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POLICY BRIEF

Rangelands, Livestock Markets and the Pastoral Economy

Building a Competitive Pastoral Economy



Livestock being sold at an auction in Baringo County, Mogotio

KEY MESSAGES

1. Kenya's ambition to grow the livestock sector from below KSh 200 billion to KSh 1 trillion is an infrastructure and value-capture target, not primarily a production target. Rangeland health, mobility, animal productivity, processing capacity, finance and market access set the ceiling on what that ambition can become.
2. Rangelands sustain about 70% of Kenya's national herd, cover roughly 80% of the country's landmass, and anchor livelihoods for more than a third of the population. Rangeland policy is livestock economic policy: land lost to fragmentation or converted without regard for mobility corridors is productive capacity removed from the sector.
3. Along the value chain from producer to export market, pastoral producers currently capture the smallest share of the value their animals generate. Distress sales, weak aggregation, thin market information, limited processing and cold chain capacity, and constrained finance all push value away from the point of production.
4. Pastoral mobility functions as productive infrastructure, giving herds access to wet- and dry-season grazing, drought reserves, water points and market routes. Restricting it does not protect land from pastoral use; it reduces the productivity of the herd the sector is trying to grow.
5. Digital and financial technologies, including livestock insurance, traceability systems and market information platforms, are already reducing risk and transaction costs for pastoral producers at meaningful scale. This infrastructure merits the same investment seriousness as roads or processing plants.
6. Women and youth are already primary economic actors in pastoral production, trade and innovation. Their limited access to land, finance and productive assets constrains sector-wide productivity and value capture; it is not a separate concern to be addressed once the economic agenda is settled.

EXECUTIVE SUMMARY

Kenya has one of the more progressive legal frameworks for community land in the region, but legal recognition has not yet translated into effective governance across the country's rangelands. The Community Land Act, 2016 provides for pastoral and other communities to hold and manage land collectively. However, progress in registration, demarcation and the establishment of effective governance institutions has not kept pace with the ambitions of the law.

Community land governance is therefore about more than securing land rights. It determines how rangelands are managed, how pastoral mobility is maintained, how investment is accommodated, how ecological resilience is protected and, ultimately, how economic value is created and shared. Where governance systems are weak, communities face greater pressure from land fragmentation, competing land uses and poorly regulated investment, while the ecological and economic functions of rangelands are placed under increasing strain.

Evidence from RECONCILE's work on Participatory Rangeland Management in Kenya's arid and semi-arid counties shows what stronger community governance can achieve, including improved rangeland management, rehabilitated water infrastructure and measurable gains in household livestock income. The policy challenge is now to build on this experience and strengthen the institutions that enable communities to govern their land effectively, protect mobility and manage investment, before growing pressure on rangelands further outpaces the systems responsible for governing them.

1. The Pastoral Economy Kenya Already Has

Kenya's rangelands cover close to 80% of the country's landmass and carry about 70% of the national livestock herd. On that base sits a livestock economy that already moves animals, milk, meat, hides and camel products through markets stretching from local trading centres to export abattoirs, generating livelihoods across arid and semi-arid counties that are home to more than a third of the national population.

This is a functioning production and trading system, not a fragile or marginal one waiting to be built from scratch. It has absorbed drought, disease outbreaks, conflict and decades of limited policy attention, and it continues to supply the country with livestock and livestock products. Pastoralists within it operate as producers, asset owners, traders and, increasingly, technology adopters and entrepreneurs.

Government has set out an explicit ambition for what this economy could become: a climate-smart, commercially competitive sector contributing KSh 1 trillion to the national economy, up from an estimated base below KSh 200 billion today, roughly a five-fold increase. Reaching it will not come from herd growth alone. It requires building on the pastoral economy that already exists, and identifying precisely what currently prevents it from generating and retaining more value.

2. From Livestock Numbers to Economic Value

The KSh 1 trillion target is most useful as a diagnostic test. Applied to the current sector, it exposes how many distinct constraints have to be addressed at once for the ambition to be realistic, and how few of them relate to the size of the national herd.

Sector performance depends first on rangeland health and the mobility that keeps grazing productive through the year. It depends on animal productivity: breeding, animal health, feed and fodder availability, and water access, which together determine how much meat, milk and offspring a herd produces per unit of land and labour. It depends on the market side of the chain: aggregation points, transport, processing capacity, cold storage, quality and grading standards, traceability systems, and the market information that allows a producer to negotiate rather than accept the first price offered. And it depends on finance reaching producers, aggregators and processors as working capital and productive investment, not only as emergency relief once a drought has already taken its toll.

Taken together, these are the specific determinants of whether Kenya's livestock sector can move from below KSh 200 billion to anywhere near a trillion shillings. A policy agenda that increases livestock numbers without addressing rangeland health, market infrastructure and finance will raise losses and costs faster than it raises sector value.

"We want to build a trillion-shilling meat industry. Yet the people who own most of the animals are still expected to survive on a livestock economy designed as if they are an afterthought."

3. Why Producers Capture Too Little of the Value

Follow an animal from a pastoral household to a plate in Nairobi or an export market, and the value it generates is captured unevenly at each stage: producer, aggregator, trader, transporter, processor, wholesaler, retailer or exporter, and finally consumer. The producer who carried the risk of raising that animal through drought years typically receives the smallest share. Value accumulates instead at the aggregation, processing and retail stages, where infrastructure, capital and market access are concentrated.

Several factors explain the gap. Producers facing a cash shortfall, often triggered by drought or an unplanned expense, frequently sell in distress, at prices set by the urgency of the sale rather than the animal's actual value. Aggregation remains weak: herders selling one or two animals at a time have limited bargaining power against traders who can walk away from any single transaction. Market information is thin, leaving producers uncertain whether a local offer reflects prevailing prices elsewhere. Processing and cold chain capacity near production areas is limited, so animals are commonly moved live over long distances rather than slaughtered and processed closer to where they were raised, adding cost and risk while exporting the value-added stages of production to urban centres. Quality grading and traceability systems, where they exist, rarely extend back to individual pastoral producers, cutting them off from the premium prices that traceable, verified products can command. And finance to bridge the gap between production and sale, whether working capital for a trader or investment capital for a small processor, remains difficult to access across most pastoral areas.

The policy response this points to is not more livestock. It is value addition and market infrastructure located closer to where livestock are actually raised, so that a larger share of what an animal is worth by the time it reaches a consumer remains within the economy that produced it.

4. Rangelands, Mobility and Productive Infrastructure

Rangelands are often described in policy documents simply as land pastoralists occupy. It is more accurate, and more useful for sector planning, to treat them as productive economic infrastructure: the equivalent, for the livestock sector, of the road network for transport or the irrigation system for horticulture. Roughly 80% of Kenya's landmass falls into this category, carrying about 70% of the national herd and anchoring the livelihoods of more than a third of the population, directly or indirectly.

Mobility is what keeps that infrastructure productive. Herds move to wet-season grazing when it is available, retreat to dry-season reserves as conditions change, and rely on established corridors to reach water points, drought reserves and markets without exhausting any single area beyond its capacity to recover. Where fragmentation, land conversion or infrastructure development cuts across these corridors, the effect is not a one-off local disruption. It shows up sector-wide as reduced herd productivity, higher livestock losses in drought years, and higher transport and search costs for producers trying to reach grazing or water their herds still need.

Kenya's livestock-sector growth ambition therefore rests substantially on decisions made in land-use and county planning processes, not only in agriculture or trade ministries. Rangeland health, secure tenure and protected mobility corridors are preconditions for the productivity gains the KSh 1 trillion target assumes.

5. Building the Missing Market and Investment Infrastructure

Kenya has already begun building parts of this infrastructure, and the results indicate what is possible at scale. Under the World Bank-supported DRIVE programme, index-based livestock insurance has issued more than 330,000 policies covering over one million Tropical Livestock Units, paying out over KSh 5.4 billion in drought-related benefits triggered by a satellite-based index rather than individual claims assessments. A livestock traceability system, ANITRAC, has tagged several thousand cattle and trained field officers as an early building block for an exportable, quality-assured livestock market. These are functioning financial and market infrastructure that reduce risk and transaction costs for producers and, in doing so, make pastoral livestock a more investable asset class for banks, insurers and private capital.

The remaining gap is one of financing logic. Too much rangeland and livestock finance still arrives as crisis expenditure after drought, disease outbreak or market collapse, once assets have already been lost. A competitive pastoral economy needs a parallel stream of productive investment: working capital for aggregators and small processors, cold chain and processing infrastructure near production areas, veterinary services and disease surveillance, fodder systems that reduce drought exposure, and appropriately structured climate and carbon finance with transparent benefit-sharing terms.

Community land governance belongs in this investment case rather than alongside it. Secure tenure and legitimate, accountable community institutions give investors predictable rights to negotiate with. RECONCILE's own work supporting community-led rangeland management, now covering more than 400,000 hectares, is as relevant to investment planning as it is to land governance: it demonstrates that where tenure is secure and local institutions function, communities invest in the land themselves.

6. Women, Youth, Technology and the Next Pastoral Economy

Women already perform a substantial share of the productive work in the pastoral economy: managing milking and herd health day to day, running household-level trade in milk and other products, and holding much of the practical knowledge that keeps a herd productive through a difficult season. Their limited access to land ownership, grazing decision-making, formal livestock marketing and productive finance is an economic constraint on sector output, not only an equity gap to be addressed once the economic agenda is otherwise settled.

Youth are entering the sector as traders, technology adopters and entrepreneurs: building mobile livestock trading platforms, applying digital and AI-based market information tools, and using climate information systems to inform herd movement decisions. Where local economic opportunity fails to keep pace with this activity, that entrepreneurial capacity migrates toward towns and cities rather than building the sector from within.

Technology in this context functions as economic infrastructure rather than innovation for its own sake. Digital livestock markets and payment platforms lower transaction costs. Traceability systems support quality assurance and premium pricing. Insurance technology and remote sensing manage risk in ways that make pastoral lending less speculative for banks and insurers. Reliable rangeland and livestock data, still thin across much of the sector, matters directly to government planning budgets and subsidies, to banks and insurers pricing risk, and to processors and exporters planning supply. Investment in this data and technology base should be assessed the same way as investment in any other piece of sector infrastructure, by the transaction costs and risk it removes.

POLICY RECOMMENDATIONS

National and County Governments

- Publish a costed rangeland and livestock investment plan tied explicitly to the KSh 1 trillion target, specifying which cold chain, processing, veterinary and market infrastructure investments are required, in which counties, and by when.
- Fund cold chain and processing facilities sited in or near pastoral production areas, prioritising counties with high livestock populations and limited existing processing capacity.
- Fund veterinary infrastructure, disease surveillance and diagnostic capacity as core, recurring sector infrastructure rather than an emergency budget line activated after outbreaks.
- Accelerate registration of community land and legal recognition of Rangeland Management Committees, giving investors and producers predictable rights to negotiate around.

Private sector and financial institutions

- Extend working capital financing to livestock aggregators and small processors operating near production areas, rather than concentrating lending at the export and large-processor end of the chain.
- Scale index-based livestock insurance and comparable risk-transfer products beyond current pilot counties, using the DRIVE programme's payout record as the evidence base for expansion.
- Structure carbon and climate finance instruments with transparent, contractually binding community benefit-sharing terms, given that unresolved benefit-sharing concerns currently limit pastoralist participation in these markets.



Cattle crush in Kajiado County, Indepen Sub Location

Pastoral producers and producer organisations

- Invest in aggregation structures, such as producer cooperatives or marketing groups, that allow members to negotiate collectively rather than sell individually into a buyer's market.
- Adopt traceability and quality-grading systems where available, positioning herds to access premium domestic and export markets rather than local spot markets alone.
- Build organisational capacity to engage directly in county rangeland and investment planning processes, rather than being consulted after major decisions have been made.

Development and research partners

- Fund the extension of digital market information, insurance and traceability systems to counties not yet covered, rather than financing new parallel pilot projects.
- Support systematic rangeland and livestock data collection, disaggregated at county level, as shared infrastructure available to government, financiers and producers rather than project-specific data that disappears when funding ends.
- Back women's and youth-led enterprise directly with market-access and finance instruments, treating both groups as producers and investors rather than beneficiaries of separate social programming.

CONCLUSION

Kenya's livestock sector does not need a pastoral economy invented from outside. It needs the one that already exists recognised for what it is: a productive, investable system that has kept animals, milk and meat moving through drought, conflict and decades of limited policy attention. The KSh 1 trillion ambition is realistic only if it is pursued as an infrastructure and value-capture agenda: rangeland health and mobility protected as productive assets, processing and market infrastructure built closer to where animals are raised, finance restructured to arrive before losses occur rather than after, and women, youth and producer organisations treated as the investors and entrepreneurs they already are.

Kenya should not only ask how the country can sell more meat to the world. It should ask whether the Kenyan who raises that animal can afford to remain in the business of producing it. The government, financiers and development partners should invest where the value is actually created, so the ambition of a trillion-shilling livestock sector is built on, and shared with, the people who raised it.

Data notes

Figures on rangeland area, livestock herd share and population dependency reflect Government of Kenya sector estimates and should be confirmed against current Kenya National Bureau of Statistics and State Department for Livestock Development publications before external use. The current sector contribution (below KSh 200 billion) and the KSh 1 trillion target are government-stated policy figures requiring the same verification. DRIVE programme insurance and ANITRAC traceability figures reflect programme reporting as of the 2026 reporting period and should be confirmed against World Bank and State Department for ASAL Development documentation for the most current totals.

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