



## DFCD Project Snapshot

# Enhanced climate resilience in dairy farming for improved milk quality and productivity: Development investment proposal

October 2025

<b>Name of client:</b>	Bio Food Products Limited (Bio Foods)
<b>Website:</b>	<a href="http://www.biofoods.co.ke">www.biofoods.co.ke</a>
<b>Region:</b>	Africa
<b>Country:</b>	Kenya
<b>Project duration:</b>	November 2025 – June 2026
<b>Confirmed financing:</b>	€325,000 grant from the DFCD Origination Facility
<b>Anticipated finance leveraged:</b>	€4.5 million (expected)

### Who is our (prospective) client?

Bio Food Products (Bio Foods) is a Kenyan dairy processor engaged in producing fresh milk, yoghurt, creams, fermented milk, and other dairy products. Founded in 1989, the company initially focused on yoghurt before expanding its product portfolio with support from equity investors. Today, it is majority owned by The Blue Link Dairy Ventures B.V. (TBL Dairy Ventures), a Netherlands-based private equity firm focused on emerging markets.

Bio Foods runs an integrated cold chain from farm to consumer, covering milk collection and transportation, warehousing and chilling, processing, and distribution. The company supplies leading supermarkets, hotels, restaurants, schools, and hospitals in Kenya. It is recognized for providing premium-quality and safe dairy products and pays its farmers higher-than-average prices, often 50% above industry standards.

The company also provides technical support to farmers to meet milk productivity and quality thresholds, including training in animal husbandry, feed consultation, and support for on-farm chilling equipment. **Since 2024, Bio Foods has complemented its supply from medium and large-scale farms by sourcing milk from two cooperatives with 4,000 smallholder members. To supply its future growth, the company now plans to expand to 12,000 farmers, strengthening its inclusive sourcing model.**

With over 30 years of experience, a robust distribution network, and a commitment to food safety (ISO 22000-certified), Bio Foods is a leading innovator in Kenya's formal dairy sector. Its planned expansion into long-life UHT milk—a product that accounts for 60% of Kenya's modern trade dairy segment—positions the company for significant growth in both domestic and regional markets.

## Why do we fund this project?

Kenya's dairy industry already faces chronic challenges: low productivity per cow, poor feed quality, high levels of aflatoxins<sup>i</sup> and antibiotic residues that undermine milk safety. Climate change is expected to compound these issues further by reducing fodder availability and increasing farmer vulnerability.

Bio Foods' business model and proposed investment directly addresses these systemic challenges. **To ensure high quality and aflatoxin and antibiotic-free milk, and secure long-term partnerships with smallholder producers, it provides comprehensive training to smallholders in climate-resilient practices, improving fodder production, and embedding food-safety standards in the value chain.** By connecting smallholders to a growing and reliable off-taker offering premium prices, Bio Foods strengthens farmer incomes and resilience. The company's expansion into UHT milk will diversify Kenya's dairy market with a product that is shelf-stable, reduces food loss, and enhances access to safe milk in areas without reliable cold chains. Its focus on aflatoxin-free, antibiotic-free milk therefore improves public health while creating premium market opportunities for farmers.

SNV has previous experience working with Bio Foods in Kenya's dairy sector through the Kenya Market-led Dairy Programme II (KMDP)<sup>ii</sup>, laying a foundation for the current Origination Facility support. The KMDP sought to enhance issues around training/capacity building, feed and fodder and milk quality. The programme was also relevant for climate change, in terms of both adaptation and mitigation. Its focus on entrepreneurial farmers of varying scales (in terms of land size and milk production) drove sector development and was also sensitive to the inclusion of women.

## What is the intended funding objective (type of activity)?

The Origination Facility support will de-risk and enhance capacity for Bio Foods' planned expansion by addressing key technical, financial, and environmental challenges. Its aim is to enable the company to raise EUR 4.5 million in long-term debt financing from BIO Invest and EDFI AgriFI for a new UHT processing line, factory upgrades, and increased working capital.

The support will focus on market validation for UHT milk, onboarding and training 8,000 new smallholder farmers in climate-resilient dairy practices, independent ESG/GESI assessments, transaction advisory for structuring the debt package, and long-term plant design studies. These activities will unlock investment-readiness and sustainable growth.

## The grant will be used for undertaking

The EUR 325,000 Origination Facility grant will fund targeted de-risking activities:

### Milestone 1: Market validation

- Market research to validate demand for UHT milk and inform Bio Foods' go-to-market strategy.
- UHT pilot tests via co-packing with New KCC to assess packaging, pricing, and consumer acceptance.

### Milestone 2: Milk sourcing

- Onboarding and training 8,000 new smallholder farmers in climate-resilient practices through cooperatives. Target is to be reached by the 2028-29 financial year end.
- Independent supply chain assessment for ESG and GESI compliance, including aflatoxin prevention, gender inclusion, and cooperative governance.

### Milestone 3: Transaction advisory

- Financial and legal advisory to structure and close debt financing.

### Milestone 4: Long-term growth

- Plant design study to guide sustainable expansion of future dairy processing capacity.

## What are the expected impacts of the company?

- Expansion of sourcing from **4,000 to 12,000 smallholders**, providing reliable market access.
- **8,000 smallholder farmers adopt climate-resilient practices**, boosting yields, incomes, and resilience.
- Creation of **900 new jobs**, including 200 for women and 700 for youth.
- **Reduced carbon intensity of milk** through improved fodder and energy efficiency.
- **Processing volumes to increase from 1 million to 4 million litres/month** of toxin-free, antibiotic-free milk within five years.
- **Improved food security and nutrition** through wider access to safe, shelf-stable dairy products.

---

<sup>i</sup> Toxic compounds affecting cow and human health resulting from improperly stored feed.

<sup>ii</sup> <https://www.snv.org/project/kmdp-ii-aid-trade>

## Environmental and social rationale

Bio Foods' expansion will generate significant environmental and social co-benefits.

**Social inclusion:** By onboarding 8,000 new smallholder farmers, Bio Foods will improve farmer incomes through premium pricing and training in sustainable practices. The independent ESG/GESI assessment will establish baselines and deliver an action plan to increase women's participation (35–40% of trained farmers, 30% cooperative leadership), ensure safe milk collection points, and embed grievance redress systems.

**Environmental sustainability:** through this training, Bio Foods will ensure best management practices are implemented by smallholders, raising farmer productivity, reducing the carbon intensity of dairy, improving farm waste management and the sustainability of feed stocks. The company also has a number of efficiency initiatives which will reduce the environmental footprint of its processing and distribution activities.

**Risk management:** The project addresses key risks such as aflatoxin contamination, antibiotic residues, and occupational safety. Bio Foods' ISO 22000 certification and quality-control regime ensure milk safety. The co-packing pilot will be subject to strict oversight to maintain standards.

**Alignment with DFCD:** Classified as Rio Marker 2 for climate adaptation, the project supports climate-resilient food systems by reducing farmer vulnerability to drought through sustainable fodder production, while diversifying Kenya's dairy supply with long-life milk that enhances food security, reduces waste, and improves resilience to climate shocks.

---

## Contact Us

For more information and if you want to share any confidential information you may have regarding the intended project or company, please contact: [dfcd@snv.org](mailto:dfcd@snv.org)

