



USAID
FROM THE AMERICAN PEOPLE



Volunteer Name: N'Bouke Eko

Country: Uganda

Country project: Flexible Assignment

Assignment Title: Procurement and
Supply chain Process Development

Host: Rwenzori Farmers Cooperative
Union (RFCU)

Venue: RFCU Office

Audience: Staff and board members

Number of people : 19

Date: 25/08-09/08, 2017



1. Assignment Objectives as in SOW

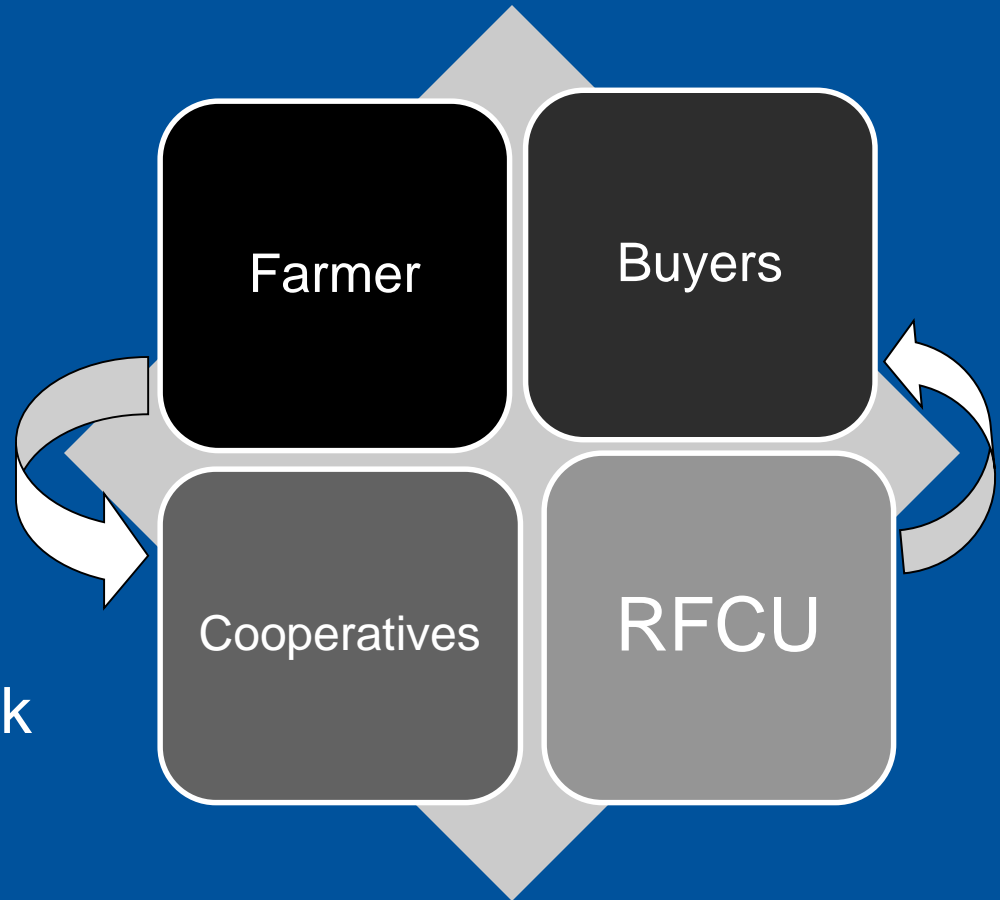
- 1- Review RFCU current procurement processes/practices
- 2- Training RFCU staff and board members in procurement processes/practices and supply chain management
- 3- Support RFCU to review/develop procurement plan/strategy.

2. Value Chain

1- Farmer: Expected production level and delivery

2- Coops: Check grade and quality, receive either on credit/cash

3- RFCU: Process and pack to buyers.



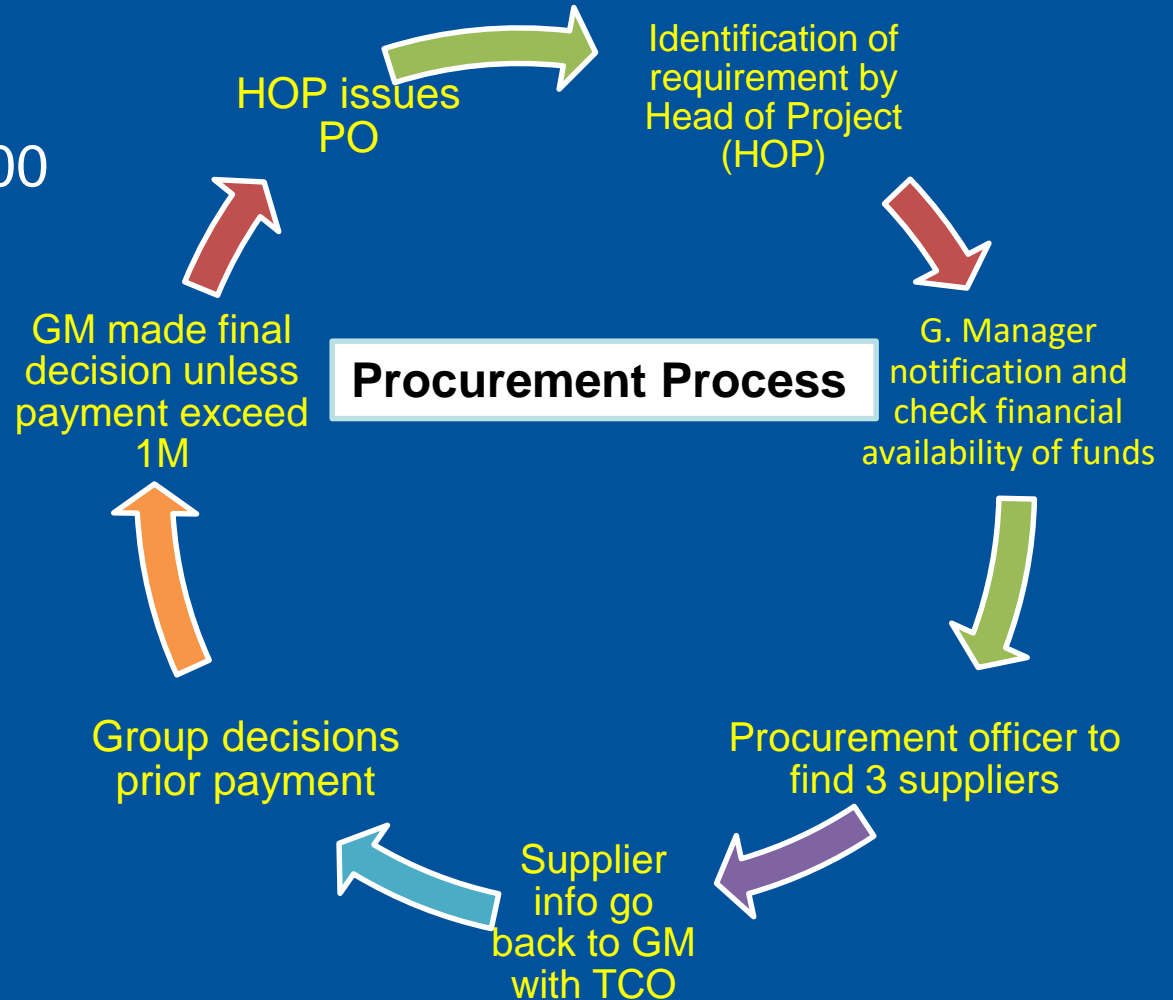
Value Chain Model?

3. RFCU Current Procurement Process

1,000,000 – 5,000,000.00
UGX/ Year?

5 Board members to
consent

Cost implications:
250,000 UGX



4. Marketing/Procurement Off.

Review Current Resp.

- **Benchmarking**
- **Challenges**
- **Area of improvement**
- **Market Strategic Plan.**

Recommendations

- **Product Specifications**
- **Create generic emails**
- **Search buyers and competitors**
- **Create YouTube videos**
- **Train to access both RFCU website and Facebook page.**

5. Procurement Challenges

Cooperatives Disloyalties

Pareto Law: (20%-80%)

**None Compliance
Cooperatives: 5 out 16**

**RFCU : JUST-IN-TIME
Inventory**

**Struggle to find adequate
stocks in timely fashion**

**Require tremendous
planning and effort**

Recommendations

**Bigger Buyers (double
the effort)**

**Supply Contracting with
Cooperative (carefully
planned)**

**Reverse Strategy:
warehouse**

6. Procurement Challenges

Vanilla Thieves

**Vanilla Price: 150K-250K
UGX**

**Time consuming for
farmers**

First Come, First Serve

Advantage to local buyers

Recommendations

**Collective efforts
Strategy of barbed
wired + Dogs**



7. Procurement Challenges

Working Capital

No liquidity/Cash



Vanilla, Cocoa, Coffee: 3
year/ 15 years life span



Coops disloyalties,
Stealing, and other
inconvenient etc...

Recommendations

1- Diversification: Turnover
cash crops - Soybean,
Beans etc...

2 - Shareholders initiatives

8. Procurement Challenges

Crop Profitability Analysis (CPA)

No Track Record



Market Price VS Own Price



RFCU – Lack of crops budget

Recommendations

CPA



Own Price



Tools for RFCU

- During negotiation
- Crops budgets

9. Crop Profitability Analysis

Pineapple (1ha)		Palm Oil (1ha)	
<u>Cost to Farmer</u>		<u>Cost to Farmer</u>	
Fertilizer	11	Fertilizer	11
seeds	22	Seeds	22
Pesticides	33	Pesticides	33
Other cost	44	Other cost	50
Other cost	55	Other cost	55
Harvest cost	66	Harvest cost	55
Total cost to farmer	231	Total cost to farmer	226
<u>Revenue to farmer</u>		<u>Revenue to farmer</u>	
Outcome (per Ha)	1000	Outcome (per Ha)	66
Price Desire per Unit	5	Price Desire per liter/ bag	30
Total Revenue	5000	Total Revenue	1980
Profit to Farmer	4769	Profit to Farmer	1754
% Break Even Point:	5%	% Break Even Point:	11%
Actual Unit Price to Farmer	4.329004	Actual Unit Price to Farmer	0.292035

10. Commodity Drying



Tarpaulin Tradition
14-17 days



RFCU Innovation



“Black Box”
8 days estimated

11. Other Observations

- **Strategic Alliances:** Partner with agriculture institutions for technical Support, learning visits, expand partnership with other cooperatives.
- **Social Responsibility:** *“To improve the livelihoods of members and contribute to the common good of the communities they live in.”*
In the vision statement but not yet demonstrated?

12. Recommendation for CRS

- CRS might consider introducing experimental farms to promote best farming practices in Uganda with respect to vanilla, cocoa, coffee and others crops.

13. Recommended future volunteer Assistance

Volunteer in Agriculture Capacity

Building: RFCU is currently not meeting the production requirement according to the General Manager so a volunteer with a background in farming especially vanilla, coffee and cocoa to help in boosting its capacity.

14. Action plan: recommendations

Recommendation	Specific Action	Responsible person	By when
1.1 Increase the budget for training, special committee for performance review, Involve NGOs	1 - Product improvement for quality procurement	General Manager	To be determined
2.1 Meeting staffs and board members, (if agreed) then update PM.	2. Procurement manual review to encourage flexibility expenditure	Procurement Officer/ and General Manager	1-6 months
3. Find an institution of interest, write a letter of request, create a budget for accommodation.	3 – Strategic Alliance: Educational project	Board Members	6-12 months
4. Location, budget,	Diversification of crops production	Board Members	6-12 months



15. How can CRS improve future volunteer experience

Thank You!