

## CASE STUDY: SIDAI

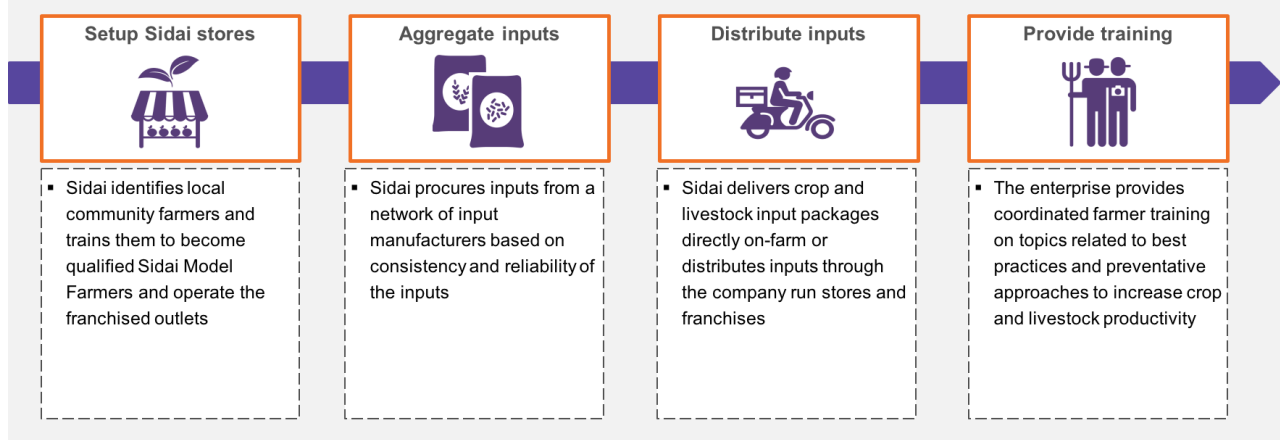


**Founding year:** 2011  
**HQ:** Nairobi, Kenya  
**Countries of operation :** Kenya  
**Orientation:** For-profit  
**Employees:** 58  
**Turnover:** USD 5.84 Million

Remotely located farmers in Kenya lack access to high-quality crop inputs, veterinary and on-farm services at fair prices. Lack of regulations related to input standards further accentuates the problem of unqualified sellers hawking counterfeit goods and low-quality products to ill-informed smallholder farmers and pastoralists. In addition, the nature of the inputs market is largely government-driven or donor-aided resulting in distorted markets.

Sidai is a social enterprise that aggregates inputs from its network of input manufacturers and distributes inputs to small-scale farmers through its franchisee outlets or through on-farm delivery. In addition, the enterprise also provides on-farm training services to farmers on crop and livestock practices.

The enterprise serves as a one-stop-shop for farmers, stocking over 400 products including crop inputs, animal feed and veterinary medicines. Sidai has sold inputs to over 100,000 farmers and has trained 39,738 farmers on improved practices to increase crop and livestock yield.



### Operating Model

Sidai provides quality tested inputs to smallholder farmers and pastoralists in Kenya. The enterprise purchases inputs from local suppliers as well as some of international manufacturers that are interested in entering the Kenyan market. Sidai aggregates and sells these inputs in small pack sizes. It distributes products to farmers either directly to their farms or through its outlets and Livestock Service Centres located in remote areas. Sidai has 12 company run stores, 117 franchises, and 350 stockists.

Sidai's model focuses on driving uptake of yield-enhancing inputs by building trust among farmers and creating awareness on the benefits of using improved crop and livestock inputs. The enterprise adopts various strategies to educate farmers.

- It includes supporting description and guidance on proper use of inputs on the product packaging.
- Sidai outlets and stores are run by trained personnel who provide information on product selection to farmers. Most outlets are fitted with small diagnostic laboratories to ensure that diseases are diagnosed correctly and the right product is used.
- It trains field staff that educates farmers through workshops and demonstration sessions on field.
- It broadcasts training information on the radio in vernacular languages.
- Sidai advertises its brand and products on television programs such as *Shamba Shape Up*, and provides information updates to farmers through *iShamba* – an SMS and call centre service.

It has reached over 8 million farmers through features in television programs, over 2 million farmers through radio programs and 400,000 farmers through phone & SMS.

- It coordinates group activities and leverages on local brand ambassadors to generate awareness in their communities.

The enterprise is a Kenya Veterinary Board accredited CPD training provider and trains all its franchisees on customer service standards and standard operating procedures in order to enable quality and reliable service to customers. Given the inability of the government to provide veterinary services to remotely-located pastoralists in Kenya, Sidai has partnered with the Director of Veterinary Services and GALVmed to distribute East Coast Fever (ECF) vaccines to livestock farmers. The benefit of Sidai's de-centralized model is that it allows smallholder farmers to organize themselves in groups that procure inputs in a cost-effective manner. For instance, each ECF vaccine can treat 40 cattle, making it economical for a larger group of farmers to purchase.

## Financial Sustainability

Currently operating at a 14 percent margin, the company expects to grow at a CAGR of 76 percent and profit margins of 25 percent in the next 4 years. The enterprise incurs significant personnel costs towards employing technically-qualified professionals such as qualified veterinarians, and animal health technicians who operate Sidai shops, and provide on-farm extension services and farmer training services. The business model also requires sufficient working capital to stock inventory in the Sidai shops in order to cater to remotely-located farmers. In addition to revenues generated through sale of crop and livestock inputs, Sidai receives some funds from donors to support farmer training and public information campaigns. The growth of the company is financed by debt and equity investments.

## Impact

Sidai has provided access to high-quality animal health products to remote parts of Kenya, including northern Kenya that were previously un-served by input dealers with the market dominated by unsustainable donor-funded handouts of free products. Through its network of franchised and company-managed branded stores, Sidai has served over 100,000 farmers with genuine inputs and farmer training sessions. It has created 343 jobs, with women constituting 30 percent of its workforce. The vaccine distributed by the enterprise has protected 7,000,000 animals; farmers who have used Sidai's vaccines have seen livestock losses reducing from 30 percent to 5 percent. Sidai has also provided training related to technical and business skills to veterinarians and animal health professionals. Through its partnerships with other stakeholders, Sidai has provided market linkages and capacity building on specialist areas to farmers.

Sidai has initiated pilot projects with milk processors linking dairy farmers with quality inputs and services. The model is based on a check-off system leading to improved milk yields and milk quality

## Challenges and Lessons

Sidai's primary challenge relates to pricing its products competitively, in comparison to prevailing prices of inferior inputs available to farmers. In response to this low-price environment, the enterprise focuses on delivering genuine products to farmers, complemented by supporting information and guidance by trained experts—an approach that will drive farmers to understand the added-value and long-term benefit of purchasing Sidai inputs.

Last-mile distribution and on-farm training services to the enterprise's target customer base of remotely-located smallholder farmers in Kenya result in higher operational costs. The founding team would like to reinvest profits in their long-term social benefit initiatives.