

Looking for a Market for Teso Oranges

By Anne Dennig ¹

The Soroti Transaction Security Service (TSS) network is looking for a buyer for the fruit growers in Teso region, Uganda. Jakana, is a fruit juice processing factory in Kampala wanting to expand their production of orange juice. Talks in March 2014 formed plans to start analysis of costs and prices in view to the Teso producers supplying oranges to Jakana.



Teso Tropical Fruit Co-operative Union

Teso Tropical Fruit Co-operative Union (TEFCU) was formed five months ago. The farmers, who produce oranges, pineapples, passion fruit and watermelons, had already formed into an association. Then in 2014 with help from Swedish funding through We Effect they formed the TEFCU in order to put themselves onto a better business platform.

We Effect

We Effect supports the development of co-operatives; they are providing funding for three years, this is the second year of funding. We Effect is based in Nairobi but has an office in Kampala.

The TEFCU has been set up with 16 staff. Eight of the staff are based in the field as extension (technical) officers, attached to each of the districts in TESO. These field officers are mobilising the farmers into co-operative groups and are helping to increase production and improve the quality of the fruits; they will focus on oranges as a primary cash crop. The other eight staff are based in Soroti and handle the marketing, finance and other support functions. Harriet

Beatrice Abeda manages the Soroti office, Jorem Opian is the chairperson, and Benjamin Omoding is the marketing coordinator; he is looking for links to markets in Nairobi, Kampala and Ruanda.

The Farmers

There are 30 co-operative groups who are members of the TEFCU. Each of these groups has 40-80 members. Presently there are 1,500 farmers in these groups but the Union plans to target 2,800 farmers this year. These farmers have between 50-400 orange trees per household, with local (non-grafted trees) and grafted trees of various varieties: American tangerine, Hamlyn, Washington Navel and Valencia. Many of these farmers need help from the extension staff to improve technical skills and to develop a more commercial approach. There are plans for collection centres for each district.

Korean Help and a Possible Juice Factory in Soroti

The TEFCU is waiting for a juice factory to be built by the government under the Ugandan Development Corporation. The Korean government is putting in money to construct the plant but the Ugandan government will appoint a business to run it. The government has bought the land and has to prepare it with access to services (roads, electricity and water) before the construction can start. There will also be technical help from the Korean government with fruit cultivation, post harvest handling etc. Korean machines will be installed in the factory and local people will be trained to operate the plant.

Jakana Foods Ltd

Jakana Food Ltd produces All Natural Fruit Juices and has the capacity to produce 30,000 litres of fruit juice per week. All the fruit for these juices is sourced within Uganda and processed at their fully mechanized production facility in Kampala. Meg Jaquay, the General Manager of Jakana Foods Ltd, is working on Jakana's national and international marketing with Edward Wilson the CEO of Shelford Corporation USA. Jakana is keen to expand their production of orange juice to supermarkets

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in Kampala and Jingo and then to the UN markets (Care and World Vision) in Southern Sudan and Somalia, and also to supermarkets in Ruanda and Burundi.

Using TSS to Link to the Market

Jakana needs around 125 tons of oranges per month for their juice production (about 10 trucks per month) and would like to explore using the TSS sourcing model. The TEFCU plan to coordinate the sourcing of the oranges, using trained TSS agents in the field and the TSS cash-on-the-bag financing.



OUR CURRENT JAKANA ALL NATURAL FRUIT JUICE PRODUCT LINE



Next Steps

The TEFCU chairman, Jorem Opian, says that the TSS model suits the Union and he is keen to try out a test deal. But before this it is important to explore all the costs and prices for analysis on the TSS form, and then to see if supply to Jakana would be viable.

Jakana will need a mix of varieties including both local and grafted juicing varieties. Jakana plan to visit the TEFCU to explore the details on quantities, varieties, ripeness required and transportation.

The TEFCU are aware that it will be important to have loyalty from the farmers on sourcing, as other brokers may want to take over and disrupt the system. Therefore if the business looks feasible the TEFCU will support the TSS network to train their co-operative group farmers and their representatives on TSS.

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