantly impacting the dairy operators in the country. Over 30 milk processors and 67 mini dairies with a total processing capacity of about 3.75 million liters per day have been licensed to package and process milk in the country.

The milk production in Kenya is estimated to grow to 12 billion liters by 2030 with a growth intake to the formal processing sector rising to 1 billion liters in 2025.

The country's industry faces many challenges, including milk production volumes that have not met projected growth patterns due to changes in usage of agricultural land, low productivity per cow per day (7-9 liters per day), attributed to poor genetics and feeding among other poor animal husbandry practices, ageing infrastructure at the farms and a general lack of new investments in dairy farms to offset the other challenges at the farming level.

Milk production challenges

1 Average productivity per cow per day: 7-9 liters

Factors contributing to low productivity:
Poor genetics, feeding practices, and other animal husbandry practices

2 **Challenges at the farming level:**
Changes in land usage, aging infrastructure, and lack of new investments in dairy farms.



A person wearing a white lab coat and safety glasses is pouring milk from a large metal funnel into a large metal pot. The background shows industrial equipment in a dairy processing facility.

Dairy Business Operator

What is Required in order to operate a milk business?

A person shall not operate a dairy business unless the person holds a Regulatory permit issued by the Board.

How to obtain a regulatory permit

- Apply to KDB using prescribed form and pay the required fees.
- KDB inspects the premises.
- The premises must be in good state of repair, clean and has adequate accommodation. Plant and equipment must be adequate, well maintained and utilized for the purposes of the business.
- A regulatory permit is valid for one year from the date of issue.
- Application for renewal of the regulatory permit is made three months before expiry of the previous one.

Types of regulatory permits that the Board shall issue:

1. Milk bar regulatory permit;
2. Mini dairy regulatory permit;
3. Dairy produce dispenser regulatory permit;
4. Cottage industry regulatory permit;
5. Cooling plant regulatory permit;
6. Processor regulatory permit.

Regulatory permits

A regulatory permit is issued by the KDB to enable the operator carry out business in the specified premises.

NB: No application for a dairy business licence to the county shall be considered or a licence issued unless the applicant has in force a valid regulatory permit.

Types of regulatory permits issued by KDB and fees payable

CATEGORY OF REGULATORY PERMIT	PERMIT FEES (KSH)
Application Fee	FREE
Regulatory permit fee for processor handling above 20,000 litres per day	50,000
Regulatory permit fee for processor handling below 20,000 litres per day	25,000
Milk bar Permit Fee	FREE
Dairy produce dispense permit	FREE
cottage industry permit fee	FREE
cooling plant fee below 5,000 litres capacity	FREE
cooling plant fee above 5,000 litres capacity	FREE

Consumer safety levy

“Consumer safety levy” is a charge imposed on the dairy produce processed locally or imported and is remitted to the Kenya Dairy Board

Who collects consumer safety levy?

A regulatory permit holder is the agent of the KDB and collects the consumer safety levy and remits it to the board.

The levy is remitted not later than 10th of every month for locally processed dairy produce. For imported dairy products, the levy is remitted before entry of produce into the country

How consumer safety levy is calculated

The rate of forty (40) cents per kilogram of milk processed or one per cent of the cost of milk processed or imported, whichever is higher.

Penalty for failure to remit consumer levy failing, neglecting or refusal to pay or remit the consumer

safety levy on time will attract a penalty of 25% percent interest for the first month or part of a month in which the levy remains unpaid; and pay penalty of 12% compound interest for each subsequent month or part of a month in which the levy remains unpaid.

Penalty interest will be calculated on a monthly basis.



Dairy Compliance

Kenya Dairy Board © 2023

The formal milk channel handles milk that is typically chilled and then pasteurised or ultra-heat treated and sold in the modern retail sector, that is, supermarkets or shops where pasteurised milk is refrigerated.

The informal milk channel includes direct sales of raw milk by farmers to consumers, and raw milk collected by traders and then sold through kiosks, milk bars or mobile vendors.

Relevant Codes and Standards

Rules governing how milk is to be hygienically produced, handled and sold in Kenya are set out in KS1552:2016 - Code of hygienic practice for milk and milk products. The code lays out the following requirements, among others:

Milk should be transported to a cooling center within two hours of milking. Milk stored for a longer period should be cooled to 100 C or below.

The surface of equipment, utensils and instruments which are intended to come into contact with milk shall be made from food grade and approved material and shall be easy to clean and disinfect.

All milk delivery vehicles shall be conspicuously inscribed with the name and address of the licensed distributor or transporter.

No direct sale of raw milk to consumers in urban centres shall be allowed; enforcement shall be monitored by Kenya Dairy Board and County Government.

A person shall not trade in, sell or otherwise offer for sale any dairy produce which is not compliant with the relevant standards.

Milk and milk products for sale should be kept as cool as possible, preferably under refrigeration.

Dairy standards

Separate standards have been developed for raw and pasteurized milk by the East African Community and apply to milk sold in Kenya.

E.A.C Kenya Standard for Pasteurised milk		
	Pasteurised	Raw
No added water or preservatives	Yes	Yes
Heavy metal	Yes	Yes
Pesticide	Yes	Yes
Veterinary drug residues	Yes	Yes
Minimum milk fat %	3.25	3.25
Minimum non-fat milk solids%	8.5	8.5
Maximum Total Plate Count (TPC), per mL+	30,000	2,000,000
Maximum Coliform Plate Count, per mL+	10	50,000

Limits established by the Codex Alimentarius Commission:

The Dairy Industry Regulations 2021

These are a set of 8 regulations addressing registration and licensing, dairy produce sales, dairy produce traceability and recall, milk sale contracts and pricing of dairy produce among others. The set of regulations is as follows:

- 01 The Dairy Industry (Pricing of Dairy Produce) regulations, 2021.
- 02 The Dairy Industry (Registration, licensing, cess and levy) regulations 2021.
- 03 The Dairy Industry (Returns, reports and estimates) regulations 2021.
- 04 The Dairy Industry (Compliance Officers) regulations 2021.
- 05 The Dairy Industry (Produce, traceability and recall) regulations 2021.
- 06 The Dairy Industry (Milk sales contract) regulations 2021.
- 07 The Dairy Industry (Imports and exports) regulations 2021
- 08 The Dairy Industry (Dairy produce safety) regulations 2021.



Dairy

Standards, capacity building & Trade facilitation

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Supporting the development of the Kenyan dairy industry is an important mandate of the Board. Improved milk production and productivity, value addition, compliance and market access are integral to a sustainable dairy value chain.

Capacity building of stakeholders and trade facilitation are some of the activities undertaken by the Board to support the growth of the industry.

The Board also participates in formation of dairy standards under the custodian of the Kenya Bureau of Standards.

Capacity Building

Improved production and productivity of milk, value addition and compliance are key to sustained growth of the Kenyan dairy industry. The Board therefore undertakes various activities to build the capacity of stakeholders to increase milk production, value addition and compliance through:

- Training
- Technology transfer
- Dissemination of dairy data and information.
- Stakeholder organization

Dairy Trade Facilitation

The Board engages in various activities to promote domestic, regional and international markets for Kenyan milk and milk products. The activities include:

- Issuance of export and import permits for dairy produce.
-
- Strengthening ties with regional dairy regulatory authorities.
-
- Promoting adoption of school milk programme.
-
- Participating in regional & international trade negotiations.
-
- Promoting exports of Kenya Dairy produce.

Capacity Development & Knowledge Management

- Skills Training
- Effective M&E of sectoral development
- Support for regional collaboration in knowledge management through a smallholder dairy network

Government & Business Enabling Environment

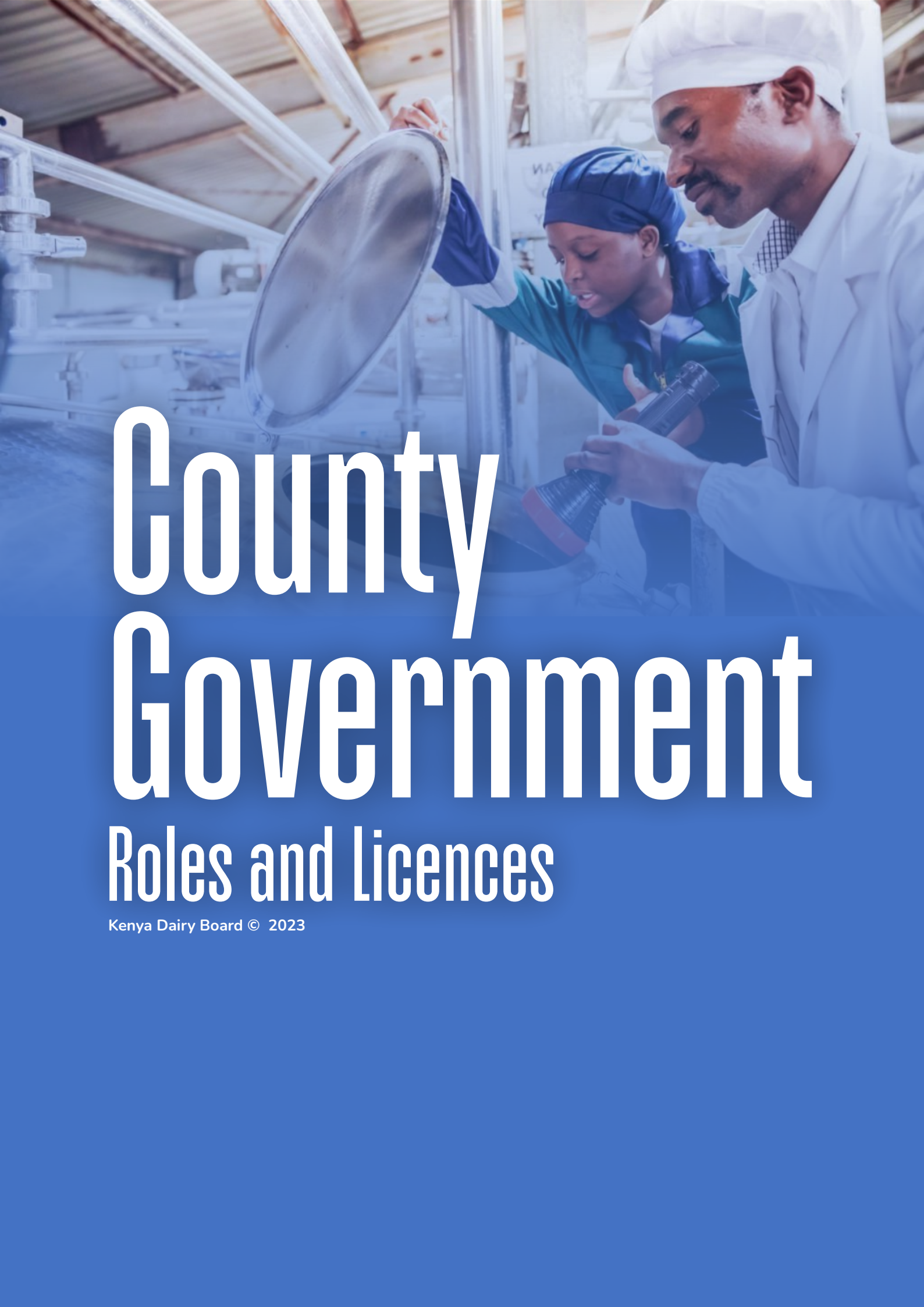
- Supporting a smallholder inclusive policy framework.
- Creating a legal and regulatory framework conducive for smallholder development
- Supporting the development of a favourable macro-economic framework

Improving Productivity and Competitiveness of smallholder milk producers

- Menu of Options for dairy development models
- Selecting dairy development models appropriate for local conditions
- Assist smallholder dairy sector to compete for resources

Strengthening Linkages between farmers and consumers to deliver quality products at fair prices through:

- Improving farmers access to marketing channels
- Strengthening price incentives to deliver quality milk
- Creating competitive supply chain conditions
- Creating fair and transparent pricing systems
- Diversifying the range of products
- Educating consumers on the nutritional benefits of dairy products
- Stimulating consumer demand and reducing losses in the supply chain



County Government

Roles and Licences

Kenya Dairy Board © 2023

ROLES OF COUNTY GOVERNMENT IN IMPLEMENTATION OF THE DAIRY INDUSTRY REGULATIONS 2021

THE DAIRY INDUSTRY (REGISTRATION, LICENSING, CESS AND LEVY) REGULATIONS, 2021

Registration of primary producers

- A primary producer is a person who produces milk for sale.
- The registration as a primary producer is a one-off process

Who is to be registered?

- All primary producers should be registered by County Government.
- There is no fee to be registered as a primary producer.

Categories of primary producers

- a) Individual primary producers.
- b) Group registration of primary producers such as; members of a cooperative society, members of aggregator or other registered producer groups.

Note: Names are submitted as a list for registration and updated register is maintained

Process of registration by County Department

- a) fully filled form Is submitted to the county government
- b) Information required includes the identity and location of the primary producer and type of ownership either as Corporation, partnership or individual. The type of business whether as a commercial breeder or milk producer will also be indicated.
- c) The County Government shall register the primary producer after reviewing the form.

Primary Producer register

- Register of all primary producers maintained by the County Government
- County Government to update register every three months
- Kenya Dairy Board to be given copy of register and update national register annually.
- Primary producers who wishes to stop production of milk to notify the County government for deregistration.

To resume operations a fresh application for registration is mandatory to be included in the updated producer register.

Licensing Of Dairy Business Operators

A dairy business operator is a person who handles dairy produce for business but does not include a primary producer, wholesalers and retailers of packaged dairy produce. Dairy business operator is required to be licensed by the County Government.

Who is licensed?

A dairy business operator requires a valid dairy business license from County Government.

Process of acquiring a dairy business operator license

a) Obtain a valid regulatory permit from Kenya Dairy Board.

b) submit fully filled form to the county government

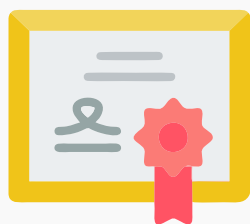
c) The information required includes:

The identity of the business operator including the location of the business.

Type of ownership (corporation, partnership or individual)

Type of operation as a milk bar, cottage industry, mini dairy, cooling plant or processor.

d) Validity of the license is one year from date of issue



Categories of Certificate

Licence Fees (KSH)

Application (licence & registration)	FREE
Primary producer registration	FREE
Processor license	25,000
Milk bar license	2,500
Mini dairy license	6,000
Dairy produce dispenser license	2,500
Cottage industry license	4,000
Cooling plant license	1,000

Imposition Of Cess

A County government may impose cess not exceeding 0.5% percent of the farm gate price payable by a primary producer.

A County Government shall not impose or charge cess on dairy produce emanating from another County.

Collaboration And Enforcement Of Non Compliances

Kenya Dairy Board will collaborate with County Government to promote dairy activities that will ensure quality and safety of marketed dairy produce. County Government will work closely with the Board to enforce non-compliances by dairy business operators.



FAQ's

Frequently Asked Questions

The dairy industry regulations 2021

Why do we need these regulations?

- Dairy industry regulations ensure quality and safety of marketed dairy produce through the issuance of a regulatory permit.
- It provides for the procedure by registering a primary producer, dairy business operator, and issuance of a licence (by a county) and a regulatory permit (by the board) to a dairy business operator.

What are the categories of licences and permits?

Primary Producer

- Means a person who produces milk for sale but does not include a person employed by the primary producer for that purpose

Business Operator

- Means a person who handles dairy produce for business but does not include a primary producer, wholesaler and retailer of packaged dairy produce

Regulatory Permit

- Means the permit issued by the Board, and includes a renewed regulatory permit

License

- Means a business licence issued by a county department.

Processor

- Means a person who processes dairy produce in excess of 10,000 kilograms per day.

Mini-Dairy

- Means a dairy manufacturing business whose handling capacity is in excess of 500 kilograms but not exceeding 10,000 kilograms per day

Cottage Industry

- Means a small scale, decentralized dairy manufacturing business whose handling capacity does not exceed 500 kilograms of milk per day

Consumer Safety Levy

- Means a charge imposed on local dairy produce and payable by the dairy business operator to the Board.
-

Branch Contacts

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