

Investment and Partnership

Sept , 2025

Dairy Value Chain

Investment and Partnership Brief



Prepared by
AgriEn

Submit Your Expression of Interest!

We invite interested partners, technology suppliers, and off-takers to submit an expression of interest to connect with these exciting opportunities. Join us in transforming the dairy value chain in Zambia and realize significant impact and returns.

Please submit your expression of interest to :

Email: agrienconsult@agriennetwork.com or contact us

Djazi Niapa on +260 971444247 Email: djazin@agriennetwork.com or

Eddie Chidizva on +260 773636747 or Email: eddiec@agriennetwork.com

You can also visit our website at www.agriennetwork.com for more information

Investment & Partnership Opportunity: Zambian Dairy Value Chain

Unlock the Potential of the Dairy Sector

Location: Namwala- Mbeza, Magoye and Choongo

Target reach: 4,509+ farmers

We invite expressions of interest from potential partners in form of technology suppliers, and off-takers to collaborate in strengthening and expanding the vibrant dairy value chain under the World Vision's THRIVE 2030 programme. We are specifically targeting high-potential dairy production hubs in Namwala (Mbeza), Monze (Magoye & Choongo), and Mazabuka (Magoye) as impact locations. The strategic initiative, informed by a comprehensive multi-district needs assessment across the 3 districts, reveals critical market gaps poised for significant growth, promising enhanced productivity, farmer profitability, and substantial investor returns. This investment is expected to directly impact more than 4,509 dairy farmers, comprising 1,496 farmers in Mbeza, 1,442 farmers in Magoye, and 1,573 farmers in Choongo, through direct engagement and support, thereby driving sustainable agricultural growth and unlocking inclusive investment returns.

Value Chain Overview

Dairy farming plays a pivotal role in the economy of Magoye, Choongo, and Mbeza Area Programs (**APs**), providing livelihoods for smallholder farmers, creating employment opportunities, and contributing to food security and nutrition. Zambia's dairy industry is characterized by a growing but still limited production, with a total cattle population of 4.7 million in 2023 and a projected milk output of **492,070 metric tons by 2026**. The country maintains a positive trade balance, exporting \$2.62 million in milk, primarily to the Democratic Republic of Congo, while importing \$1.28 million, mostly from South Africa, as it works to address the deficit between local supply and increasing domestic demand.

Small-scale farmers, with an average of 5-10 cattle, make up 70% of the dairy producers, while medium-scale farmers (10-50 cattle) account for 20%, and large-scale commercial farms (50+ cattle) make up the remaining 10%. Current annual milk production is 400,000 liters in Magoye, 1.8 million in Choongo, and 840,000 in Mbeza. Most farmers get only 3 liters per cow daily, well below the 12-liter potential. With an average of nine cows, the typical household produces 4,680 liters annually, but there's a significant opportunity to reach a potential production of 21,111,480 liters by improving productivity.

In 2023, Under the THRIVE programme, Southern Province collectively collected **6.1 million litres of milk**. Specifically, **215,075 litres were sold at a value of ZMW 1,935,675 (\$77,425)**, benefiting 2,131 farmers, averaging **K908 per farmer**. Key off-takers like **Varuun/Cream Bell, Dairy Gold, and Lactalis (Parmalat)** collectively purchased approximately **2.5 million litres of milk per year** from the 7 Milk Collection Centers (MCCs) in the region.

The Zambian dairy value chain faces several interconnected challenges which are also common to the THRIVE programme producer beneficiaries that, when addressed strategically, unlock substantial Value chain growth potential:

- **Limited Access to Quality Inputs & Breeds:** Farmers struggle with insufficient access to veterinary drugs, ear tags, dipping chemicals, milk testing equipment, and pasture seeds. There's a common use of inferior beef cattle breeds for milk production instead of improved dairy breeds, significantly limiting optimal milk yield.
- **Production & Productivity Constraints:** Low productivity results from poor feeding practices, inadequate animal care, and limited veterinary services, leading to high disease rates (e.g., Heartwater and Blackleg). Water scarcity during dry seasons further reduces milk production, as most small-scale farmers rely on unreliable water sources. Lack of skills in livestock care and milk value addition at the producer level also contributes to low yields.
- **Post-Harvest Losses and Inadequate Infrastructure:** Frequent electricity disruptions lead to milk spoilage and increased losses. Inadequate cooling, storage, and transportation facilities (e.g., long distances to MCCs, poor road networks) result in milk spoiling before reaching collection points or processors. Some collection centers have poor cooling facilities often forcing farmers to sell milk cheaply or consume it themselves. There is limited capacity for cottage processing of the milk.
- **Market Access and Pricing Challenges:** Farmers face limited access to profitable markets, often selling locally at low and unstable prices due to unfavourable contractual agreements. Poor roads restrict access to sustainable markets. Off-taking agreements often favor buyers, leaving farmers with limited upscaling opportunities.
- **Insufficient Processing Capacity and Technology:** Limited access to processing technologies and high energy costs restrict the production of value-added dairy products like yogurt or cheese at the producer level, reducing potential income for farmers and processors. MCCs are typically provided with chillers on a lease basis by processors, but producers and MCCs rarely make value-added products themselves due to high equipment costs and limited capacity for market development.
- **Financial and Capacity Gaps:** Inadequate finance for purchasing improved breeds, feed, and equipment is a major barrier. Low numbers of extension officers (e.g., 1:1400 extension officer to farmer ratio) limit technical service provision, and poor governance at some Producer Groups hinders linkages with other value chain actors.

BE THE SOLUTION

We invite visionary investors and partners to capitalize on these identified gaps, fostering a holistic and profitable approach across the dairy value chain:

Input Systems Enhancement and Breed Improvement:

- **Invest in:** Developing reliable supply chains for veterinary drugs, feed, improved breeds (e.g. Dairy breeds for dairy), and essential inputs like ear tags and dipping chemicals
- **Promote:** Community breeding programs (stocking/restocking) to introduce improved dairy breeds including artificial insemination technologies.

Specific opportunities include:

Modern Infrastructure & Production Systems:

- Promoting investment in solar-powered cooling, storage, and processing facilities at MCCs and producer group levels to combat electricity disruptions and spoilage.
- Increasing the number of Milk Collection Centers (MCCs) with larger cooling capacities to prevent spoilage and ensure farmers can sell or process all their milk at fair prices. This includes providing alternative energy such as Solar systems
- Water harvesting and storage systems (e.g., boreholes, water reservoirs) to ensure consistent water supply for livestock during dry seasons.

Agri-Tech & Mechanization

- Solution Providers to supply cooling tanks, processing equipment, and Solar Energy System Providers to offer sustainable energy solutions.

Knowledge Management & Extension Services Enhancement:

- Providing comprehensive training on better livestock management, animal health, nutrition, and milk value addition to improve productivity and incomes. This includes encouraging the training and participation of Community Livestock Auxiliaries (CLAs).

Business Development Support Service

- To offer specialized training and advisory services e.g. extension
- Post-Harvest & Value Addition Hubs
- Dairy processing facilities to produce yogurt and other dairy products. This includes introducing starter cultures (e.g., under *Yoba4Life*) to enable small producers to make yogurt at cottage level.
- Provide: Simple equipment for packaging unpasteurized milk and making yogurt (e.g, traditional "Mabisi") to increase farmer income.
- Food Processors (e.g, Varuun/Cream Bell, Dairy Gold, Lactalis/Parmalat, local small-scale dairy companies) to expand processing capacity and develop new products; Equipment Providers for processing and packaging machinery.
- Access to finance and Insurance cover
- Financial literacy programmes

Market Linkages, Transportation & Digital Solutions:

- Market linkages between producer groups and processors to enhance market access and ensure fair pricing.
- Provide transportation for cold chain storage and transport systems to ensure efficient milk delivery and collection.

- **Develop:** Market information systems (MIS) and digital platforms (e.g., mobile phones for market facilitators) to improve transparency and access to real-time market data.
- **Commodity Traders & Off-Takers** (e.g., Varuun/Cream Bell, Dairy Gold, local traders, institutional buyers like schools);
- **Invest in developing and scaling affordable and tailored financial products**, including loans, credit facilities, and insurance specifically for dairy farmers and agri-enterprises.
- **Financial Institutions & Impact Investors** to deploy capital and design innovative financing models that de-risk agricultural lending and foster growth across the value chain.

Why Partner with us?

This partnership offers a unique and de-risked opportunity to invest in a high-demand, underserved market with significant potential for expansion and profitability. You gain direct access to a network of 4,509 engaged farmers, with foundational support from 7 MCCs and 41 Producer Groups, significantly mitigating market entry risks.

The initiative provides strategic market facilitation, helping you establish long-term relationships and influence the adoption of modern agricultural practices. Your investment will also align with key objectives of contributing to sustainable development and improving the livelihoods of thousands of Zambian farming households.