



OLAM MOZAMBIQUE, LDA

**LOCAL PROCUREMENT
MODEL**

CONTENTS

- Products
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- Assets required & Logistics involved
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- Open discussion

Products

- RCN – Raw cashew nuts
- Sesame seeds
- Seed Cotton

Designations-Direct Buying

RCN & Sesame Seeds

- Head office
- Unit
- Unit Head
- Qci
- LBA
- Unit WH
- Primary Freight
- Secondary Freight
- Packing and Loading
- Escort
- Central WH (Monapo;Beira; Nacala)
- Shipment

Cotton

- Head Office
- Agencies
- Buying Brigades:
 - Foreman/Production Chief/Local authorities/ Buyers/Labour
 - IAM/DDA
 - Remote Markets
 - Logistics – Hired Trucks
 - Factory (Ribaue, Morrumbala, Etc)

ASSETS REQUIRED

RCN/SESAME

- Unit House/WH (Rented)
- Jute/ Polypropylene bags
- Platform Scales
- Labor
- Primary Freight (4tonner)-
Hired
- Secondary Freight (10 tons
& above)- Hired
- Central W/H/ Factory

COTTON

- Agencies (own)
- Jute bags
- Hanging Scales
- Labor
- Not Required
- Maximum 20tons – Bad
Roads- Hired
- Factory only

Accounting and Control Books

RCN/Sesame Seeds

- Unit Bank Account
- Daily Cash and Bank Recon books
- Daily Procurement and Stock Ledgers
- Daily drying/Cleaning report ledger
- Daily Stock Dispatch books & Registers
- Weekly Cash & Stock Recon

Cotton

- Not Applicable-Remote areas
- Daily Cash Recon books
- Daily Stock Vs Input Registers (Model 121 & 122) monitored by IAM/DDA
- Daily Purchase Vs Input recon-market & agency wise
- Recon is done district wise after Procurement period along with Brigades; Agronomist and IAM

PRICING & RISK

RCN/SESAME

- Quite Safe cash handling
- Open and aggressive competitive market
- Best offer/best buyer
- Ex Central WH price is [bush price+Prm.F+(Labor load/unload/drying) +Sec.F+escort]/Qty
- Escort is needed due to its volatility of theft
- Margin loss allowed up to 0.5% (Drying/ cleaning & waste)

COTTON

- Complete Risk of Cash loss
- Procurement done only by the Concessionaries
- Can't buy below government price
- Ex Factory Price is [Price+ labor (load/unload)+ Freight]
- No need of escort
- Less risk of losses- 0.2%

A.

- Normally in procurement, at the both products, we are forced to work on trust, as in many points that we are present, there are no banks and the roads are very bad. We train our staff with our shared values, so they become part of Olam family members. Using this model, we've less times been cheated by our staff
- In sesame and RCN, we are also forced to pre-finance LBA, as the procurement periods are too narrow and the competition is high. We identify the potential suppliers, provide them with bags and cash, and the UH is responsible to track his records.

B

- There's a daily tracking system established to recon cash; stock sent and received to units as well as pre-financed to LBA.
- Funds are only raised when all accounts are settled and approved by the BC/PCH/CH.
- Sesame seeds: Apart from the primary cleaning in the bush, there's a machine cleaning as well at the final WH
- RCN drying is as well processed at the final WH
- Primary freight varies from Mzm 1,500.00 to 2,000.00
- Secondary freight price depends on the distance between the unit to the final WH

**YOUR COMMENTS AND QUESTION
ARE WELCOME**

THANK YOU...