



USAID
FROM THE AMERICAN PEOPLE



Volunteer Name: Anne Marie del Castillo

Country: UGANDA

Country project: UG95

Host: Dokolo Agricultural Cooperative

Venue: Dokolo District, Uganda

Audience: Cooperative Executive Board, Professional Staff, Farmers, Donors, World Food Program and Financial Institutions, Private Banks and Financial Service Providers

Number of people : 200

Date: October 14 to November 5, 2016



1. Assignment Objectives as in SOW

1. Equip the Board of Directors and the management team of Dokolo Agricultural Cooperative Enterprise (D-ACE) with resource mobilization and proposal writing skills
2. Develop a resource mobilization strategy to be used as a framework by the organization to generate funds for the smooth implementation of its activities

2. Achievement of the assignment objectives

Working with the D-ACE Board members, management staff and member farmers, D-ACE's goals and challenges were identified.

In a brain-storming session, D-ACE developed strategies to overcome their challenges and identify needed actions to achieve their goals.

2. Achievement of the assignment objectives

- D-ACE concluded:
- Goal: to promote mutual economic interests of its members
- Challenge: unsustainable as has been donor-dependent for over ten years
- Strategy: become a sustainable and profitable commercial enterprise
- Five Steps

2. Achievement of the assignment objectives

- D-ACE recognized that to become a sustainable commercial enterprise would require:
 1. Access to working capital
 2. Consistent grain quality
 3. Better book-keeping
 4. Buyers paying quality premiums
 5. Engagement of rural youth

Achievement of the assignment objectives

- D-ACE identified the following **steps** to achieve their goals:
 1. Establishment of a revolving fund for working capital
 2. Assurance of delivery of quality grains
 3. Improved book-keeping practices
 4. Identify buyers, like the World Food Program (WFP), who pay premium for quality grains
 5. Engagement of Rural Youth in Rural Enterprises

No 1: Step to Resource Mobilization Access to Working Capital

- Most member farmers do not sell their grain through the cooperative because the cooperative lacks the working capital to pay cash to farmers at delivery (see Annex).
- As a result, farmers sell to local merchants in a quick cash sale at relatively low prices.
- A revolving fund would allow the coop to pay farmers cash at delivery

No 1: Strategic Solution Access to Working Capital

- Last week, on October 26, the bank manager, along with his staff, of the Opportunity Bank Soroti branch office came to the cooperative's office in Dokolo.
- Opportunity Bank is experienced in providing agricultural suppliers revolving funds.
- Constructive discussions concerning the merits and costs of establishing a revolving fund were held.
- The D-ACE Board will take a decision at its November 2 meeting (see Annex for summary of procedure).

No 2: Step Resource Mobilization Consistent High Quality

- The D-ACE does not provide farmers an incentive for quality grain.
- As a result, farmers sell D-ACE sub-quality grains
- An incentive pricing system would motivate farmers to invest and work to improve quality and sell high quality grains to the D-ACE.

No 2: Strategic Solution Consistent High Quality

- Board will consider the introduction of an incentive pricing system, providing premium prices for quality grains;
- The system would require that D-ACE conduct an outreach campaign to inform farmers of the significance of the incentive pricing system;

No 3: Steps to Resource Mobilization Up-grade Book-keeping

- Book keeping practices need to meet commercial standards.
- To date, book- keeping records have been donor-oriented and directed.
- D-ACE needs to up-grade its financial records, audit reports, inventory documentation, warehouse input and output, cash flow to a level suitable for a commercial enterprise

Strategic Solution No 3 Up-Grade Book-keeping

- On October 27, the Lira representative of Amarin, a professional book-keeping firm, came to Dokolo to meet with the D-ACE.
- Amarin provides report set-ups, as well as staff mentoring, through bi-monthly follow-up on-site visits, and finally, monthly reports preparation for a monthly fee of under 25USD.
- The D-ACE Board will consider an initial four month contract for these services at its November 2, 2016 meeting.

No 4: Step to Resource Mobilization Reliable Buyers Paying Premium Prices

- Identify grain buyers, who pay a significant premium for quality grain.

No 4: Strategic Solution

Reliable Buyers Paying Premium Prices

- On October 21, the F2F volunteer and Maria Nakayiza (CRS) met with the WFP's Marketing Chief for Uganda, Miyuki Yamashita, at the WFP Kampala headquarters.
- To meet the needs of the growing refugee population in Uganda, Yamashita says WFP needs to find reliable local suppliers of quality maize,
- This week, on October 31, WFP's Yamashita, along the local WFP representatives, visited the Dokolo Cooperative office and met with team to discuss options for working together.

No 4: Strategic Solution

Reliable Buyers Paying Premium Prices

- The purpose of Yamashita's visit was to identify those cooperatives in the region which should remain on WFP's roster as viable suppliers and which should be eliminated.
- As a result of the visit, Dokolo-ACE has been deemed eligible to remain on the WFP roster.

No 4: Strategic Solution

Reliable Buyers Paying Premium Prices

- WFP purchases Grade 2 maize, as specified in the East African standards (see Annex)
- Before WFP can do business with D-ACE, D-ACE must:
- 1) prepare inventory covering each farmer's total area, total area cultivated to maize and yields; and
- 2) significantly improve the quality of the grain in storage.
- The D-ACE will prepare the inventory and the Board will take a decision on the introduction of the incentive pricing to improve grain quality

No 5: Step to Resource Mobilization Engaging Rural Youth

- Engaging young men and women in Uganda's rural areas to manage profitable enterprises and farm as a business is critical to the sustainability of the D-ACE.

No 5: Step to Resource Mobilization Engaging Rural Youth

- Last Friday, on October 28, D-ACE convened a meeting of young men and women,
- Over 25 youth participated, of which 80 percent were young women.
- The session clearly demonstrated their interests to start-up promising rural enterprises and to be commercial, not subsistence farmers.

No 5: Step to Resource Mobilization Engaging Rural Youth

- Youth described sound and practical ideas for profitable rural enterprises, ranging from women-operated tractor services, bee-keeping, raising pigs to forming small mobile accounting firms.
- The group was introduced to the information available concerning a new USAID initiative expected to be introduced in November (see Annex).
- Once USAID formally announces the program, the cooperative and CRS will provide youth the information and support needed to participate in the program

D-ACE Work-Plan

S/N	Items for accomplishment	Steps	Responsible person	Completion date
1	Open Bank Account and a Revolving Fund	<p>Ensure proper documentations (file all document)</p> <p>Financial cards for board members</p> <p>Use services of a surveyor</p>	<p>Monica</p> <p>Board members to resolve on 2nd November</p>	15 th November 2016
2	Introduce quality pricing incentive system	Decide on the quality incentive pricing rates	<p>Board members to resolve on 2nd November</p> <p>Dennis</p>	15 th November 2016
3	Outreach campaign on delivery cash payment and incentive pricing	Outreach campaigns initiated	Extension workers, village agents and leaders of farmers groups	22 nd November 2016
4	Upgrade book keeping through a four month contract with Amarin	Initiation of Upgrade of book keeping with support from Jaclyn	Board members to resolve on 2 nd November	21 st November 2016
5	Youth business promoted	Plan for a youth involvement. Get support from USAID and Maria - CRS	Identify additional member of youth outreach team, preferably s young woman	15 th November 2016
6	Reconsider your professional staff needs to operate a business		Board and management staff	4 th November 2016
7	Develop annual and quarterly work plans	Based on board decisions	Frederick and Chairman	4 th November 2016
8	Inventory of individual farmers by group	Data collection on production	Bosco and Moses	30 th November 2016

November 2 Board Decisions

- To proceed with the strategy to become a viable and sustainable agricultural cooperative, including to:
 - 1. Open an account with Opportunity Bank
 - 2. Up-grade book-keeping and contract Amarin services
 - 3. Improve grain quality through offering a premium for higher quality maize
 - 4. Develop a database of farmers, including area and yields
 - 5. Become a reliable WFP supplier
 - 6. Engage rural youth in productive on and off farm enterprises

Five Expected Impacts

1. Farmers will increase sales through the Cooperative because the revolving fund will allow cash payment on delivery.
2. Motivated by Cooperative's quality price incentive program, farmers will sell better quality grain.
3. Proper book-keeping practices will keep the D-ACE on track as a private sector actor
4. WFP will become a reliable buyer of cooperative's quality grain.
5. Rural youth will be actively engaged in profitable on and off farm rural enterprises.

3. Recommendations to the host with regards to the assignment

- Follow-through quickly on the decisions taken.
- Implement the five steps identified.
- Once done, concentrate on marketing, including outreach, advertising and signage

5. Recommended future volunteer Assistance

- Provide support the D-ACE as it transitions from an unsustainable donor-dependent entity to a competitive player in the private sector.
- D-ACE expressed a strong interest to develop a link with a US cooperative, and requested a future Farmer to Farmer volunteer to have direct experience in a successful US agricultural cooperative.
- Support in establishment and management of the revolving fund and quality assurances measures, especially the incentive pricing scheme for higher quality grains
- Marketing assistance

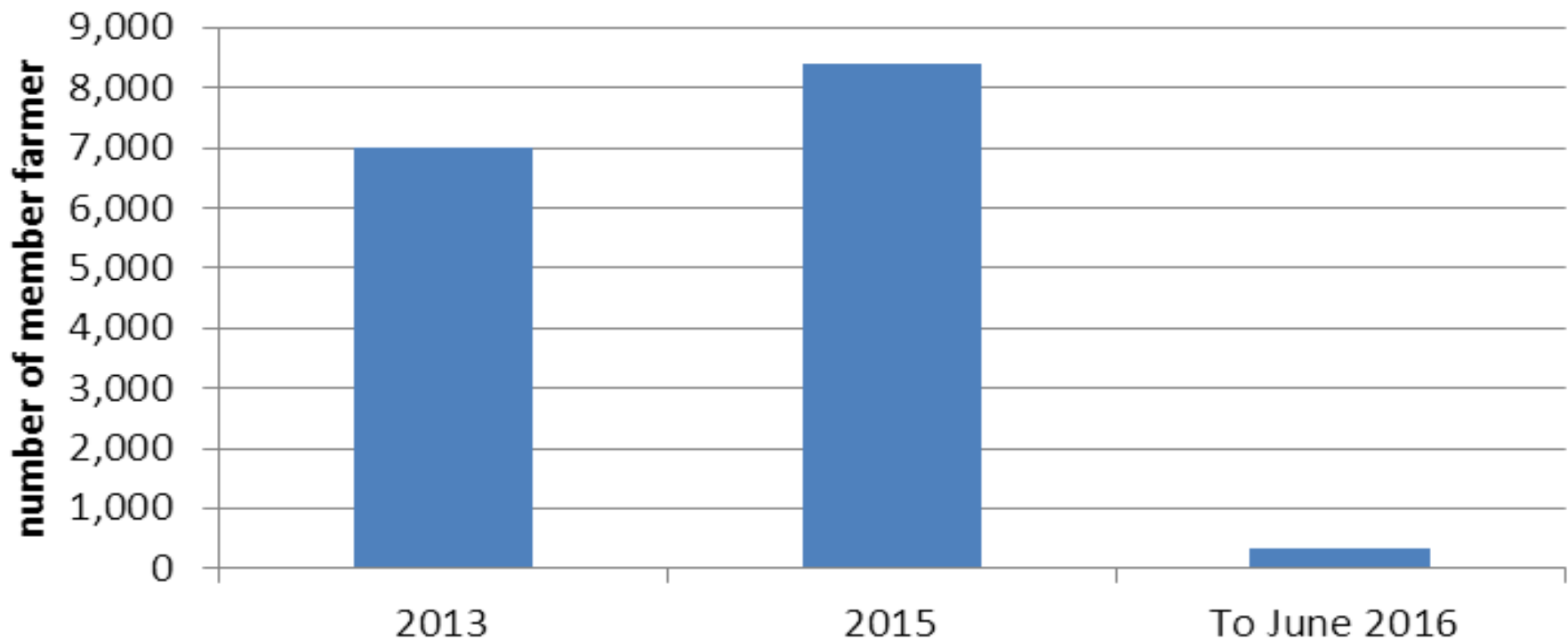
7. How can CRS improve future volunteer experience

- CRS does a great job with the volunteers!

Thank You!

Few Members Sell to Coop

Members Selling through the Cooperative



Annex

Strategic Solution No 1

Access to Working Capital

- Corporate Account – Requirements, include D-ACE registration certificate; by-laws; certified Board resolution to open an account; and for each board member, a valid ID card, passport photo, and credit ID number for credit check.
- Minimum deposit of 110,000 sh
- Corporate Revolving Fund would allow the D-ACE to access line of credit for working capital to be drawn as needed to pay farmers cash upon delivery. D-ACE could give the farmer an initial partial cash payment and the balance upon reimbursement from WFP

East African Maize Standards

Table1 — Specific requirements

Characteristics	Maximum limits			Method of test
	Grade 1	Grade 2	Grade 3	
Foreign matter, % m/m	0.5	1.0	1.5	ISO 605
Inorganic matter, % m/m	0.25	0.5	0.75	
Broken kernels, % m/m	2.0	4.0	6.0	
Pest damaged grains, % m/m	1.0	3.0	5.0	
Rotten & Diseased grains, % m/m	2.0	4.0	5.0	
Discoloured grains, % m/m	0.5	1.0	1.5	
Moisture, % m/m	13.0	13.0	13.0	EAS 285/ISO 711/712
Immature/Shriveled grains, % m/m	1.0	2.0	3.0	ISO 605
Filth, % m/m	0.1	0.1	0.1	
Total Aflatoxins, ppb	10			ISO 16050
Aflatoxin B1, ppb	5			
Fumonisin, ppm	2			
Total Defectives Grains, % m/m	4.0	5.0	7.0	ISO 605

Information available on up-coming USAID Youth Program

- New USAID Rural Youth Program to Promote Innovative Rural Enterprises
- Expected November announcement (follow-up contact: Chemonics Marcos Moreno)
- Applications will be accepted between December 1 and 31, 2016
- Youth are defined as those between the age of 10 and 35 years
- Strong emphasis on young women, with a beneficiary target of 70%
- Application forms will be simple – aimed at getting the rough idea of the idea.
- Selected Youth will be invited to compete for the funds and “pitch” their ideas to a panel of judges
- Award threshold to be determined
- Looking for ideas that produce results quickly