

An overview of the Social Return on Investment (SROI)

East Africa Growth Accelerator

(EAGA Initiative)



CENTER for
SUSTAINABILITY and
EXCELLENCE

Elanco

Creating Value

Center for Sustainability and Excellence (CSE) established impact metrics based on the SROI Guidelines for Elanco's East Africa Growth Accelerator initiative (EAGA) and was able to highlight tangible outputs for its initial phase (June 2017 – December 2018). Through EAGA, Elanco is running a ground-breaking initiative that provides sustainable development solutions to address potential food shortage in East African countries – Tanzania, Kenya and Uganda. Livestock disease remains a significant threat to achieving food security in the region, where currently 25 percent of protein from farm animals is lost due to animal illnessⁱ, impacting the supply of high-quality milk, meat and eggs and creating significant economic losses for farmers. According to the Food and Agriculture Organization of the United Nations (FAO), 34 percent of the people in East Africa are undernourished.ⁱⁱ Elanco's goal is to enable more than 240,000 dairy and poultry smallholder farmers have access to small sized quality products by 2020. This is to be accomplished along with training initiatives to help farmers reduce animal mortality and improve animal health and production. A 3.1 million USD grant from the Bill & Melinda Gates Foundation further helps achieve this goal of improving the lives of smallholder farmers through sustainable livestock production.

Goals of EAGA

The EAGA is Elanco's first pure 'Shared Value' initiative, which is made possible through a \$3.1 million grant from the Bill & Melinda Gates Foundation. The grant enables the registration, manufacturing and distribution of affordable high-quality veterinary products, along with intensive training initiatives for dairy and poultry smallholder farmers and channel partners in Tanzania, Kenya and Uganda. **By the end of 2020, Elanco aims to achieve the following targets:**



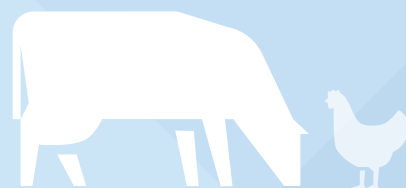
This value has been created primarily for dairy and poultry smallholder farmers and their families, and also for agroveter shopsⁱⁱⁱ, distributors and wholesalers.

12K

dairy and poultry smallholder farmers trained on animal health

1.1M

COWS treated



16M

chickens treated

240K

dairy and poultry farmers can access affordable small sized products

The Value for Stakeholders

Leveraging farmers' knowledge

As of December 2018, under the EAGA initiative 3,753 dairy and poultry smallholder farmers were trained on animal diseases and the correct use of relevant animal health products so they could ensure the right care for their animals.

Moreover, it is estimated that 220,000 livestock farmers were trained on animal health via interactive radio, in a 13-week series aired in Northern Tanzania in partnership with the NGO Farm Radio International. All stakeholders who were consulted for the SROI assessment (agrovets

owners, wholesalers, distributors) reported a big improvement on the knowledge of dairy and poultry smallholder farmers regarding disease awareness, prevention, treatment and the products that they need to fight animal diseases. Additionally, other sources of knowledge for farmers like veterinarians and staff at the agrovets shops were also trained. This helps knowledge sharing with livestock farmers in other communities, with an expected impact to be even higher by the end of EAGA.



Leveraging farmer's livelihoods

Distributors, wholesalers and agrovets shop owners have reported an increase in sales since the EAGA started and more small sized packs of Elanco products became available. According to the answers of the farmers surveyed, their income has increased by at least 20% after using Elanco products and applying the knowledge gained through EAGA, thus potentially reducing animal mortality. As between 2017 and 2018 more than 3,500 dairy and poultry smallholder farmers were trained on animal health, the impact from the EAGA initiative becomes apparent. Farmers also reported an increase in milk and eggs sales from their products, which improves their income and wellbeing.

Healthier Communities Overall

Elanco's EAGA initiative will potentially improve the health and livelihood of local livestock families in East Africa.

In addition to more quality animal protein (milk, meat and eggs) that can be available to these communities through improved animal health, smallholder farmers learn through EAGA about how to manage vectors for animal and human diseases like flies, ticks and rats, making sure they keep their own families and their animals healthy. The wholesalers who were interviewed also clearly referred to the impact that high quality veterinary products can have in terms of hygiene and public health.

About Social Return on Investment

Social Return on Investment (SROI) are guidelines for measuring and accounting for change and the much broader concept of value. SROI measures the socio economic return on investment, for individuals and for communities at large. Elanco Animal Health has used SROI guidelines and CSE's methodology to understand the impact of its animal health activities in East Africa, including the value created and how to best manage it.

Testimonies from those involved

"I know what drug to buy for what disease. I have reduced deaths of my chickens and can produce more eggs, my income has increased."

~ Poultry Smallholder Farmer

"I wonder what my customers would do without Elanco's products for fly control and parasitic disease of chickens."

~ Agrovets Shop

"Farmers know more about the products and are confident to buy and use them. They see the improvement on the animals and their livelihoods/economics."

~ Distributor

"We have increased sales by 30% to 50%. Apart from the farmers, animal health professionals come and ask for the same (Elanco) products and are positive about how the product works."

~ Wholesaler

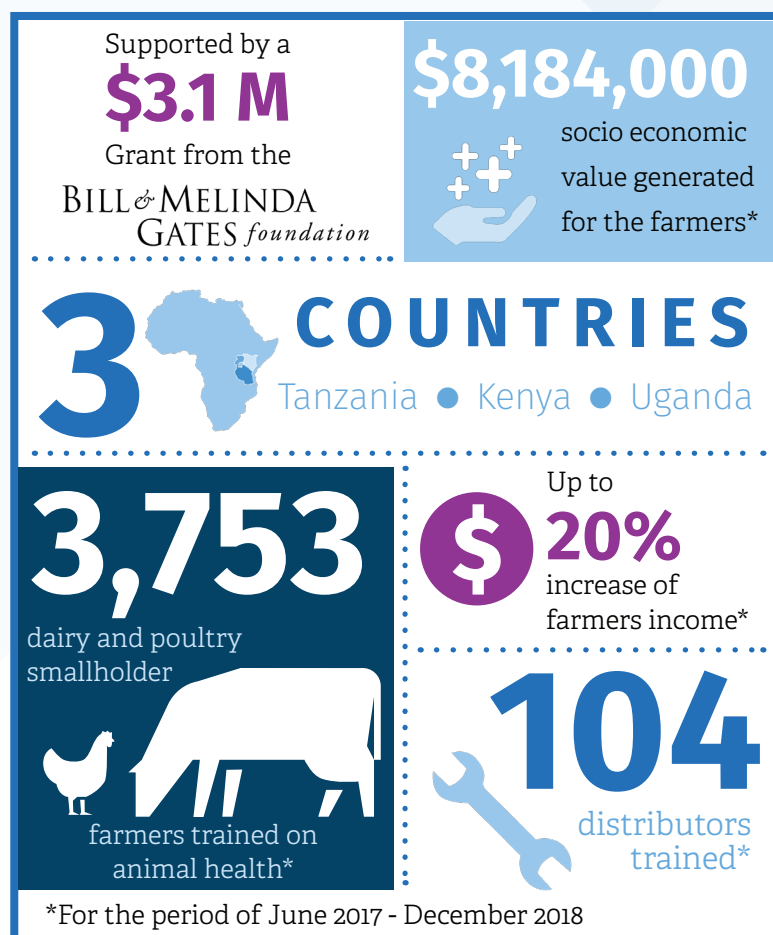
"The farmers, as informed by the interactive radio programs, are happy to have the trainings. They have knowledge on how to use Elanco products and where to source them from."

~ Farm Radio International (NGO)

Methodology

The Center for Sustainability and Excellence (CSE) used the SROI guidelines to evaluate the EAGA initiative during its initial period (June 2017 - December 2018) based on stakeholder testimonies. As part of the evaluation, a questionnaire was created in order to capture stakeholders' point of view in different areas of the project. The main stakeholders that participated are distributors of the Elanco products, wholesalers, dairy and poultry smallholder farmers, agrovets shop owners and one NGO that uses interactive radio to help African farming communities help themselves. The impact, the total value of each change by stakeholder category was calculated. For the EAGA, this means that for every \$1 invested by Elanco and stakeholders in the initiative, a social value of \$2.48 was created for local communities in East Africa.

Socio economic impact in numbers



Disclaimer:

CSE acknowledges that a limited number of stakeholders was interviewed to define Elanco's SROI metrics. In order to estimate the impact of a programme, CSE does not collect scientific data from the stakeholders interviewed but rather asks them for their testimonial using a questionnaire based on SROI guidelines. For the investment made, Elanco provided sound financial data. For the impact to date, Elanco provided data based on training registers and number of doses sold.