



**THE  
IMPACT  
PROGRAMME**

# DEEP DIVE: AGRICARE INSIGHTS

**COMPANY:** Agricare

**SECTOR:** Agriculture

**COUNTRY:** Ghana

**FUND:** Injaro Agricultural Capital Holdings

Impact Programme Deep Dives use a stakeholder-centric approach to measurement. They gather feedback on the products and services produced by companies (known as 'outputs'), and the material effect of these products and services on people's lives ('outcomes').

Research is based on five key principles:

- **Participatory.** Listening to data needs across companies, fund managers and asset owners to focus on metrics that can be decision-useful for all parties.
- **Value-added.** Helping businesses understand how they are creating value for their customers, suppliers and employees.
- **Right-sized.** Using research methods that are proportionate to the scale of impact and aligned with company culture.
- **Confidential.** Ensuring the safety of commercially sensitive data, and protecting the right of respondents to anonymity.
- **Independent.** Engaging researchers external to company and fund management to reduce bias and boost impartiality.

Deep Dive findings inform portfolio-wide impact reporting, and feed into business strategy and operations – helping to improve customer segmentation, supply chain management, brand positioning and marketing.

Deep Dives are in-depth research on the social performance of portfolio companies in the [CDC Impact Fund](#), which is part of the DFID Impact Programme. Each Deep Dive collects data from people experiencing impact. This information is then turned into insights for both businesses and their investors – as well as generating learning for the wider impact investing market.

## HEADLINE IMPACT

- Agricare's customer base consists mainly of small-scale commercial poultry farmers who own flocks of less than 1,000 chickens.
- Almost all farmers recorded significant productivity gains after using Agricare feed, but issues with stock-outs and large product packaging limit the potential to impact lower-income customer segments.
- Smallholders selling maize to Agricare through an out-grower scheme particularly value the inputs and advice on good farm management, which they would otherwise find difficult to obtain.

## COMPANY OVERVIEW

Agricare is a commercial animal feed mill based in Kumasi in Central Ghana. Poultry feed is their main product line. Agricare is a portfolio company of Injaro, an impact-oriented fund manager focused on West Africa who has received investment from the CDC Impact Fund<sup>1</sup>.

Agricare sells animal feed direct to farmers and via a network of sales agents in Ghana and Togo. Agricare has also established an out-grower scheme to secure local access to raw materials.



<sup>1</sup> CDC's Impact Fund invests in funds and other intermediated vehicles that deliver high development impact. In 2014, the Impact Fund invested USD 15 million into Injaro Agricultural Capital Holdings, an agricultural fund managed by Injaro Investments. In 2015, Injaro invested USD 4 million into Agricare in return for a 48% equity stake. See <http://agrifinanceghana.org/story/injaro/>

## RESEARCH FOCUS

Ghana's poultry industry is constrained by the lack of reasonably priced and effective feed, which is a critical input accounting for as much as 80% of production costs for farmers. Low-quality feed leads to a slow growth in chickens and low egg production.

On the consumer side, Agricare aims to differentiate itself from other animal feed options available in terms of product quality and price leadership. Because Agricare sells most of its poultry feed through sales agent intermediaries, the company wanted to directly engage end-customers to better understand their wants and needs. On the supply side, Agricare imports the two main ingredients required to formulate poultry feed – yellow maize and soya – but due to concerns about currency fluctuations and customs delays, the company was interested in establishing a local supply chain<sup>2</sup>. Agricare had participated in an out-grower scheme for maize involving 100 farmers across five northern regions in Ghana<sup>3</sup>. At the time of research two harvests had taken place, and Agricare was in the process of deciding how to scale-up the scheme ten-fold to 5,000 hectares, so wanted to learn what had worked during the pilot, and what could be improved<sup>4</sup>.

This involved carrying out stakeholder surveys to understand three dimensions of impact: *Who* are the customers and suppliers experiencing change, *what* economic and social value is being created, and *what contribution* does this make to what would have happened anyway?

To answer these questions the Impact Programme worked with the [Acumen Lean Data](#) team to conduct in-person surveys with a representative sample of Agricare end-customers and out-growers. Over six weeks, phone interviews took place with 170 Agricare feed customers, along with 12 of the company's 35 retail outlets. To construct a performance benchmark for Agricare, we also surveyed 80 farmers who were purchasing competitor feeds. On the supplier side, we spoke to 86 farmers selling maize to Agricare. Interviews averaged between 15-20 minutes.

## RESEARCH FINDINGS

- **Agricare benefits more underserved consumers than expected.** Agricare thought that its customer base consisted mainly of medium- and larger-scale farmers. By contrast, we found that three-quarters of their end-customers had fewer

than 1,000 chickens—considered in Ghana to be the smallest type of small-scale commercial farm<sup>5</sup>. Almost all farmers reported productivity gains after using Agricare feed: 86% of farmers keeping hens for egg production reported a better laying percentage<sup>6</sup>; while 91% of broiler farmers who rear poultry for its meat noted significant changes in bird weight.

The multi-stakeholder [Impact Management Project](#) considers five dimensions of company impact on people and planet:

- **Who** experiences change, and how underserved are they?
- **What** outcomes does the change relate to, and how important they are to the people (or planet) experiencing it?
- **How much.** How much of the change occurs in the time period in terms of depth, scale and duration?
- **Contribution.** How does the change compare and contribute to what is likely to occur anyway?
- **Risk.** How likely is the outcome to be different from what is expected?



<sup>2</sup> From an impact investor perspective, sourcing locally in Ghana also has the potential to generate jobs and incomes for smallholder farmers.

<sup>3</sup> In this scheme, Agricare pre-finances the provision of seeds, fertilizer and extension services to the farmers and these costs are recovered with harvested maize.

<sup>4</sup> The contract was brokered by a USAID project, ADVANCE, in partnership with the Ghana Grains Council (GGC) [https://www.microlinks.org/sites/default/files/resource/files/Report\\_No\\_\\_45\\_-\\_Policy\\_Constrained\\_VC\\_Case\\_Studies\\_Ghana\\_ADVANCE\\_Success\\_Story.pdf](https://www.microlinks.org/sites/default/files/resource/files/Report_No__45_-_Policy_Constrained_VC_Case_Studies_Ghana_ADVANCE_Success_Story.pdf)

<sup>5</sup> Small-scale commercial poultry farms are generally thought to have between 50-5,000 birds. Medium scale has 5,000-10,000 birds, and large scale have more than 10,000 birds.

<sup>6</sup> Laying percentage is the proportion of a farmers' chicken flock laying eggs at a given time.



“I was able to send my son to Kanton Senior High School and can afford the fees now. I am able to cater for most of my family needs.”

“I have been able to raise money to support my children’s education.”

“I was taught how to apply fertilizer to my farm, which really increased the yield.”

“I have been able to raise money to support my children’s education.”

*Smallholders selling to Agricare through the maize out-grower scheme*

- **The economics of small-scale farming shapes customer wants and needs.** Listening to customer concerns, we found that many farmers expressed a desire for different-sized packaging than Agricare’s standard 50-kilogram bag. Small farms, which we now know comprise the majority of Agricare’s customers, purchase smaller volumes and found the large sacks harder to transport. As it happened, Agricare produces 25-kilogram bags but had not proactively distributed them, as it thought there was little demand. We also found that the main reason some customers stopped buying Agricare products was because they weren’t consistently available at local retailers. Because smaller-scale farmers tend to buy just in time rather than keep inventories and use the same feed brand throughout a hen’s life, it is important to keep retailers stocked.
- **The out-grower scheme has pro-poor potential – but not for the reasons everyone thought.** Agricare hypothesised that its value proposition to out-grower farmers was access to a guaranteed market and stable price for maize. While Agricare did provide a competitive price – and a promise to purchase a fixed volume of produce – it turned out that farmers would have little trouble selling maize

to alternative buyers, and local traders often provided better (if more volatile) prices. But what farmers valued most was access to inputs – particularly higher-yielding hybrid seeds on credit – and technical assistance about good farm management provided through the scheme. The supplier farmers were generally poor smallholders – using the [PPI Scorecard](#), half (45%) lived on less than £2.50 a day – who found it hard to get hold of quality agricultural products such as improved seeds in local markets. Only 30% of farmers had access to hybrid seeds before participating in the scheme.

#### WHAT HAPPENED NEXT?

These findings had significant implications for how Agricare markets its products and manages its supply chain. To better satisfy its smaller-scale market segment, the company is pro-actively marketing its 25-kilogram bags; committing to regular weekly calls between Agricare’s marketing manager and its retailer network to estimate demand and smooth out stocking issues; and distributing a simple questionnaire, focused on retention rates and drivers, for Agricare field staff to monitor the sustainability of the out-grower scheme.

#### FURTHER INFORMATION AND CONTACTS:

The Impact Programme:  
[theimpactprogramme@uk.pwc.com](mailto:theimpactprogramme@uk.pwc.com)

CDC:  
[Impactfund@cdgroup.com](mailto:Impactfund@cdgroup.com)

For further information on the Impact Fund, go to:  
[www.theimpactprogramme.org.uk/investments-dfid-impact-fund](http://www.theimpactprogramme.org.uk/investments-dfid-impact-fund) | [www.cdgroup.com](http://www.cdgroup.com)



The Impact Programme is a project funded by the UK’s Department for International Development (“DFID”) and is managed by PricewaterhouseCoopers LLP as the Programme Coordination Unit, working alongside CDC Group and other market building partners. This document has been prepared only for DFID in accordance with the terms agreed with DFID and for no other purpose. PricewaterhouseCoopers LLP and the other entities working in partnership in the Impact Programme (as listed above) accept no liability to anyone else in connection with this document.