

## SNAPSHOTS OF COMMERCIAL PARTNERSHIPS

### ARIKU FARMS LIMITED

Ariku Farms runs a 750-acre cereal and foundation seed farm focussing on maize, rice, cowpea, soya and sorghum. In addition, it produces certified seed, which is grown by the around 3,000 smallholder farmers (SHFs) with whom it works. Ariku Farms has two tractors, two shellers, two warehouses and seven Farm Enterprise Advisors (FEAs) and sells grains to local aggregators and poultry farms. The company processes and packages seed under the Ariku Seed brand, selling at its own local shop, and to input retailers and the Planting for Jobs (PFJ) programme. Ariku also has a mango farm and a cocoa farm in Southern Ghana.



### Business-to-business partnerships through MADE

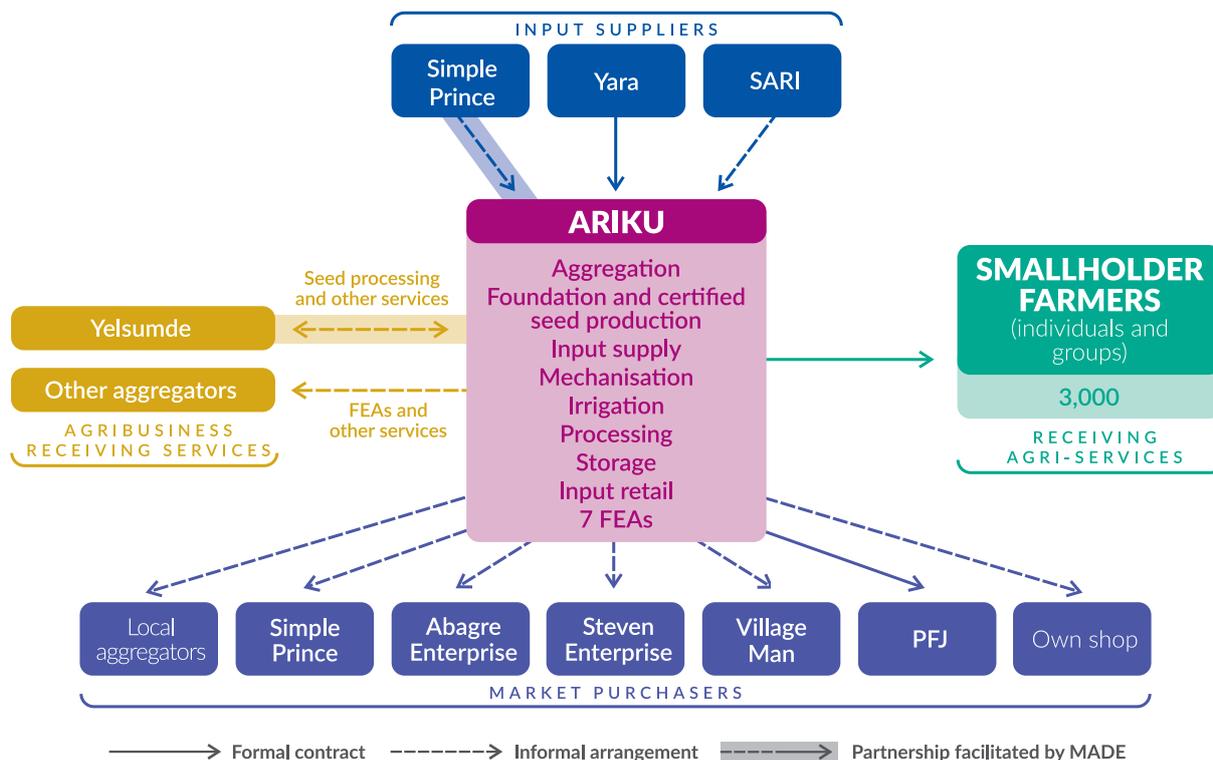
Ariku Farms is a support enterprise to the MADE lead firm Simple Prince, to whom it sells seed and from whom it buys 70% of its fertiliser under a flexible short-term credit arrangement. Trade between the companies has increased but remains informal. MADE also facilitated a closer relationship between Ariku Farms and Yelsumde, another local seed production company and support enterprise to Simple Prince. Ariku Farms provides seed processing to Yelsumde and the two companies informally share resources such as tractors and FEAs.

### Other business-to-business partnerships

Ariku Farms sources breeder seed from the Savanna Agricultural Research Institute (SARI). It procures the remaining 30% of its fertiliser from Yara Ghana under a four-year contract, but Yara will only provide a third of this on credit. The company sells to a range of buyers, and sometimes to order, but these relationships are not formalised.

### Business-to-farmer relationships

Ariku Farm's smallholder farmer (SHF) crop recovery rate is 95%; many farmers have increased their production to as much as five acres and report significant yield improvements (e.g. more than doubling for maize). The company has written agreements with every SHF but is moving to contract them in groups of 25 to 50 and digitising records. Ariku Farms provides its SHFs with inputs and mechanisation services and FEA training and takes payment either as cash or in kind. Ariku Farms plans to scale up to 10,000 out-growers within five years.



**Business-to-business and business-to-farmer relationships for Ariku Farms Limited**

**Smallholder farmer safeguarding**

The company assists some SHFs with dry season vegetable production using small pump irrigation. Some SHFs are still in arrears following a poor season in 2017 and Ariku Farms has informal arrangements for these to be repaid. Farmers are encouraged to take out insurance, but not many do and the company would like to move towards incorporating insurance as standard in contracts. The company’s owner, Mr Ariku, has developed his own microloan scheme for SHF (up to GHS 500,000 for loans) and is speaking to Fidelity Bank about setting up a GHS 2.5 million loan facility.

**Constraints and opportunities**

Ariku Farms has seen benefits in the high uptake of open-pollinated and hybrid seed varieties which are driving yield improvements and an overall growth in the cereals sector. There are local limitations on access to land, so the company is looking to go outside the region to expand its farms.

**Growth potential**

Ariku Farm’s turnover has grown from GHS 1.4 million to GHS 2.3 million this year. The company has high ambitions, targeting a production capacity of 150,000 MTs per annum over the next five years. Ariku Farms has working capital facilities with Bessfa and Toende rural banks and is in discussions with national and international investors to find GHS 17 million for investment. On its current trajectory, the business may reasonably expect to double in size within five years.

**Additional insights**

The company has insured its own farm at a premium of 10% of the total investment via the Ghana Agricultural Insurance Pool and has confidence in the value of insurance having made one successful claim.



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