



BeanBook

A cutting-edge web tool designed for Coffee
Co-operatives and SMEs in Uganda.



Background

In Q1 2023, the **Agri-Business Development Center (ADC)** partnered with **Agtuall** to **develop a sales/purchase decision support tool** tailored for the **coffee sector** in Uganda. This initiative, supported by the Rabo Foundation, aligns with ADC's mission to enhance the sustainability of Farmer-Based Organizations (FBOs). ADC is a joint venture between DFCU Bank(Uganda) and the Rabo Foundation(Netherlands), focused on improving cooperatives' and smallholder farmers' financial and operational resilience.

In March 2023, **Team Agtuall** visited Uganda to **survey 13 cooperatives** and agri-businesses, providing on-the-ground insights into their challenges and opportunities. In addition to the fieldwork, an **online survey** was **distributed to 120 members of ADC** to capture a broader range of perspectives.

The survey highlighted that, most cooperatives, especially the smaller ones, **lacked the necessary digital tools and real-time data to make informed decisions regarding sales and procurement**. Smaller cooperatives that primarily focus on local sales had limited or no access to international market prices for coffee. Many members, particularly those unfamiliar with specialized financial platforms, resorted to using Google to check coffee prices. This process required them to visit multiple websites to gather and compare pricing data, making it time-consuming and inefficient.

The findings from the needs assessment led to the rollout of the first version of a user-friendly tool aimed at improving the decision-making capabilities of cooperatives. After **user testing with 5 key members**, the tool was further enhanced based on their feedback. The core modules of the tool include:

Functionalities

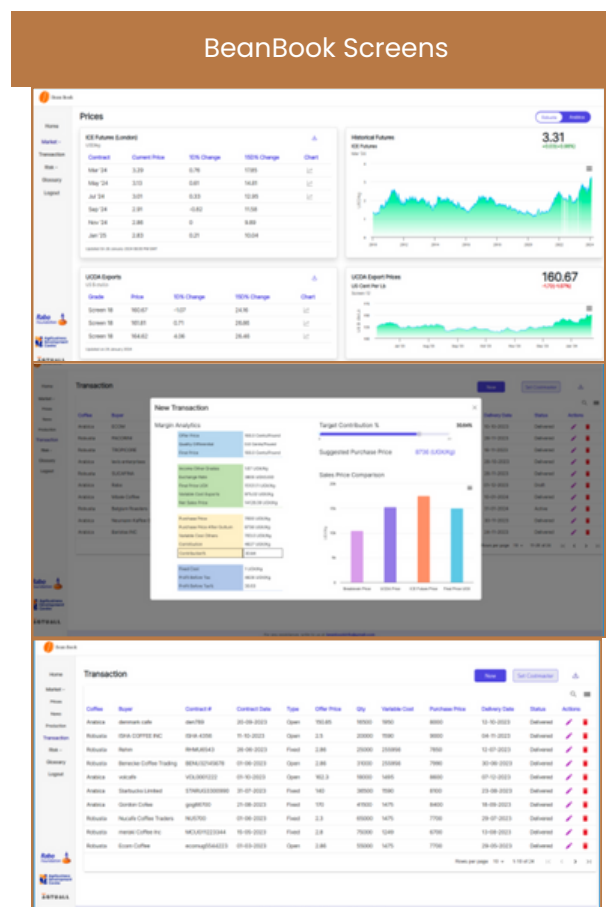
1. Market Intelligence Module:

This module consolidates **current and historical futures prices** for Arabica and Robusta sourced from the Intercontinental Exchange (ICE).

Additionally, export prices and farm gate prices are provided through data from the Uganda Coffee Development Authority (UCDA). To further support the cooperatives, the tool also includes weather forecasts across different districts, helping farmers plan more effectively.

2. Transaction Module :

Cooperatives especially those with less experience in the global markets need guidance on contract validation to help them negotiate better terms and minimize risks. This guidance is essential to ensuring that contracts are not only compliant but also beneficial in terms of pricing and overall profitability.



Export Contracts are broadly classified as fixed price contracts and open contracts. Fixed price contracts commit to deliver a **certain grade at an agreed-upon price**. They are therefore ideal for short-term delivery periods. While fixed price contracts assure a fixed realisation, they become risky when markets move high between contract closure to the delivery month.

Open contracts are more complex with pricing terms linked to future prices.



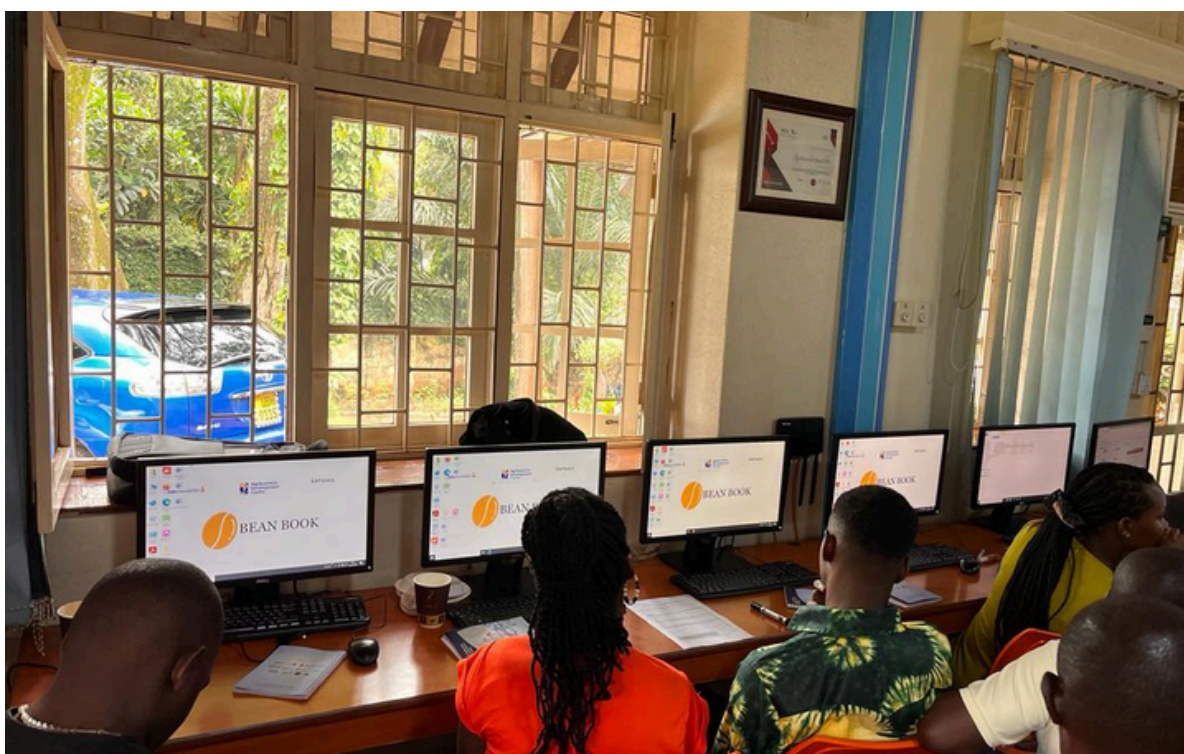
The Transaction Module within Bean Book provides essential visibility into prospective margins, helping cooperatives and enterprises make informed decisions by benchmarking sales prices and offering detailed insights into potential profitability. Following is an overview of the key capabilities :

- **Contribution Margin Calculation:** The tool calculates the contribution margin for each contract, which is calculated as revenue minus variable costs. This helps the cooperatives understand the basic financial viability of the contract.

- **Breakeven Price Comparison:** This compares the contract's contribution margin to the breakeven price, allowing cooperatives to assess whether their sales price is sufficient to cover all costs.
- **Purchase Price Suggestions:** Based on the target margin percentage, the tool can suggest an ideal purchase price for beans.
- **Price Benchmarking:** The tool provides easy benchmarking of the transaction sales price with local and international market prices, budgeted prices, and Minimum fair trade prices
 - The transaction module also includes a repository that stores actual transaction data, which serves as a valuable resource for performance management
 - The repository allows users to quickly access historical data on transactions, enabling fast performance reviews.
 - Open Contract Monitoring: Users can monitor open contracts to help cooperatives evaluate if their open contracts are falling below the breakeven value, potentially flagging the need for renegotiation or adjustment.
 - Automated Alerts: The tool also provides automated alerts for key contract milestones, such as delivery dates and price fixing dates.



Approx only about 3% of the coffee producers in Uganda are **certified by Rainforest Alliance**, Organic and Fairtrade International. Certification provides farmers with minimum price guarantees and has protected returns during low market conditions. Many ADC associates have recently started working with coffee and aspire to enter the exports markets. Both the survey and in-person interactions confirmed that the **non-certified organizations have very low awareness** about the pricing mechanics of certified coffee. Example, they are not aware that certified coffee has a minimum price and carries differing premiums for fair trade and organic varieties.



Cooperatives Using the Tool

Way Forward

Bean Book has made significant strides since its launch!

With **27 organizations onboard**, including notable partnerships like those with Rabobank Foundation and its presence at the **2024 Harvest Money Expo** (through a partnership with the Embassy of the Netherlands and Vision Group), it seems to be gaining credibility within the coffee industry. The endorsement from the Uganda Coffee Development Authority (UCDA) is particularly promising, as integration into the national coffee platform could open doors to even more widespread adoption among key players in Uganda's coffee sector.



The following two approaches have been identified to accelerate its adoption :



Embedding with PRM & Integrating other tools :

BeanBook is planned to be integrated with the bi-annual Price Risk Management (PRM) training offered by ADC to provide comprehensive learning experience to cooperatives in one go. This integrated offering will result in more hands-on approaches for other modules like cash flow forecasting and budgeting.



Link to access with finance:

Integrating Bean Book into ADC's bi-annual PRM training lets cooperatives practice real-life scenarios for PRM, cash flow forecasting, and budgeting. This hands-on approach helps them apply theory directly, improving their understanding of financial management.

Together, these approaches will enhance Bean Book's utility, making it not just a platform for contract management but also a vital tool for financial literacy, planning, and access to finance.