

BUILDING SUSTAINABLE SUPPLY CHAINS



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BUILDING SUSTAINABLE SUPPLY CHAINS

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Processing

There are more than 1,000 U.S. processing plants that turn milk into cheese, yogurt, ice cream, powdered milk and other products.

Milk Transport

Milk is transported from farm to processing company in insulated tanker trucks. The average truck carries 5800 gallons of milk and travels approximately 500 miles round trip.

Milk production

Dairy cows are housed, fed and milked on dairy farms across the country. On average, a cow in the United States gave about 21,345 pounds of milk in 2012.

Production of feed for cows

The dairy supply chain begins with growing crops such as corn, alfalfa hay and soybeans to feed dairy cows. About 35 percent of feed is grown on the farm by dairy farmers; the rest is purchased from other farmers.

Packaging

Packaging is typically done by the dairy processor. Both paperboard and plastic containers are designed to keep dairy products fresh, clean and wholesome.

Distribution

Distribution companies deliver dairy products from the processor to retailers, schools, and other outlets in refrigerated trucks.

Retail

Milk and dairy products are available at 178,000 retail outlets of all shapes and sizes—from convenience stores and neighborhood groceries, to large discount stores and warehouse outlets.

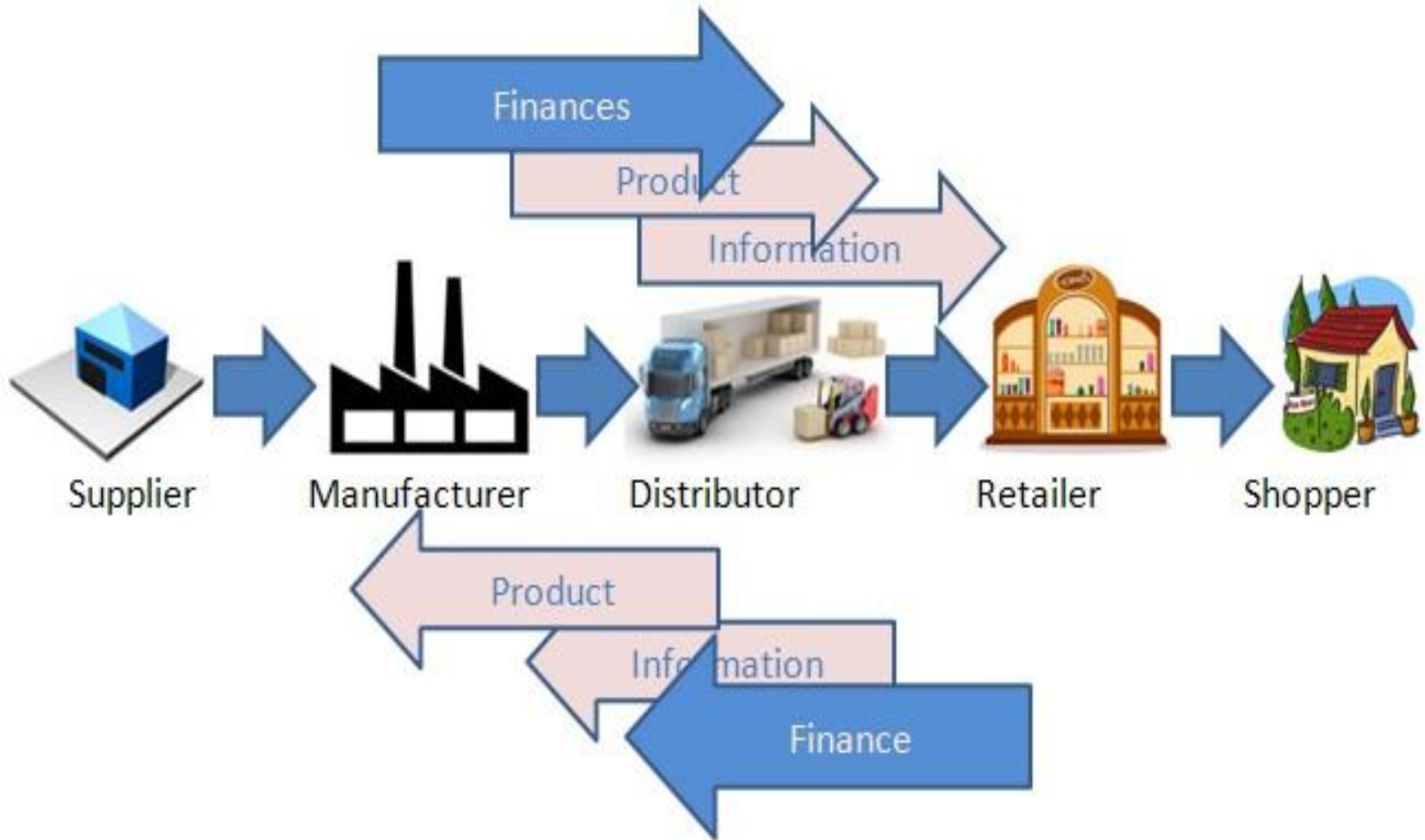
Consumer

Milk and milk products deliver many essential nutrients to the diet of Americans.

Farm to Table The Dairy Supply Chain

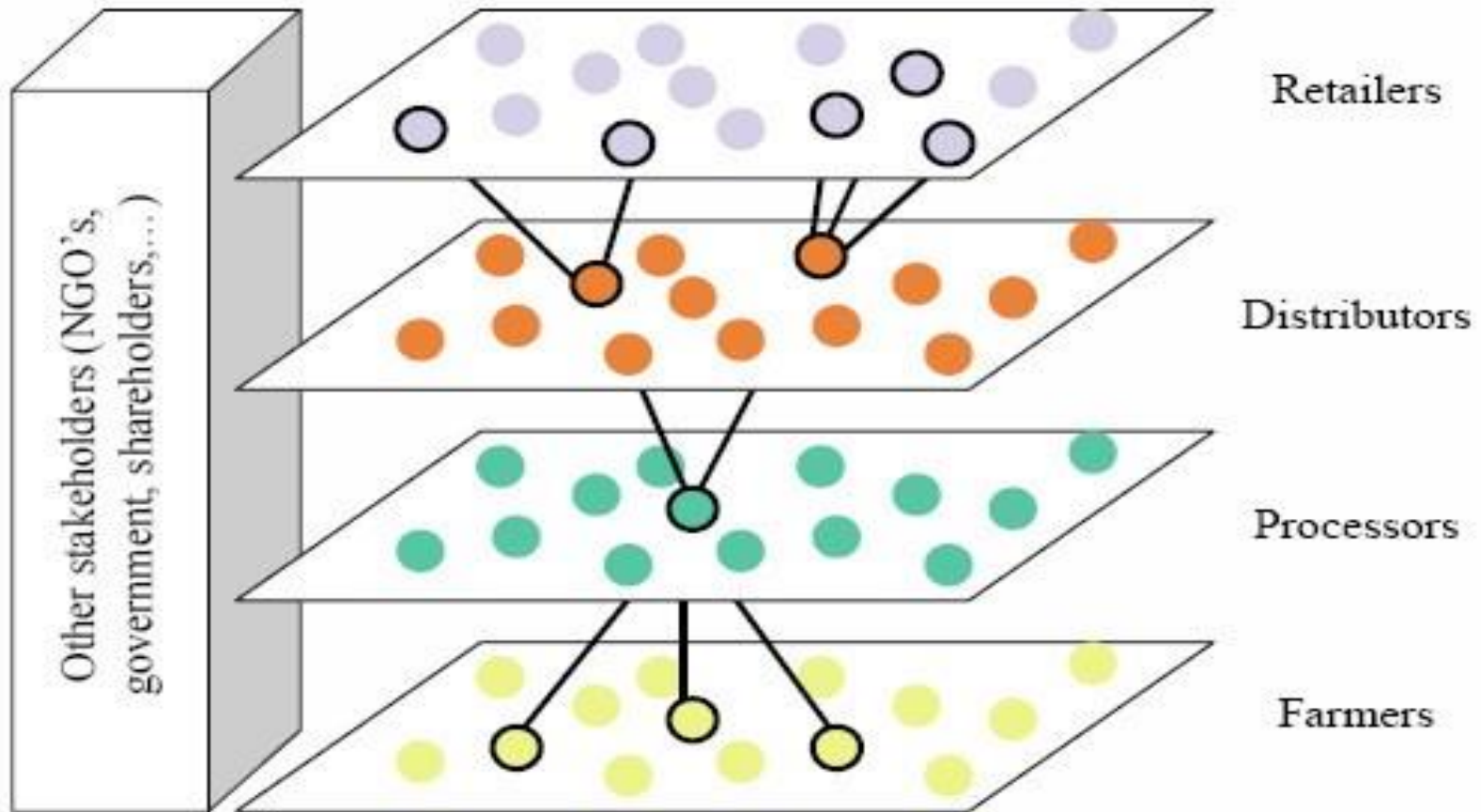


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Major Players in Agriculture supply chain



Schematic diagram of a supply chain from the perspective of the processor (bold flows) within the total FSCN (based on Lazzarini et al. 2001)

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Definition of supply chains

- Supply chains are institutional arrangements that link producers, processors, marketers and distributors.
- Supply chains are principally concerned with the flow of products & information between supply chain member
Coops procurement of materials, transformation of materials into finished products, and distribution of those products to end users/customers

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Definition of supply chains... *Cont'd*

- The real measure of supply chain success is how well activities coordinate across the supply chain to create value for consumers, while increasing the profitability of every link in the supply chain. In other words, supply chain management is the integrated process of producing value for the end user or ultimate consumer.
- The Agri-supply chain system of a country is determined by different sartorial issues like dominance of small/ marginal farmers, fragmented supply chains, absence of scale economies, low level of processing/value addition, inadequacy of marketing infrastructure etc.

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Sustainable supply chains

Sustainable supply chains are one of the most powerful competitive tools in today's globalizing business economy. For agricultural products, successful supply chain development projects reduce not only the transaction costs but also the institutional barriers that decouple individual links in traditional distribution channels.

They allow participants to achieve higher levels of service and to capture substantial added value thereby serving as leverage points both for economic growth and for poverty alleviation.

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Sustainable supply chains.....*Cont'd*

- Generally, supply chains increase market contestability both at the producer end and at the consumer ends of the chain.
- At the consumer end, chains compete primarily through price, differentiated products and services and differentiated terms of sale.
- At the producer end of the chain, supply chains compete with one another primarily for "producer affiliation" and core vendor commitments.

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Benefits to supply chain members

- Expansion of traditional markets beyond their original boundaries and thus increased sales volumes for members like coffee from Africa to Europe
- Reduction of delivery cost of production below the cost of competing chains and thus increase the gross margin for the working capital committed by members of the chain
- They target specific market segments with specific products and they differentiate the service, product quality or brand reputation of the products they deliver to these market segments and thus increase consumer perception of delivered value which allows chain members to charge higher prices.

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Agri-Business Supply chain management

Agribusiness, supply chain management (SCM) is about managing the relationships between the businesses responsible for the efficient production and supply of products from the farm level to the consumers to meet consumers' requirements reliably in terms of quantity, quality and price. In practice, this often includes the management of both horizontal and vertical alliances and the relationships and processes between firms.

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Case studies of integrated supply chain management

- 1. Mahagrapes:** One of the largest exporters of fresh Grapes (mainly seedless grapes) from India. Mahagrapes is a partnership firm of sixteen grape growers cooperatives. The vineyard owners of Maharashtra entered the International market with their own brand, Mahagrapes. It acts as facilitator, quality controller, input supplier as well as service provider to its member societies. The hard working grape growers in areas of Sangli, Solapur, Pune & Nasik regions of Maharashtra have formed 16 co-op societies with a membership of almost 2500 farmers.

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Case studies.... *Cont'd*

2. Integration of Supply Chain in Karbi Anglong district of Assam:

A case study of linking tribal farmers with the market. The district collector of Karbi Anglong brought innovating marketing in 2007 by organizing the growers as federation and facilitating the producers to gain better advantage. *Ginger growers of the co-operative Marketing Federation limited* (GINFED), a pilot initiative under district administration of Karbi Anglong district of Assam exemplifies the efforts of linking farmers to the market by providing logistic and market support to strengthen supply chain. The integration of supply chain is being achieved by providing following support.

Source: National Institute Of Agricultural Extension Management (An organization of Ministry of Agriculture, Government of India)

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Agric. coops in supplying to consumer coops.



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Priorities for Agric. coops in supplying to consumer coops.

- Strengthening Coop leadership and management at different levels
- Putting in place policies and procedures to satisfy the consumer coops
- Strengthening Coop structures to aggregate and maintain the right volumes and quality needed by the consumer coops
- Carrying out marketing research to meet changing needs of consumer coops
- Proper supply chain management to meet the needs of the consumer coop
- Signing business contracts with the consumer coop. for supply of products
- Mobilizing more farmers to be able to raise the needed quantities

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Priorities for Agric. Coops..... *Cont'd*

- Provision of better infrastructure to farmers like transport, storage etc.
- Value addition to meet industry standards, value for money and competition
- Negotiating for better price and other terms on behalf of farmers to be able to supply to the consumer cooperatives
- Provision of special credit facilities like the Ginger farmers in India who are provided with a special credit –cum- debit card to avail bank loans. The Ginger card (G-card) holder can obtain loan of Rs 10,000 for crop production from State bank of India.

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Impact: Agric. Coops in supplying to Consumer Coops

The following lessons can be learned from successfully implemented supply chain projects:

- Long term relationships between Coops in the chain, lead to improved margins and improved market knowledge for the primary producers (growers and farmers);
- Reduction of product losses during storage and transportation, result from optimal coordination of the successive activities in the chain;
- Quality and /or freshness of products can be improved greatly;
- Improved safety of food products can be assured;

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Impact: Agric. Coops.....Cont'd

- Sales can be increased significantly, due to exchanging market information;
- Coordinated supply chains generate "high value added" products that generate considerable revenue as they match with the demands of high-end markets and high income segments.
- The scheme motivates member participation due to better prices/ opportunities
- Actualization of cooperation among cooperatives and social growth

END



Thanks for listening