

Driving Demand for
Regenerative Inputs
in East Africa

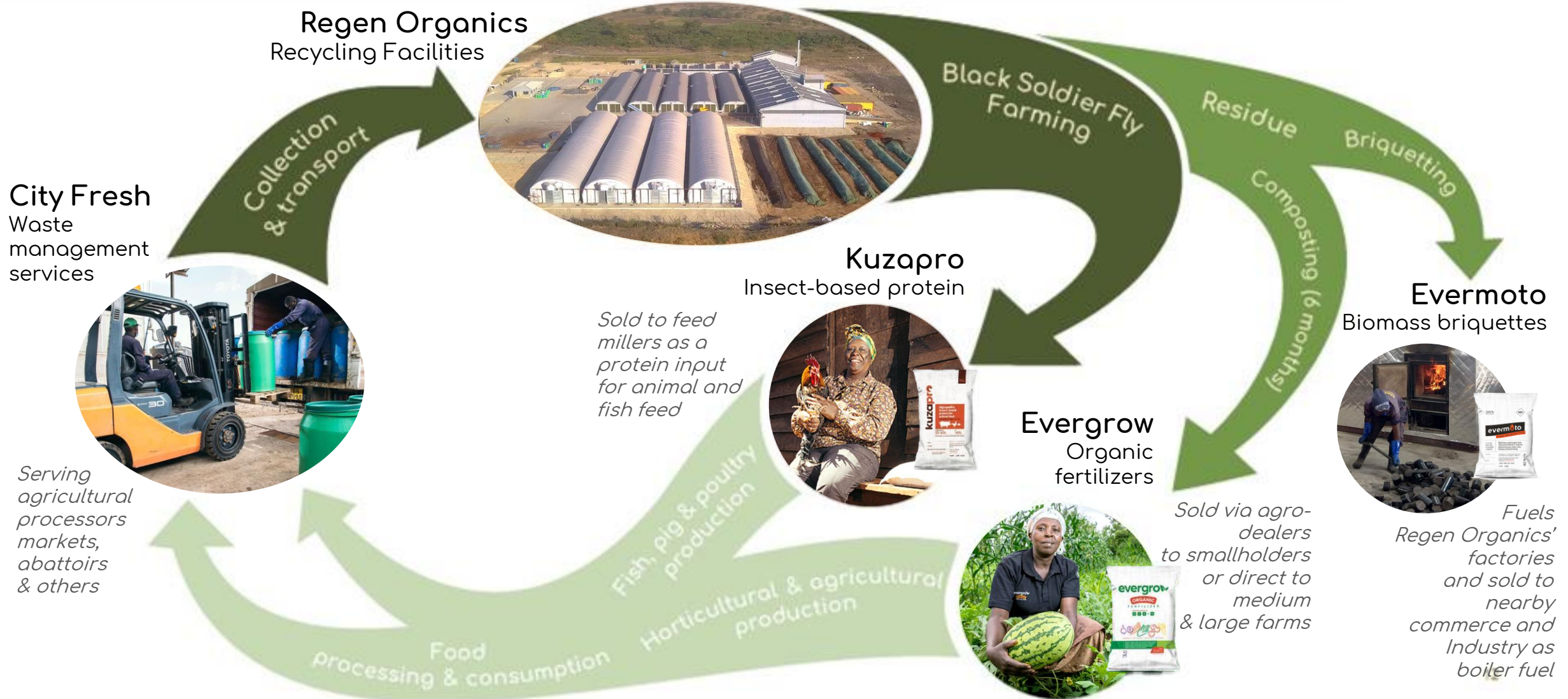
FOUNDSMALLATION

regenorganics
BY SANERGY



Introducing Regen Organics

Regen Organics (Regen) uses a circular economy approach to convert organic waste into high value locally produced regenerative inputs for agriculture for Kenya



Introducing Small Foundation

Small Foundation

Established in 2007, [Small Foundation](#) seeks to maximise its impact on rural poverty in sub-Saharan Africa (SSA) by partnering with those that support micro, small and medium-sized (MSMEs) to competitively thrive. Small Foundation believes a thriving economy creating commercial and income-generating opportunities is key to sustainable economic empowerment at scale.

Vision

A thriving Africa free from extreme poverty.

Mission

Act with urgency and ambition to catalyse and scale income-generating opportunities for people living in extreme poverty in rural sub-Saharan Africa.

Goal

Collaborate with those creating the environment for micro, small and medium enterprises (MSMEs) to succeed and deliver opportunity at scale. In particular, work with intermediaries that increase availability of the finance, social and human capital, knowledge, technology and markets required by a thriving, commercially viable MSME ecosystem.

The Promise of Organic Fertilizer and Regenerative Inputs

- [Regen Organics](#) (Regen) is the largest producer of organic fertilizer in Kenya. Under the brand “Evergrow”, Regen sold over 4500T of organic fertilizer in 2023. The vast majority of sales went to small-scale farmers.
- The results for smallholders have been strong. Research undertaken by 60 Decibels shows 96% of farmers using Evergrow report an increase in production and 84% report increased income. As a result, the Net Promoter Score was 56%.
- Analysis by Kearney, another consultancy, based on interviews with Evergrow users, showed an average annual gain per smallholder farmer of \$1,486. Further, Kearney estimates that every dollar invested in Evergrow leads to a 19x SROI*, which includes farmers investing profits in their families’ education.
- [A new report by Technoserve](#) estimates that the market for organic fertilizers will grow by 40x in the next 7 years in Kenya.

★ *Social Return on Investment (SROI) is a method for measuring values that are not traditionally reflected in financial statements, including social, economic, and environmental factors. They can identify how effectively a company uses its capital and other resources to create value for the community.*

Impact - Farmer Profile: Meet Susan Mwai



Susan Mwai, based in Kasuku in Nyandarua county, is an Evergrow client. She grows maize, potatoes, and pyrethrum. Susan has been farming for 15 years. Over that time, she has expanded her farm to 10 acres.

Susan attended one of Regen's marketing events and decided to try Evergrow from that. Susan has had tremendous success with Evergrow organic fertilizer, increasing her crop yields by 40%. The results for her have been profound. Not only has she been able to invest further in her farming, but she has also been able to send her kids to school - building a brighter future for her whole family.

Project Overview

- [Regen Organics](#), with the support of [Small Foundation](#), is interested in how it can expand its engagement with smallholder farmers. Specifically, Regen is interested in how smallholders could use an ag-tech platform to purchase regenerative inputs. To determine this, Regen needed to better understand its customers objectively.
- The work was divided into two flows:
 1. **Research:** In collaboration with [Boston Consulting Group \(BCG\)](#)'s Green Ventures Programme and Strathmore University, which is a program designed to help Africa-based food and agriculture companies accelerate their growth, Regen undertook research to better understand the pain points for reaching small scale farmers from the perspective of the farmers and agrovets. The researchers interviewed 600 farmers (74% male, 77% between 35-54 years old) across 6 regions in Kenya, the majority of whom were not users of Evergrow Fertilizer.
 1. **Pilot:** Regen is developing a series of pilots to test these assumptions out. Regen has also completed a draft business plan and accompanying financial model.

Phase 1 – Research: Understanding Market Opportunity

Executive summary | Market opportunity far exceeds Regen's current production ambition; various gaps exist in ability to operationalize the plan

Theme	Question	Key messages
Identifying the opportunity	<u>Opportunity sizing</u>	<p><u>Product prioritization:</u> Evergrow (EG) and Granulated EG combined make up most of the value pool for all products - prioritizing efforts to capture their combined obtainable market is key to the growth ambition</p> <p><u>Territory prioritization:</u> The Rift Valley, Nyanza, Central and Western regions are high potential opportunities for allocating sales efforts</p> <p><u>Seasonality:</u> Given a high degree of seasonality (<20% of crops are perennial with most planting seasons falling in the long and short rain seasons), reaping the full opportunity will entail significant strain on working capital (see back-ups)</p>
	<u>Product proposition</u>	Highlighting the yield and soil benefits, form factor, ease of application (for granulated) among other factors can increase the appeal to target segments. A detailed value proposition is written up in this deck. RO provides agronomic services to farmers through trainings and provision of information, which can be leveraged to communicate the customer value proposition
	<u>Channel proposition</u>	Positioning products as demanded by farmers and shelf stable increases appeal for agrovets to keep and promote stock. Providing timely delivery and supply on credit can enhance the channel value proposition
Operational Plan	<u>Feedstock</u>	The current availability of key feedstocks is sufficient to achieve current ambitions, but three waste streams (market waste; abattoir and Fresh Life (non-sewered sanitation service provider) waste) need to have pipeline expanded
	<u>Capacity</u>	Full capacity utilization at current site only gets RO to 20% of production: Need a plan to increase capacity c.5x.
	<u>Sales force deployment</u>	Currently the salesforce is equally distributed over 20 territories regardless of market opportunity. Need to increase focus on & redeploy salesforce to territories with the biggest opportunity, focusing mainly on farmers to unlock demand

BCG Research: Understanding Value Proposition

Channel value proposition | RO should focus on extension services, credit options, timely delivery & ensure quality packaging to enhance its proposition



BCG Research: Farmer Insights

Summary | RO should differentiate EG from compost & other brands, using value prop & extension services to communicate benefits & best practice use

Dimension	Observation	Implication
Farming practices	Farmers perceive that they overuse compost by 45% and underuse organic fertilizer by 52%	<ul style="list-style-type: none"> Provide information on EG use on packaging
Attitudes towards COF	Most agrovets see certified organic fertilizer having same benefits as compost on yield & soil health, but at higher cost	<ul style="list-style-type: none"> Clearly articulate in the value proposition what benefits COF has over inhouse manure
Attitudes towards Evergrow	<p>Little to no differentiation between EG and compset in eyes of agrovets</p> <p>EG with -1 Net Performance Score compared to compset average of -3 for agrovets</p> <p>Quality, price and availability most important considerations for farmers</p>	<ul style="list-style-type: none"> Focus on quality, price & availability to improve NPS and differentiate from competitors Train salesforce to better explain the value of Evergrow to agrovets and farmers
Existing product preferences	<p>Agrovets mainly buy 10, 50kg bags monthly and mainly from wholesalers</p> <p>Agrovets find sales agents are effective and most important quality is proper information sharing</p>	<ul style="list-style-type: none"> Identify key wholesalers in unreached territories Train sales team to have excellent product knowledge
Attitudes to new products	<p>Price & effects on yield & soil health biggest factors in new product adoption for farmers</p> <p>The single most important factor in agrovets stocking a new product is farmers asking about it</p>	<ul style="list-style-type: none"> Clearly communicate impact on yield and soil health in value proposition for new products Increase number of farmer touchpoints through community demonstrations and open days
Extension services	<p>Biggest constraint in stocking & using COF is lack of information and support to agrovets and farmers</p> <p>Most agrovets say they would use extension services if they are available</p>	<ul style="list-style-type: none"> Increase geographical reach of extension services and focus on clear and simple training on how to use and what to expect from Evergrow

BCG Research: Farmer Insights

Summary insights into perceptions of organic fertilizer=



1

Though most agrovets have **considered** stocking COF, **only 61% did** so in the past year, with the rest **citing low demand** as the main driving factor for not stocking

2

Though most farmers have **considered** buying COF, **only 43% did** so in the past year, as many use **in-house manure/compost** instead

3

Agrovets believe COF has **positive benefits** on soil health, and yield, but **does not offer the value for money** that inhouse manure/compost offers

4

Farmers value highest **quality, price & availability** when choosing fertilizer, with COF perceived to have **good quality** but **low availability and value** for money

5

Agrovets agree the largest constraints in COF relate to **training & information provision** to farmers to inform their perceptions

BCG Research: Farmer Insights

Summary insights into customer preferences



1

Most farmers purchase their fertilizer from agrovets and co-operatives, with a majority (80%) paying fully up-front in cash

2

Farmers who use organic fertilizer have a preference for it to be granulated and to come in 50 Kg bags, with largely varied preference on color

3

Most farmers willing to try an organo-mineral blend, and hope to pay c. Kes 80/kg, seeing its main advantage as increasing nutrients in the soil and improving yield

4

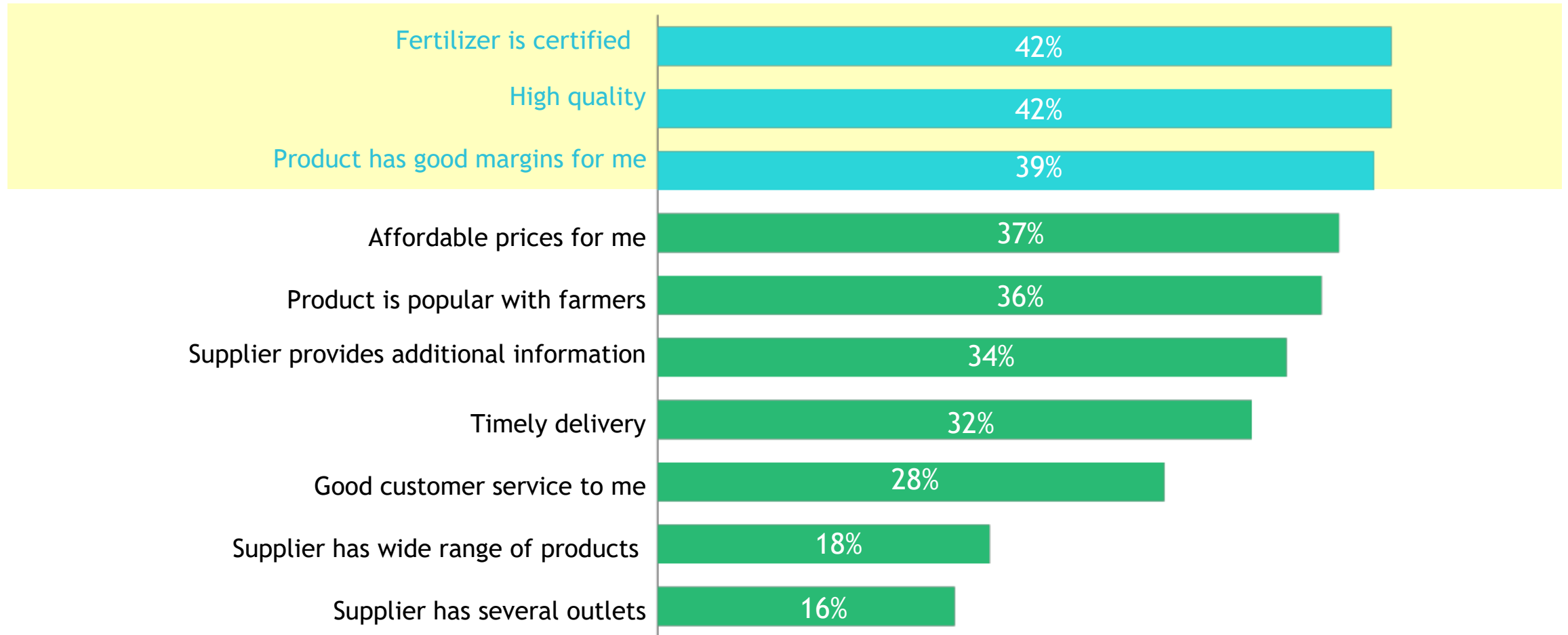
Little farmer awareness of BSF & biochar fertilizers, with key considerations for adopting new fertilizers being price, yield improvement & nutrient content

5

40% of farmers have received extension services, with trainings and demonstrations being the most preferred types of extension service

BCG Research: Agrovet Insights

Agrovets selling Evergrow are motivated by the product's certification, its quality, and good margins



BCG Research: Agrovet Insights

Summary insights into channel preferences



1 Agrovets mainly buy COF from wholesalers, on average buying 10, 50Kg bags of commercial organic fertilizer every 1-3 months

2 Sales agents play an important role in driving agrovet decisions, with the most important quality to agrovets being how well they offer information

3 Agrovets are interested in stocking granulated fertilizer and they expect it to cost c. KES 140 per Kg. There is low awareness of biochar & organo-mineral fertilizers

4 The main reason an agrovets would stock a new product would be if farmers asked them about it, followed by them having deep knowledge of the product beforehand

5 Half of agrovets have received extension services, and majority would like more, finding direct "agrovet trainings" as the most effective form of service

BCG Research: Key Conclusions and Questions

The research pointed to 3 main questions to answer for farmers as Regen develops a digital platform:

1. **Where do I find reliable info on regenerative farming practices?** There is no existing platform that focuses solely on regenerative agriculture, which can be commercially counterproductive to how much current agriculture works (for example, a key principle of regen-ag is reducing your use of synthetic inputs, so how to communicate this to farmers effectively and at scale through digital means).

2. **How do I know what to apply and when?** Only a few apps provide extension services, and even fewer provide an integration of the core functionalities of an ag-tech platform (marketplace) with modern extension services relying on the latest precision agriculture techniques that are becoming more and more essential for climate smart farming given the need for predictability.

3. **Are there incentives to help me shift?** Even farmers who understand the environmental value and the increased yield potential do not want to feel like they are taking a risk. Developing incentives, such as initial discounts or cash back schemes, will be valuable.

Pilot #1 - Precise Advice from Valued Stakeholders

Research showed that farmers valued accurate, timely information about Evergrow Organic Fertilizer. Regen believes that this should be bundled with other information and services.

To this end, Regen is undertaking work with TomorrowNow, Arable, One Acre Fund and the Gates Foundation to bring cutting-edge advisories (weather, agronomic, fertilizer, pest and disease) into the hands of 100 million smallholder farmers by 2030.

In June, there was a global kickoff in Nairobi, which brought together experts from One Acre Fund, Gates, Arable, CABI, Tomorrow.io, and KALRO.

Regen's primary role is to experiment and establish the most understandable and actionable way to communicate the advice. The two years of digital advisory experiments start in Kenya in August 2024.



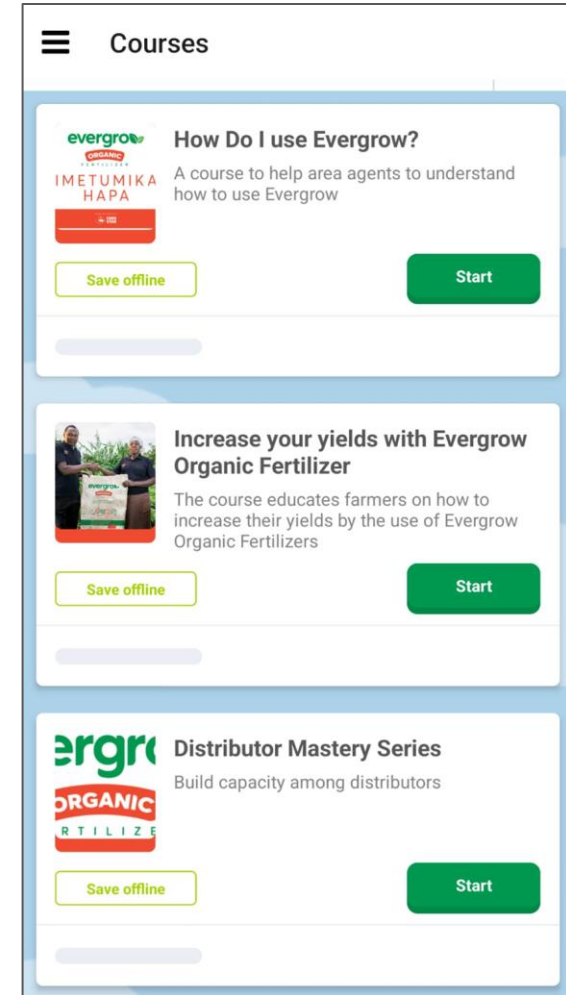
Pilot #2 - Effective Incentives

How does Regen make its products “sticky”? Regen seeks to create repeatable business interactions such that Regen is both top-of-mind for farmers and a priority purchase as they prepare their soils.

Regen has partnered with [Mercy Corps Ventures](#) (MCV), which has a track record in building tech-enabled solutions for hard-to-reach populations, to explore what incentives may work.

In May 2024, Regen and MCV built a rewards systems. Farmers receive points simply for buying Evergrow, which can then be cashed in for discounted future purchases. Other initiatives to receive points include:

- Online/e-trainings with Farm Star on a curriculum we've developed with [Learn.ink](#), which is a platform that develops easy-to-use digital agriculture trainings.
- Sharing information about their farms (crops planted, land under ___cultivation, fertilizer usage, etc.) in order to give better information_____



Big End Goal / Next Steps

- Utilizing the results of the pilot, plus working with leading experts in the e-commerce space in Africa, Regen plans to develop its own platform to become a one-stop digital shop for regenerative ag inputs for small and medium-sized farms.
- Regen aims to roll-out this platform by Q1'25.
- In the coming months, Regen will share updates! Regen welcomes feedback and ideas on how it can make the most of these pilots.

