



OVERVIEW OF THE DAIRY INDUSTRY

IN ESWATINI 2024

“LUBISI YIMPHILO”





Executive Summary

The Eswatini Dairy Board (EDB), established in 1971 under the Dairy Act No. 28 of 1968, leads the development and regulation of the country's dairy sector. The Board's mandate is to ensure sustainable growth by coordinating stakeholders, improving production and marketing efficiency, and aligning the industry with national goals of food security, job creation, and import substitution. In 2024, Eswatini consumed an estimated 83 million litres of milk equivalent (\approx 79 litres per person). Local production reached 19.5 million litres, meeting only 23 percent of total demand, while 63.9 million litres were imported mainly from South Africa. This import dependence presents strong investment potential for domestic production and processing.

Production is concentrated in the Manzini and Hhohho regions, supported by improved breeding, forage development, and farmer-training initiatives. Despite challenges such as high feed costs, climate variability, and the Foot-and-Mouth Disease (FMD) outbreak that temporarily restricted animal imports, productivity has remained stable. The processing industry is anchored by Lactalis Eswatini, Lihlungu Dairy, and several SMEs producing fresh milk, emasi, yoghurt, and dairy juice. In 2024, yoghurt output grew by 25 percent, and fresh-milk imports declined by 31 percent, reflecting steady progress in local value-addition.

Formal milk prices averaged E7.60–E8.10 per litre, while informal markets offered E9.50–E15.00 per litre, showing strong demand but limited cold-chain infrastructure. Strategic investments in production, processing, and infrastructure will not only close the national supply gap but also create employment, enhance rural livelihoods, and position Eswatini as a regional centre for high-quality dairy production. The combination of strong demand, sound regulation, and expanding regional trade access makes the Eswatini dairy industry a sustainable and profitable investment opportunity for both local and international partners.

The 2021 dairy regulations strengthening quality control and investor confidence, Eswatini now offers prime opportunities in large-scale farming, milk processing, feed and forage production, cold-chain logistics, and equipment supply. Supported by stable governance and regional market access, Eswatini is emerging as Southern Africa's next dairy investment frontier.



ESWATINI DAIRY BOARD

The Eswatini Dairy Board (EDB) is a government-owned public enterprise founded under the Dairy Act No. 28 of 1968 and established in 1971. The Board plays a central role in regulating, developing, and promoting the dairy sector in Eswatini. Its mandate is to ensure the sustainable growth of the industry by coordinating stakeholder activities, supporting technical development, and enhancing production and marketing efficiency across the dairy value chain. This mandate is aligned with the Government's socio-economic objectives of poverty reduction, food security, job creation, promotion of local investment, and export growth. The Board's strategic focus is to coordinate, harmonize, and, where necessary, regulate the activities of all dairy stakeholders in a cost-effective manner while ensuring efficiency across the value chain.

As the custodian of dairy industry data, the Board is responsible for the collection, analysis, and dissemination of statistics to inform evidence-based decision-making. EDB also safeguards consumer interests by enforcing health, safety, and quality standards across all dairy products.

In fulfilling its mandate, the Board provides a wide range of support services, including technical and business advisory, project appraisal, infrastructure guidance, and training for farmers and processors. These interventions aim to strengthen capacity, enhance productivity, and promote inclusive participation throughout the dairy industry.

Eswatini Dairy Industry Overview

The dairy industry in Eswatini continues to make a strong and expanding contribution to the national economy, aligning with government priorities on value-added agro-industrialisation. The industry is increasingly lucrative and investment-ready, offering opportunities for both domestic and international investors across production, processing, and input supply. Eswatini ranks among the highest per-capita dairy consumers in Africa, with an estimated consumption of 83.4 million litres (LME) in 2024, equivalent to ~79 liters per capita. This sustained demand, combined with strong consumer preference for fresh and fermented milk, underlines the significant potential for local production growth and value addition.

Despite its high demand base, Eswatini remains a net importer of dairy products, sourcing around 80 % of total consumption from the Republic of South Africa (RSA). In 2024, local production stood at



19.52 million litres, while imports totalled 63.87 million litres, mainly consisting of UHT milk, yoghurt, cheese, baby formula, and creamers. This heavy import dependency highlights a critical gap and immediate investment opportunity in domestic processing and upstream supply chains. The country also possesses a comparative advantage in dairy farming, owing to its favourable climate, established pasture systems, and strategic geographic position.

Eswatini's membership in SACU and SADC ensures access to regional markets such as South Africa, Botswana, Namibia, and Mozambique, enabling both import substitution and export-oriented production. This combination of strong domestic demand, progressive policy support, and rising private-sector participation positions the Eswatini dairy industry as one of the most promising agribusiness investment frontiers in the Southern African region.

The **Eswatini dairy value chain** comprises of:

- **Milk Producers** – smallholder, medium, and large-scale farmers supported by the Eswatini Dairy Board (EDB) through extension, breeding, and development services;
- **Milk Processors** – ranging from small-scale community enterprises to industrial players like Lactalis Eswatini and Lihlungu Dairy;
- **Distributors and Retailers** – mainly supermarkets and milk collection centres (MCCs)
- **Consumers** – households, schools, and institutions with rising preference for locally processed milk and fermented dairy.





(Figure 1: The Eswatini Dairy Value Chain)

Manufacturing and Trade

As of 2024, total domestic consumption of dairy products in Eswatini was estimated at approximately 83.39 million litres of milk equivalent (LME). Of this, about 76.6 % (roughly 63.87 million litres) was supplied through imports, while local production contributed 19.52 million litres, representing a self-sufficiency rate of around 23 %.

Although domestic output continues to fall short of the country’s growing demand, production has been on an upward trajectory over the past five years, supported by Eswatini Dairy Board (EDB) development programmes, improved access to quality breeds through Artificial Insemination (A.I.), and farmer capacity-building initiatives.

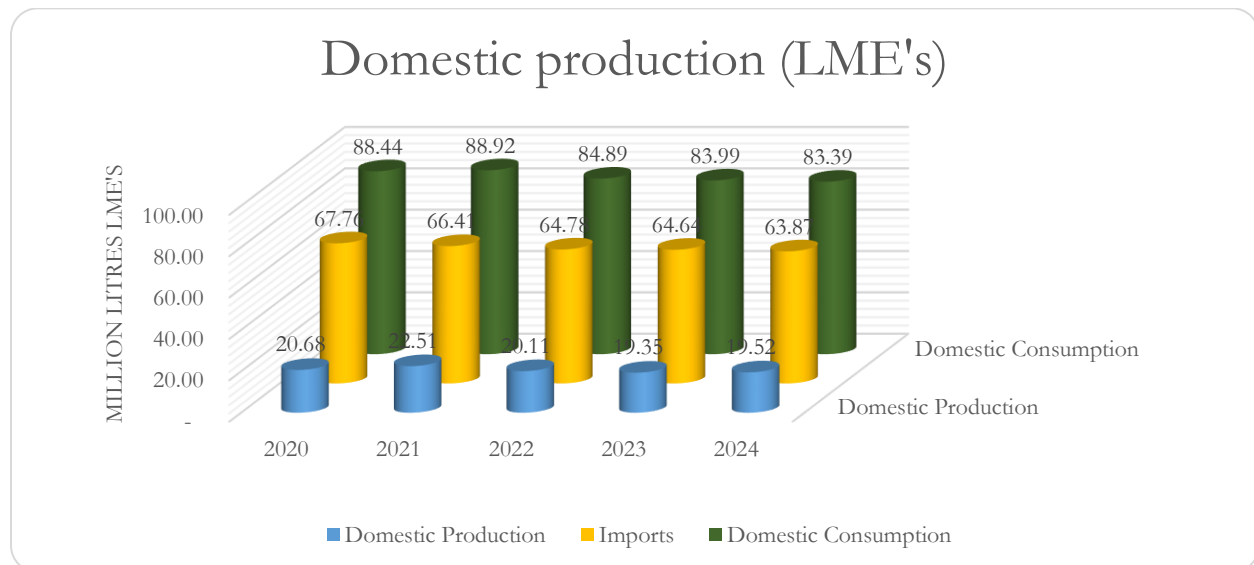


Figure 2: Domestic Production 2024

When compared to 2023 production growth remained steady in 2024 at nearly 20 million litres despite periodic challenges such as climate variability, rising feed costs, and the Foot-and-Mouth Disease (FMD) outbreak, which temporarily halted livestock imports and restricted herd expansion. At the same time, dairy imports declined modestly from 67.76 million litres in 2020 to 63.87 million litres in 2024, reflecting gradual import substitution through the expansion of smallholder and cooperative milk collection systems.



The temporary supply chain disruptions observed globally during and after the COVID-19 pandemic, together with regional logistics constraints, further accelerated a shift toward local production and informal market sales, particularly among smallholder farmers. Many rural producers responded by increasing on-farm processing of fresh milk and *emasi*, which helped stabilise local availability, reduce losses, and generate new income opportunities within rural communities.

The domestic dairy manufacturing base remains anchored by medium- to large-scale processors such as Lactalis Eswatini, Lihlungu Dairy and a growing number of SMEs producing fresh milk, yoghurt, and fermented dairy products. However, opportunities remain significant for private investment in UHT milk, cheese, baby formula, and the powdered dairy production segments which continue to depend heavily on imports from South Africa.

Local Dairy Processing and Product Mix

The local dairy processing sector in Eswatini has grown steadily over recent years, driven by increased milk collection from smallholder farmers, investment in new equipment, and a gradual recovery of post-pandemic consumer demand. By 2024, domestic manufacturing of dairy products showed marked improvement, particularly in fermented and cultured products. Production of *emasi* increased by 4.5 %, while yoghurt output grew by 24.6 % compared to 2023 levels. Over the same period, imports of fresh milk declined by 31.6 %, signaling progress toward import substitution and market diversification.

Table 1: Local Dairy Processing and Product Mix

Locally Produced vs Imported Dairy Products Quantities (KG/L)				
YEAR	2023		2024	
	Local	Imports	Local	Imports
Emasi	7,899,485	1,532,343	8,256,535	1 175 293
Fresh milk	98,682	356,664	106,433	243,921
Fresh cream	4,876	46,886	5,638	49,032
Yoghurt	1,708,226	3,187,564	2,268,389	4,248,666
Dairy juice	1,229,649	-	1,204,786	-



The product portfolio of locally manufactured dairy items continues to expand beyond traditional fresh milk and *emasi*, now including yoghurt, fresh cream, dairy juices, and flavoured milk. Several community-based and privately owned processing enterprises have entered the market, supported by the Eswatini Dairy Board’s dairy development programmes, which provide training, technical guidance, and quality assurance oversight.

Table 2: Dairy Import Statistics

Dairy Import Quantities (Kg/L)		
PRODUCT	2023	2024
Baby Formula	311 076	406 800
Butter	59 638	173 022
Cheese	566 033	783 758
Creamers	1 077 706	1 209 598
Custard	431 496	405 228
Emasi (Sour Milk)	807 578	1 175 294
Fresh milk	356 664	234 921
Ice Cream	307 613	466 368
Milk Substitutes	79 493	248 444
Raw Milk	-	-
Pasturised Milk (Bulk)	3 123 500	2 359 000
UHT Milk	13 953 580	11 886 458
Yoghurt	3 187 564	4 248 666

Overall, the sector demonstrates resilient growth potential, with demand for locally processed dairy products rising across retail, hospitality, and institutional markets. Continued private-sector participation and access to finance are expected to accelerate value-addition, reduce import dependency, and stimulate job creation across the value chain.



Local Milk Production Structure

Eswatini’s local milk production continues to reflect a mixed farming structure, with contributions from smallholder, medium-scale, and large-scale farmers across the four regions. In 2024, total milk production was estimated at ~19.53 million litres, derived from 5,176 dairy cows (CIM). The large-scale producers remain the dominant contributors, accounting for 46.7% of total national output, while smallholder farmers play an increasingly important role in supplying both formal and informal markets. Milk production remained relatively stable during the period, supported by EDB’s initiatives in forage development, artificial insemination, and farmer training.

Table 3: Local Dairy Processing and Product Mix

Scale of production	Number of milk Cows (CIM)	%	Production (Litres)	%
Small scale Farmers	1 627	30.52	5 386 264	31.42
Medium scale Farmers	1 168	22.75	4 476 370	25.56
Large Scale Farmers	2 381	46.72	9 664 002	43.02
Total	5 176	100	~19,526,636	100

Approximately 62% of all milk produced was marketed formally through MCCs and processors, while 38% circulated through community-level informal trade, particularly as *emasi* and fresh milk. EDB’s ongoing MCC expansion, cooperative marketing, and quality-based pricing mechanisms aim to gradually increase formalization, enhance milk quality, and ensure stable income for producers.

Milk Production in Eswatini

Milk production in Eswatini remains geographically concentrated in the high and medium rainfall regions of Manzini and Hhohho, which provide the most suitable climatic and forage conditions for dairy farming. In contrast, Lubombo and Shiselweni record lower output levels, as these drier areas depend largely on smallholder operations that utilize open grazing and cut-and-carry feeding systems.



The national dairy herd is composed primarily of Jersey, Holstein Friesian, and crossbred animals (Jersey × Holstein), with indigenous breeds also contributing modestly to household-level milk production. The average herd size for small-scale farmers ranges between four and five animals, while medium- and large-scale producers maintain structured herds supported by improved breeding, feeding, and milking systems.

Average milk yields vary by scale. Small-scale farmers typically produce 8-10 litres per cow per day, while medium- and large-scale farmers achieve between 12 – 18 litres per cow per day under semi-intensive management systems. In recent years, Eswatini has also introduced dairy-goat production, especially among youth and women farmers, as part of a diversification drive to improve nutritional outcomes and income sources in marginal production zones.

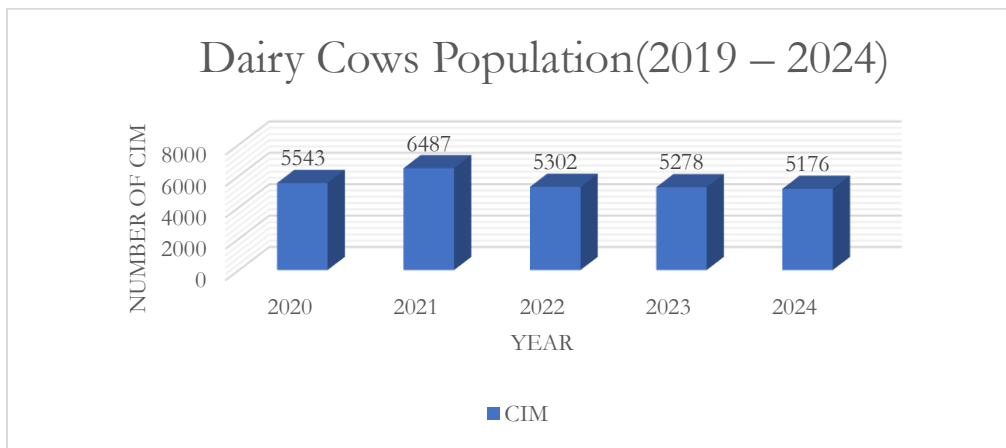


Figure 3: Dairy Cow Population

The national milking herd was estimated at 5,176 cows in 2024, with total milk output reaching 19.53 million litres. This represents a moderate decline from the 2021 peak of 22.5 million litres and is largely attributed to the Foot-and-Mouth Disease (FMD) outbreak, which triggered a temporary ban on live-animal imports. The ban limited the inflow of improved dairy heifers and restricted herd expansion, slowing the progress of national genetic-improvement and restocking programmes.

Despite this setback, on-farm productivity has improved, supported by the Eswatini Dairy Board's breeding and artificial-insemination initiatives, pasture-demonstration sites, and capacity-building programmes aimed at smallholder farmers. The Board's interventions in forage production, feed



conservation, and milk-quality management have helped stabilize output during periods of climatic and economic stress.

Overall, the Eswatini dairy industry is showing signs of gradual structural transformation. While large-scale producers continue to dominate formal supply chains—accounting for roughly 43 percent of total output—small and medium-scale farmers collectively contribute more than half of national milk production through both formal and informal markets.

Looking ahead, herd recovery and growth are expected to accelerate as FMD-related restrictions ease and as EDB’s genetic-improvement and local-breeding programmes expand. With improved access to quality heifers, enhanced feed systems, and better coordination through MCCs, Eswatini is well-positioned to increase productivity and reduce its dependency on imported dairy products.

Dairy Marketing and Distribution

The dairy marketing and distribution network in Eswatini consists of two key market channels: the formal and the informal markets. The formal market is characterised by two major processing players Lactalis Eswatini and Lihlungu Dairy.

To meet the growing demand for dairy products, processors source raw milk from local farmers and import shortfalls from the Republic of South Africa (RSA). However, the informal market continues to play a dominant role, particularly among smallholder producers, who prefer it due to the higher farm-gate prices compared to those offered in the formal sector.

Over the past year, formal market prices have averaged between E7.60 and E8.10 per litre. Conversely, informal market prices have ranged between E9.50 and E15.00 per litre, reflecting strong local demand for fresh and unprocessed milk. While this price differential offers higher returns to farmers, the informal market lacks reliability, exposing producers to losses from milk perishability and fluctuating demand.

Dairy Industry Regulations

To ensure the long-term sustainability and competitiveness of Eswatini’s dairy sector, EDB continues to work closely with public and private stakeholders to develop, implement, and update national dairy regulations. These regulations, which came into force in 2021, provide an enabling policy and business



environment that promotes fair trade, product quality, and consistent growth across the entire dairy value chain. The framework codifies best practices for dairy production, processing, and marketing, protecting all industry players. It also enforces health and food-safety standards, ensuring that locally produced dairy products meet both domestic requirements and regional export benchmarks.

Through ongoing collaboration with the Ministry of Agriculture, public-health authorities, and regional trade bodies, EDB continues to align Eswatini's dairy standards with SADC and COMESA frameworks, positioning the country as a credible and competitive player in the regional dairy market. Since their implementation, the 2021 regulations have served as a cornerstone for sector transformation, supporting formal market expansion, improved compliance, and investor confidence in the Eswatini dairy industry.

Challenges and Opportunities in the Dairy Industry

Key Challenges

- **Shortage of raw milk** to supply existing and upcoming processing plants;
- **High cost of inputs**, particularly animal feed and supplements;
- **Climate variability and drought**, which affect forage quality and milk yields;
- **Shortage of suitable land and infrastructure** for large-scale dairy projects;
- **FMD-related import restrictions**, which have slowed herd expansion and access to improved genetics.

Emerging Dairy Industry Opportunities

- **Import-substitution potential:** local production currently meets less than 25 % of demand, creating scope for new entrants.
- **Strong domestic and regional demand:** consistent consumption growth in Eswatini, Mozambique, and South Africa.
- **Value-addition prospects:** yoghurt, ice-cream, dairy juice, UHT milk, cheese, milk powder, and baby formula.
- **Youth and women participation:** trained personnel and graduates offer a ready talent base for investors.
- **Commercial dairy-goat enterprises** expanding into niche and export markets.



- **Rising consumer awareness** around nutrition and local-brand preference supporting demand growth.

Investment Opportunities Within the Dairy Value Chain

The dairy sector in Eswatini offers many opportunities for investment across all stages of the value chain. As milk demand continues to be higher than local supply, these opportunities provide good returns while helping the country improve food security and grow its agro-industry.

Key Investment Areas

1. Large-Scale Dairy Farming

The Government's plan to build a large dairy processing plant will increase the need for raw milk, creating a steady market for large dairy farmers. Several farms that are suitable for intensive dairy farming are available for lease or purchase through the Ministry of Agriculture's farm utilization programme.

2. Dairy Processing and Manufacturing

Every year, Eswatini imports more than E480 million worth of dairy products. Investing in local processing offers a clear chance to replace imports. The total dairy market is worth around E9 billion (about US \$0.5 million monthly turnover for formal processors), showing that there is still plenty of room for local production and expansion.

3. Dairy Machinery and Equipment Supply

Most dairy equipment used in Eswatini is imported from South Africa and is expensive. There is a good opportunity for local businesses to assemble or manufacture dairy equipment such as milking machines, pasteurizers, chillers, and packaging machines. This would lower costs for farmers and processors and build a stronger local supply chain.

4. Feed and Forage Production

Feed costs make up the biggest share of expenses for dairy farmers. Investment in hay production, silage, and dairy feed manufacturing will help reduce these costs and support milk production throughout the year, especially during dry seasons. Such projects also help farmers cope with the effects of climate change and limited grazing land.

Together, these opportunities make the Eswatini dairy sector one of the country's most promising agribusiness areas. Investors will benefit from a fast-growing local market, easy access to regional trade routes, and strong government support for new dairy projects.



Investing in the Eswatini Dairy Industry

The Eswatini Dairy Board (EDB) continues to advance its efforts to create a conducive and investor-friendly environment for individuals and organizations seeking to participate in any stage of the country's dairy value chain. As the sector grows and modernizes, investment across production, processing, and marketing remains critical to ensuring that Eswatini's dairy industry remains competitive, inclusive, and sustainable. The Board actively encourages both domestic and international investors to take advantage of the diverse and profitable opportunities that remain underexploited within the sector. EDB's strategy focuses on attracting long-term investment that contributes to import substitution, employment creation, and rural income generation, while ensuring a high level of ease of doing business.

Prospective investors are advised to adopt the following key steps when exploring opportunities within the Eswatini dairy industry:

- Conduct a detailed assessment of the local dairy sector, including the regulatory environment, production base, and existing value-chain actors.
- Develop a comprehensive business case specifying the type of dairy enterprise or activity to be undertaken whether in production, processing, logistics, or equipment manufacturing.
- Ensure the business plan includes a clear financial viability analysis with relevant performance indicators, investment requirements, and any proposed business concessions.
- Where possible, partner with local dairy stakeholders already active in the value chain to ease market entry, lower start-up costs, and enhance local integration.

Through its mandate, the EDB remains committed to promoting import substitution, job creation, and sectoral diversification, and will continue to support investors through streamlined processes, policy advocacy, and technical facilitation. The Board views investment in the dairy industry as a national development priority, capable of transforming Eswatini into a regional hub for sustainable and value-added dairy production.