



# The Ugandan dairy sector in 2026

## Overview of the dairy sector in Uganda

*Annual milk  
production  
Uganda*

*2025: 5.4  
million tons*

Indicator	2024/25 value	Remark
Total milk production	5.4M tons/yr	8% annual growth in production over the past 10 years
Dairy contribution to overall national GDP	3%	
Dairy contribution to agricultural GDP	8%	
No. of formal jobs in dairy sector	130,000	
No. of informal jobs in dairy sector	4.9M	
Contribution to Africa's total milk production	10%	
Consumption per capita	68 kg/year	2023 figure
Growth in demand for milk/dairy products	7%/year	
Milk marketed	4.32M tons	~ 80% of milk produced
- formal channels	1.6M tons	
- informal channels	1.9M tons	
- milk imports	5 thousand tons eq.	Mainly from South Africa
- milk exports	780 thousand tons eq.	83% to Kenya; remainder to USA, Egypt, South Sudan, Oman, Algeria
No. of cattle-keeping households	2M	See section 1
No. of dairy cattle/cattle	2.2/17M	
Crossbreds & purebreds	23%	Produce major share of the milk
No. of cooperatives	1500	900 are operational
No. of processors	120	55 are operational
Dairy export value	UGX 976.3 Billion (USD 282M).	1000% export growth over the past 10 years

1 USD = 3600 UGX (average Jan – Mar 2026)

## 1. Milk production

**Geography** - Milk production is concentrated in the cattle corridor due to favourable grazing, established dairy culture, and proximity to processing plants.

**Herd** - Uganda's cattle herd has grown substantially, reaching an estimated 16.5–17.0M heads of cattle in 2024/25, up from 14.5M in 2021 and 11.4M in 2008<sup>2</sup>. The herd is dominated by indigenous breeds (primarily Ankole and Zebu, comprising 77%), with exotic and crossbred animals (23%) contributing disproportionately to milk output due to higher yields.

**Farm structure** - There are three main categories of dairy farms — specialized dairy farms, mixed crop-livestock farms, and non-specialized farms with a few heads of cattle (Table 1). Uganda has about 2M cattle-keeping households (58%). About 12% are specialized dairy farms, 55% are mixed crop–livestock farms. The five prevalent production systems are described in Table 2.

**Costs of milk production** - The more extensive production systems have a lower milk yield and a lower cost of production. The predominant production system (open grazing) produces milk at one of the lowest costs in the world, at less than USD 0.17/L<sup>4</sup> (Table 3).



**Table 1.** Breakdown of major farm categories in Uganda<sup>2</sup>

Category	No. of HHs	% of total agric. HH	Key notes
Typical dairy farms (specialized cattle/dairy only)	350,000	12%	Concentrated in Kiruhura, Kazo, Mbarara, Isingiro, Sembabule, Lyantonde, Kiboga, Kyankwanzi, Nakaseke
Mixed farms (cattle + crops)	1.6M	55%	Majority of households keep cattle and grow bananas, maize, beans, cassava, potatoes, coffee, and tea
Households keeping cattle	2.0M	58%	Includes dairy, beef, and draught cattle
Households without cattle	1.45M	42%	Typically crop-only farmers, especially in Eastern and Northern Uganda

**Table 2.** Dairy production systems in Uganda <sup>2</sup> (Note: households systems overlap; figures are indicative trends)

System	% of farms (indicative)	Approx. % contribution to milk production
Indoor (zero grazing)	2-5%	10%
Intensive grazing	3%	8%
Semi-intensive grazing	7%	12%
Open grazing (fenced)	70%	55%
Communal grazing	15%	15%

**Table 3.** Costs of milk production and average yield per cow for various farming systems <sup>3</sup>

Farming system	Cost range (UGX/L)	Cost range (USD/L)	Yield/cow/day
Open grazing/extensive	490-600	0.14-0.17	2-5 L/day
Semi-intensive	700-900	0.17-0.25	8-12 L/day
Zero grazing/intensive/commercial	1,000-1,400	0,28-0,39	15-25 L/day

## 2. Milk marketing

**Milk flows** - The dairy industry is a cornerstone of livestock GDP and export earnings, as shown in Table 4. Over the past decade, Uganda's dairy sector has beefed up its processing capacity (with excess capacity to spare) and significantly boosted dairy exports. This creates opportunities for cooperatives to link smallholder farmers to markets by improving milk aggregation, cold chain, and supply consistency.

Key dairy products include milk powder and powdered products (major export products), and UHT/ESL milk, yoghurt and fermented products, high-value fats (ghee, butter oil), casein, cheese and specialty dairy products in the formal domestic market.

At 68 L/yr<sup>4</sup>, per capita consumption is significantly below the WHO-recommended 200 L/yr. This represents a massive domestic growth opportunity. Demand is driven by urban centres (Kampala/Entebbe) where the middle class is increasingly seeking safety-certified, packaged products.

**The informal sector** - Approximately 62% of marketable milk is still traded through informal channels (raw, unpasteurized milk sold by itinerant traders).

**Exports** - Uganda is now a leading regional exporter (Table 4). Dairy export value grew with 1000% since 2014, reaching UGX 976.3 Billion (USD 282M) in 2024.



**Table 4.** Dairy contributions to export earnings<sup>1</sup>

Indicator	Value	Notes
Annual milk production	5.4 M tons*	38% processed formally
Processed volumes	2.7-2.8M L/day	Includes formal and cottage processors
Export earnings (2023/24)	UGX 976.3 Billion (USD 282 M)	Milk powder 54% of value
Dominant export markets	Kenya (83%)	Others include USA, Egypt, South Sudan, Oman, Algeria

\* Total cow milk production is trending upward with slight revisions implied from secondary data, with 5.4 M tons suggested in emerging reports but 3.8 M tons being used in formal sector analyses.

The strong growth in Uganda's dairy exports reflects a structural transformation from a predominantly raw milk economy toward an export-oriented value-added dairy industry, creating opportunities for investment in processing, cold chain logistics, packaging, and regional dairy trade. Export growth has been driven by investments in export-oriented processing of long shelf-life products, such as milk powder and UHT milk. Limited domestic cold chain infrastructure and the high cost of distributing chilled pasteurized milk have encouraged processors to focus on shelf-stable products suited for regional and international markets. However, Non-Tariff Barriers with neighbouring countries (like Kenya) make market diversification into North Africa and the Middle East a policy priority.

**Top 10 dairy cooperatives** - The total number of dairy cooperatives is around 1500, of which some 900 are operational. Top5 cooperatives are listed in Table 5, while emerging cooperatives include Kyankwanzi, Ngoma, Kasaana, Kyakabunga, and Abesigana.

**Top7 processors** - Of 120 registered processors, 55 are operational. The 7 largest are listed in Table 6.

**Milk pricing** - Farm-gate prices depend on channel: UGX 1,000-1,100/L by cooperatives and formal collectors; UGX 1,200-1,400/L by processors; UGX 1,600-2,500/L in the informal market. Price levels depend on season, location, and payment period. Dry season premiums apply during Jan-March, July-Sept). Retail prices are around UGX 4,000/L for packaged milk and UGX 6,000+ for yoghurt.

**Quality and safety** - The sector standards are enforced by the Uganda National Bureau of Standards (UNBS) and the Ministry of Agriculture, Animal Industry and Fisheries (MAAIF), with support from the police and courts; informal-sector gaps persist and drive hygiene initiatives.

**Table 5.** Top5 Dairy Cooperatives in Uganda

Cooperative / Union	District / region	Est. daily volumes
Kabula Coop	Lyantonde	40,000 L/day
Dwaniro Coop	Kiboga	40,000 L/day
Ntungamo Union	Ntungamo	35,000 L/day
Kazo Union	Kazo	30,000 L/day
Bushenyi Union	Bushenyi	30,000 L/day

**Table 6.** Estimated installed capacity of main processors

Processor	Installed capacity (L/day)	Share of installed capacity	Notes on operational status
Pearl Dairy Farms	900,000	19%	Largest processor (Lato brand)
Brookside/Fresh Dairy	800,000	17%	East African giant, operational in Kampala
Amos Dairies	800,000	17%	Export-oriented
Jesa Farm Dairy	150,000	3%	Premium niche
Lakeside Dairy	100,000	2%	Mid-scale
BENNI Foods (new)	1,000,000	22%	New entrant, not yet fully operational
GBK Dairy & Others	900,000	19%	Smaller processors combined
<b>Total</b>	<b>4,650,000</b>	<b>100%</b>	



### 3. Sector governance, business climate and environmental factors

**Sector organization** - Uganda's dairy value chain is multi-actor and interdependent (Table 7). Cooperatives remain central to aggregation and market linkage, supported by an ecosystem of inputs, finance, processing, distribution, and enabling institutions.

**Key public organizations** - After institutional realignment, MAAIF now directly oversees dairy and livestock functions. UNBS enforces quality and food safety standards. URA administers trade compliance and tariffs.

#### Policies

**Public Steering** (NDPIV 2025-2030) - The sector is a cornerstone of the National Development Plan IV, aiming to grow the economy ten-fold. The government uses the Parish Development Model (PDM) to push dairy commercialization at the lowest administrative level.

**Regulatory Framework** - The Dairy Industry Act (2000) remains the core legislation but current strategies (such as DDA Strategic Plan 2021–2025) emphasize the Dairy Cottage Revolution—encouraging small-scale value addition rather than raw milk sales.

**Climate & Green Growth** - Modern Ugandan policy is increasingly aligned with the Green Manufacturing Strategy (2021–2025), making the sector attractive for Green Finance that target methane reducing husbandry practices and solar-powered cold chains.

**Table 7.** Key dairy value chain actors and their roles

Stage	Key actor	Core roles
Inputs and services	Dealers in agri- and dairy equipment, cooling, genetics, digital tools	Supply tools, animal health, feed and test quality & after-sales
Production	Smallholders, commercial farmers, cooperatives	Milk production, aggregation
Collection, transport	MCCs, transporters	Cooling and linkage to processors
Processing	Pearl, Brookside, Amos, Jesa, Lakeside, SMEs	Value addition (powder, UHT, cheese, casein)
Marketing	Distributors, retailers, supermarkets, informal traders	Market access and consumer delivery
Support	UDB, MFIs, expos	Finance, visibility, market linkages
Regulators	MAAIF, UNBS, URA	Policy, quality standards, trade compliance

## Regional trade and agreements

The key regional trade items include:

- Non-tariff barriers in EAC markets (Kenya, Tanzania) that constrain flows
- Export into EAC zones, COMESA markets, and the African Continental Free Trade Area (AfCFTA) framework provide market opportunities
- Emerging deals with Algeria and Nigeria diversify export horizons.

**Processing infrastructure** - 145 milk collection centres have a 3.4M L daily capacity (68% utilization). 193 refrigerated tankers are registered. For processing capacity see Table 6.

**Key investments and trends** - The most notable investment deal is for Pearl Dairies (USD 8M in 2018; USD 35M in 2024) investing in capacity expansion, smallholder linkages, and regional market entry, financed by the *International Finance Corporation* and the *Global Agriculture and Food Security Program*.

## Emerging innovations

- Quality-based payment systems
- Uganda FMD Vaccination through cost recovery
- Digital milk traceability and analytics
- Renewable energy across dairy value chain
- New adaptable forage varieties for dairy animals.

## Development partners

- IFAD-and World Bank funded Resilient Livestock Value Chain Project (ReLIV, USD 205.7M) targeting productivity, markets, resilience
- Climate Smart Agriculture Project, SNV INCLUDE, Heifer International, IDF/Pearl Program, aBi Trust Green Finance, Green Pasture Project, L.E.G.S.



## Climate and environment

Uganda's livestock greenhouse gas emissions are estimated at 19.1 Mt CO<sub>2</sub> eq., with dairy emissions intensity 2.0–3.0 kg CO<sub>2</sub>-eq per litre — predominantly from enteric fermentation (60–65%). Manure, feed production, and energy use are additional drivers. Climate-smart practices are gaining uptake (solar cooling, drought-resilient forages).

## Key references

1. [Dairy Industry Profile FY 2024/25](#)
2. [National Livestock Census 2021 Main Report](#)
3. MAAIF reports
4. [IFCN Dairy Report 2024 and 2025](#)
5. [Resilient Livestock Value Chain Project](#)
6. [Helping the Ugandan Dairy Sector Achieve its Potential](#)
7. [Climate-Smart Dairy Livestock Value Chains in Uganda](#)
8. [Theory of Change for the Dairy Value Chain in Uganda](#)



## 4. Main constraints and opportunities for development

### Main constraints

#### Production and productivity (feed, water, genetics)

Low milk yields persist due to limited access to quality fodder and supplementary feeds, unreliable water supply during dry seasons, and slow adoption of improved dairy genetics and breeding services.

#### Cold chain and infrastructure gaps

Insufficient milk collection centres, cooling facilities, and poor rural road networks lead to milk spoilage, higher transport costs, and reduced efficiency in linking farmers to formal processors.

#### Limited affordable credit

Smallholders and dairy cooperatives face difficulties accessing affordable long-term financing for investments in improved breeds, feed production, processing equipment, and farm infrastructure.

#### Regulatory and market access issues

Non-tariff trade barriers within regional markets, inconsistent enforcement of quality standards, and complex licensing procedures sometimes limit market expansion and export competitiveness.

#### High energy and coordination costs

High electricity and fuel costs for milk cooling, processing, and transportation increase operational expenses, while weak coordination among value chain actors reduces efficiency and economies of scale.

#### Weak cooperative governance and management capacity

Many dairy cooperatives face challenges in leadership, financial management, and adherence to cooperative principles, which can limit their effectiveness in milk aggregation, service delivery, and negotiation with processors.

### Main opportunities

#### Opportunities for the public sector

- Enforcing the mandatory shift from plastic to food-grade stainless steel containers through subsidized procurement schemes and strict regulatory oversight
- Formalizing a national framework to encourage a quality-based milk payment system, incentivizing on-farm hygiene
- Strengthening EAC regional integration to ensure a predictable policy environment for Uganda's dairy exports

#### Opportunities for the private sector

- Leveraging Uganda's surplus production to invest in specialized drying plants for powdered milk and infant formula bases targeting the EAC and North African markets
- Investing in decentralized, off-grid milk collection centres that utilize solar-cooling technology to eliminate the high post-harvest loss, which sometimes exceeds 40% in rural areas
- Establishing large-scale commercial hay and silage enterprises to provide a reliable, year-round feed supply for intensive urban and peri-urban farms
- Partnering with banks to deploy digital credit scoring tools for dairy farmers, facilitating the purchase of exotic crossbreeds and farm machinery

#### Opportunities for knowledge institutions

- Researching enteric fermentation reduction through improved tropical forage varieties for agropastoral systems
- Developing and scaling co-composting solutions that combine manure with organic waste to create high-value bio-fertilizers, closing the nutrient cycle
- Strengthening the National Animal Genetics Resources Centre (NAGRC) through digital semen and embryo tracking and satellite-based pasture monitoring systems
- Develop affordable integrated systems that utilize dairy waste for biogas production, providing clean energy for milk cooling in areas with unreliable grid access

#### Opportunities for development partners & NGOs

- Aligning with the Parish Development Model (PDM) to transition 1.2M dairy households into organized, bankable cooperatives using farmer-led governance programs
- Scaling the parent-led School Milk Program to create stable, local demand anchors for smallholder milk while addressing childhood stunting
- Implementing labour-saving technologies (e.g., small-scale mechanization, solar-powered cooling) specifically designed to reduce the workload of women, who perform most of the on-farm dairy labour
- Promoting the development of fodder banks and communal water harvesting to mitigate the impact of prolonged dry seasons in the cattle corridor.

#### Colophon

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