

# CLIMATE ACTION MODEL VILLAGE PROJECT (CAM PROJECT)

## INCOME GENERATING ACTIVITY - SELECTION, PLANNING AND MANAGEMENT TRAINING MANUAL



October 2022

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**CLIMATE ACTION MODEL VILLAGE PROJECT  
(CAM PROJECT)**

**INCOME GENERATING ACTIVITY - SELECTION,  
PLANNING AND MANAGEMENT**

**TRAINING MANUAL**

October 2022

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## Acronyms & Abbreviations

<b>CAM</b>	Climate Action Model Village
<b>AFARD</b>	Agency for Accelerated Regional Development
<b>CSCGs</b>	Climate Smart Champion Groups
<b>SHECs</b>	School Health and Environment Clubs
<b>SRHR</b>	Sexual and Reproductive Health and Rights
<b>VSLA</b>	Village Savings and Loan Associations
<b>IGA</b>	Income Generating Activities
<b>SPM</b>	Selection, Planning and Management



# Acknowledgement

The following manuals have been important sources for the development of this manual and for the illustrations presented in it:

Caritas Switzerland, AFARD, GWED-G, and Advance Afrika (2020) Action for Livelihood Enhancement in Northern Uganda (ALENU) Income Generating Activity – Selection, Planning and Management Training Manual.

Plan International Uganda and AFARD (2020) Income Generating Activity – Selection, Planning and Management Training Manual.

## 1. About CAM Project

The living situation of people in Nebbi and Pakwach districts is characterized by extreme poverty and a high dependence on traditional subsistence agriculture with very low knowledge and market participation and a high susceptibility to climate change. Discrimination against women is immense as only 20% of women own land, only 27% of them make decisions regarding the use of family land and only 10% decide on the use of family income for major expenses. The high pressure on natural resources resulted in enormous environmental degradation (only 3.3% of the land is now forested). This situation was exacerbated by the COVID-19 pandemic as many households (58%) reported a decline in income; they spent their savings (37%) and depleted their assets; ; boys resorted to theft (8%) and girls to survival sex (10%) and child marriage (18%); women faced more sexual gender-based violence (23%). Together, these factors have reduced the resilience of many households and the prospects for independent recovery is considered very low.

In order to strengthen the resilience of communities in Nebbi and Pakwach in regards to climate, health and economic shocks, AFARD in partnership with AWO International secured EUR 913,400 from the German Federal Ministry for Economic Cooperation and Development (BMZ) to implement a 3.5-year (Oct. 2022 – March 2026) **Climate Action Model Village (CAM) Project** in Nebbi and Pakwach districts targeting directly 3,190 people (60% female and at least 10% individuals with special needs) composed of vulnerable smallholder farmers; primary school pupils (P5-7) and their teachers and management committees; district and sub county local government officials; traditional, religious and opinion leaders; and AFARD staffs.

The overall project goal is, “Communities in Nebbi and Pakwach Districts are resilient to climate change, health and economic shocks.” The project specific objective is, “Targeted communities in Nebbi and Pakwach districts have food and income security and serve as replicable examples for Climate Active Model Villages by March 2026” and this will lead to the following positive gains: 75% of target households are food secure; 65% of target households are income secure to withstand climate, health, and economic shocks; 45% of households plan their family size; disaster preparedness interventions of CSCGs and SHECs have resulted in a 25% decline of infectious and vector-borne diseases (malaria, covid-19, cholera, diarrhoea, and gastrointestinal worms); residents of the climate action model villages use the forest planted on 15 acres for their own food (e.g., mangoes and oranges), food preparation (firewood), and health (shade, and utilization of the bark, sap, or leaves for medicines); and 08 climate action villages serve as models for replication through knowledge sharing with local governments, networks of AFARD, universities & partners of AWO International in Uganda.

## 1.1 Project Approach

The CAM Project is planned to empower the population of at least ten villages in Nyaravur and Alwi sub-counties to transform their villages into Climate Active Model Villages through: 1) the establishment of 15 Climate Smart Champion Groups (CSCGs) and 05 School Health and Environment Club (SHEC); and 2) capacity development of these civil society structures on sustainable agricultural intensification, income generation and management, gender equality, sexual and reproductive health and rights (SRHR), preventive public health, environmental conservation, biodiversity and climate change mitigation. A cooperative will be formed with members from at least 06 CSCGs to drive inclusive and sustainable value-added market participation. For these civil society strengthening to attain the above results, the project will use a 4-pronged interlinked approach:

1. Increasing agricultural production and productivity through intensification of production, technologies used and practices using improved agricultural inputs (seeds, livestock and ox teams) and training in climate-smart agricultural skills (using the resilience design approach) and value addition.
2. Livelihood diversification for alternative income generation through promotion of VSLA, IGA - SPM and financial literacy trainings to target households to enable them to save, identify locally viable investment opportunities, take necessary loans and start/build businesses to generate alternative income for food security and health service utilization among others.
3. Promote public health and prevent avoidable diseases in schools and target communities for reduced student absenteeism and increased adult labour productivity.
4. Preserving the environment and biodiversity by changing awareness on the one hand and creating access to sustainable forest and non-timber products on the other, enabling communities to value an intact environment, take action against environmental degradation, green their villages and thus protect the climate.

## 1.2 About the Manual

CAM Project seeks to empower vulnerable communities to diversify their livelihoods for better income security. To achieve this, the beneficiaries need entrepreneurship skills with which they can identify profitable enterprises, plan and start those enterprises and finally grow them into viable ventures able to meet their life goals as well as the business growth in order to sustain their improved lives.

### Users of the manual

Project Officers as lead trainers will be the main users of this manual. Due to the collaboration with local government, extension officers too will use this manual.

### 1.2.1 Objectives of the manual:

This manual is aimed at providing a locally sensitive, technically responsive, and learner stimulating guide to participatory learning using tested youth learning and behavior change principles in entrepreneurship skills development. Trainers are encouraged to allow time within the training for youths to define concerns and seek practical solutions as participants open and build successful businesses skills. An important component of the training will be to provide access to local knowledge.

Specifically, this manual is designed to help learners acquire the skills and tools to:

1. Clarify their aspirations and set relevant life goals;
2. Identify and select viable business ideas, plan, start and grow such businesses;
3. Routinely assess their performance with respect to their learning, behavior change, and achievement of their goals.

### 1.1.1 How do the sessions flow?

The sessions are developed in ways that encourage:

- (i) Unfreezing by learners through reflections on their own practices and abilities;
- (ii) Discovery through practical experience sharing; and
- (iii) Actions meant to enable learners put to use what they have learned.

To achieve this, visualize, discover, and act learning model, trainers are advised to always:

1. Ensure that the learning environment is favorable for learning especially for the method to be used in the session;
2. Introduce the training session objective so that participants know what they are out to achieve;
3. Solicit learners fears and expectations in order to always conduct learning reflections;
4. Ensure that there are ground rules set for the day such as; time management, observation of respect, phones kept in silence, etc.
5. Final reflection questions are asked in order to close the learning session such as; achievement of expectation/objectives and dispelling of fears as well as stage setting for way forward.

## 1.3 Roles of Trainers



### 1.3.1. Core qualities of an effective trainer

To ensure maximum stimulation and participation of youth in the learning process, trainers need to develop and exhibit the qualities below:

- Warm personality that is receptive to youth.
- Bonds and relates with learners (social skills).
- Strong organizational skills for group learning.
- Problem solving skills to ensure harmony.
- Flexibility to adapt to changing youth needs and skills.

- Knowledge of local and diverse context to learning.
- Knowledge of participatory methodologies (knowledge of strategies and ways to involve and activate participation of youth).
- Knowledge of the target group(youth), their needs, expectations and potentials.
- Self-confident, skilled and knowledgeable.
- Honest and dependable.
- Good communication skills.
- Able to monitor, assess and summarize the outcomes and impact of respective sessions.

### **Tips on promoting “real world” learning for youth**

Youth learn effectively when:

- They perceive that their needs will be addressed.
- The learning is meaningful in their lives.
- They actively participate in the process.
- Contents are real to their lives and experiences.
- The process is gradual, starting with basic issues they know and delves into competition issues.
- The process allows them to double check their learning against other experiences.

### **1.4 Tips on learning for behavior Change**

#### **Participative learning is:**

- Active through learning by doing.
- Interactive with open discussions.
- Relevant by using real - life issues.
- Critical to encourage youth to think for themselves.
- Collaborative through group work.

#### **Principles of behavior change:**

1. Provision of relevant and tested information.
2. Fear information hardly induces change.
3. People are more likely to try behaviors they feel capable of performing.
4. Individuals are more likely to adopt a new behavior if they are offered choices among alternatives.
5. Change is more likely to occur in a community if 'leaders' adopt the change.
6. Relapse in behavior is common and should not be seen as an end in itself. Encourage retrial.

### **1.5 Training Ground Rules**

- Only one person speaks at a time.
- Everyone gets a chance to speak.
- Everyone should listen to the other person's view.
- Do not make fun of or laugh at one another.
- Everyone should respect everyone else.
- Do not use bad words or boo anyone.
- Do not hit anyone.
- Do not answer on someone else's behalf.



## 2. Why IGA – SPM Training?

Training in Selection, Planning and Management (SPM) of Income Generating Activities (IGAs) is a customized training course for the semi-literate farmer group members primarily aimed at systematically increasing their savings in Village Savings and Loans' Associations (VSLAs) through optimal use of VSLA loans for investment in viable on-farm and non-farm enterprises. To do so however, the farmer group members need the knowledge and skills to assess the appropriateness of several potential IGAs, comparing each to their specific knowledge, skills, experience and resources. An analysis of this kind allows each of them to choose the IGA that is most suitable, given their individual circumstances. To achieve financial sustainability, the demand for loans is supposed to be higher than supply so that no funds are left idle at any point in time. SPM seeks to develop that business acumen in the smallholder farmers so that they will borrow from the loanable fund and invest in their IGAs and repay the loans on time.

The objective of the training course is to assist the youth to:

- Select IGAs that are suitable for their individual circumstances, after careful consideration of the technical, marketing, social and financial aspects of a number of alternative IGAs;
- Plan for the successful launch of the IGAs after the selection has been made; and
- Manage the IGAs effectively, so that the loan is repaid on time, the income earned from the IGA matches expectations, and the risk is kept within manageable limits.

## 3. Training Focus and Approach

### 3.1 Overview of the training

The IGA-SPM training course consists of six modules, conducted in three to four hour sessions, once a week over a period of six weeks as is laid below. Because each session is built on the success of the previous session, it is advisable that, the VSLA Mentor as the facilitator ensures that participants have made positive strides in answering the key question of the week.

Week	Module	Module focus	Learning Outcomes: Participants should be able to:
1	1. Goal setting	<ul style="list-style-type: none"> <li>Six important points of life</li> <li>Poverty analysis</li> <li>Family/Individual goal setting</li> </ul>	<ul style="list-style-type: none"> <li>Develop clear strategy to overcome household poverty.</li> <li>Set realistic and achievable family/individual goals (Vision Road Journey)</li> </ul>
2	2: IGA Identification and Selection	<ul style="list-style-type: none"> <li>Importance of IGAs</li> <li>IGA identification process</li> <li>IGA selection process</li> </ul>	<ul style="list-style-type: none"> <li>Identify viable IGAs based on environmental scan conducted.</li> <li>Select suitable IGAs for operation.</li> </ul>
3	3: Market Analysis of selected IGA	<ul style="list-style-type: none"> <li>IGA Operational Aspects</li> <li>Marketing Aspects of IGA.</li> <li>Profit concerns</li> </ul>	<ul style="list-style-type: none"> <li>Examine their attitude, knowledge, skills, and experience in relation to the proposed IGAs.</li> <li>Determine the products or services the IGA will offer.</li> <li>Calculate the income, profit or loss from the proposed IGAs.</li> </ul>
4	4. Determining Business Capital Needs	<ul style="list-style-type: none"> <li>Capital Estimation</li> <li>Capital sources</li> <li>Calculating Income Stability.</li> </ul>	<ul style="list-style-type: none"> <li>Determine the required capital for the IGA.</li> <li>Identify affordable sources of capital.</li> <li>Assess the income stability.</li> <li>Make informed decision on the IGA.</li> </ul>
5	5: IGA Planning	<ul style="list-style-type: none"> <li>Final IGA selection</li> <li>Introduction to IGA Planning</li> <li>Resource Planning</li> <li>Task/Persons Planning</li> </ul>	<ul style="list-style-type: none"> <li>Make a final decision on their viable IGA.</li> <li>Develop a detailed resource, tasks and persons plan for the start of the IGA</li> </ul>

6	6: IGA Management	<ul style="list-style-type: none"> <li>Managing business risks, failures &amp; growth.</li> <li>Record keeping</li> </ul>	<ul style="list-style-type: none"> <li>Develop clear strategies to increase business profits.</li> <li>Apply the record keeping skills</li> </ul>
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## 3.2 Training Methodology

The training should use learner-centered participatory learning and actions approach that builds on trainee experiences so that they are able to diagnose and solve their own problems in IGA startup, expansion and management but also to encourage creative thinking and maximum retention of the key concepts. Each module is followed by a reflection that reinforces the learning points and guides the participants as they individually investigate potentially suitable IGAs. Throughout the training, participants should share personal experiences to enrich the training process.

The Vision Road Journey tool that is used in the course is aimed to help the participants to visualize their future and draw in concrete terms what they would like to achieve and the timeline. The tool will as well help them to analyze their current circumstances, map possible income generation streams that they can undertake to achieve their vision and sustainably improve on their livelihoods, set achievable and measurable targets, identify and prioritize challenges in relation to the possible IGAs and generate possible solutions and actions.

### 3.2.1 Guidelines for the trainer

- Read the curriculum and prepare for the session beforehand.
- Prepare all materials and aids before starting the session. Searching for materials during the training session may reduce its effectiveness.
- Use all training materials in the right sequence. Improper use of the materials may diminish learning.
- Begin the session with some informal discussion about the participants' lives. This will allow the learner to think that you are one of them.
- Be friendly, confident, easy and cheerful at all times.
- Keep the session in good humor. Consciously try to create a pleasant learning environment.
- Stories are used in different sessions of this training. Read the stories slowly and artfully so that the participants feel excited while you are reading and can easily understand them.
- Don't cite examples related to any participant, as this may cause embarrassment.
- Avoid favoritism. Pay equal attention to all learners. Your function is to link the ideas of the participants.
- Be careful to ensure that everyone participates. All learners do not have the same ability and speed of learning. Some are more comfortable than others speaking up in a large group.
- Don't get excited if participants cannot easily answer a question. In such a situation, encourage them by complimenting them on what they know and not focusing on what they do not know.

- Follow the time schedule. But also respect learners' opinions, especially if they need more time.
- Believe in the creativity and worth of the participants. Let the learners speak more, practice more, and try more. Remember that the learner is the subject of all your efforts.
- Appreciate and respect the existing skills and knowledge of the participants as this is often a good place to start—ask questions to figure out what they already know, and then work to fill in the gaps.
- A training curriculum is a guide that helps the facilitator identify an easy way of transferring certain knowledge, skills and attitudes to learners in order to achieve the predetermined objectives of the course. Make changes according to your circumstances and the proficiency of the participants.
- Encourage women, youth and any shy member to participate. Use the opportunity to help participants to develop their self-confidence to speak in public. Be conscious that female participants may need some encouragement to freely express their views during the discussion.
- Do interesting activities that serve as good icebreaker at the beginning of the session. This could include introduction among all the participants using different methods, brainstorming or talking about one's experience.
- Clarify the objectives of the training program, and let the participants reflect on it. Let them also do expectations exercise as an input to the preset objectives.
- Take notes during discussions, especially when prompted to do so by the guiding note in the manual, as it will help you get to know the participants and remember who said what. Your notes will also be used as a reference for further follow-up and monitoring of actions/assignments.
- Avoid jargon and complicated words. The more simply you speak, the easier it will be for all the participants to understand you.
- Be a good listener and avoid mentioning religious or political differences. During facilitation and discussions, you will address issues around gender, nutrition, access to finance, and use of family resources. However, avoid mentioning other sensitive issues around religion and politics.
- Guide the participants towards the learning objectives using the agreed steps.

## Participant Pre-Training Questionnaire

**PLEASE COMPLETE THIS SECTION BEFORE THE COURSE BEGINS**

**Date**

### Instructions: Goals, Interests and Expectations Self-Assessment

Participants should be made to know that this is a purpose-driven training that should enhance their ability to achieve their personal/family development goals.

**Objective of the session:** To identify some individual goals for themselves and their families and align that with their interests and expectations.

My Goal. In the future, I have the following dreams for myself/my family:

1. \_\_\_\_\_
2. \_\_\_\_\_
3. \_\_\_\_\_

My experiences. I have faced the following challenges in reaching my dreams:

1. \_\_\_\_\_
2. \_\_\_\_\_
3. \_\_\_\_\_

My expectations: What I would like to get out of this training are:

1. \_\_\_\_\_
2. \_\_\_\_\_
3. \_\_\_\_\_



## 4. Entrepreneurship Explained

### Objectives:

On completion of this module, the participants will be able to:

- Define entrepreneurship and an entrepreneur
- Describe at least 5 functions of an entrepreneur
- List at least 5 qualities/characteristics of an entrepreneur
- List at least 5 benefits and challenges of being an entrepreneur
- Use a self-assessment tool to determine their own strength and weakness

Time:	Tools	Methods	Materials
1 hour	Quality assessment tool	1. Question and answer 2. Brainstorming 3. Lecture 4. Self-assessment	Flip chart, marker pens, masking tape. Sticks, leaves, papers, stones, etc.

### Introduction

The world in which we live is very rich in resources and opportunities because God desires that each one of us deserves to live a dignified life. Yet majority of us are trapped in poverty. We have been born and raised up in poverty. As young people we desire better lives from those of our grandparents and parents. Is this possible? Yes, it is! All we need to do is to know ourselves, assess our strengths, and assess the opportunities available at our doorsteps. We also need to change our mind set from “good life is impossible” into “Yes I can.”

### This session today will take us into:

- a) Asking whether entrepreneurship is the answer to the achievement of our goals.
- b) Understanding what entrepreneurship and who an entrepreneur is.
- c) Assessing whether or not we have qualities/characteristics of an entrepreneur.

### Ask 5 learners to volunteer to answer some few questions:

1. What 2 most “economic” goals have you set to achieve in 2020?
2. How much will each goal cost?
3. How will you raise the money required to achieve these goals?
4. How sure are you that these sources will generate the money required?

### Emphasize on sources of money:

- Family, friends, programmes of government, religious institution or NGOs. But these are unreliable because they are dictated.
- Formal jobs that will earn salary/wages but there are few such job opportunities in the area.
- Self-employment in income generating activity/business where one is in full control is the best option.
- Engaging in business therefore requires the entrepreneurship skills so that one is a successful youth entrepreneur.

#### Group work: Divide learners into 3 groups and each group answer the following questions:

As we now know that entrepreneurship is crucial for one to be a successful entrepreneur, ask learners:

- Group 1:** What is entrepreneurship? What type of enterprises do we have in our villages?  
What are the myths about entrepreneurship?
- Group 2:** What are the benefits and challenges of entrepreneurship in our community?
- Group 3:** Why don't many youths start businesses? Why do few succeed?  
Why do many fail?

### Emphasize the following:

- Entrepreneurship refers to the skills and practice of identifying, starting, and growing a business primarily to make profit.
- This capacity involves identifying profitable business ideas, mobilizing resources, organizing production, marketing, managing risks and constantly working for growth of the business.
- Business refers to the economic activity of producing or selling of goods or services for profit.
- Profit (P) occurs when the incomes (I) generated is greater than expenses (E) incurred ( $P=I>E$ )
- No profit occurs when incomes equals expenses ( $P \neq I=E$ ).
- Loss (L) occurs when income is less than expenses ( $L \neq I < E$ ). When this state persists, it is advisable that you close down the business as soon as possible.

## 4.2 Forms of Business

There are basically four forms of business

- i. The sole trader
- ii. The partnership
- iii. Limited company
- iv. Cooperatives

**A) The sole trader:** This is a one-person business. The owner of the business takes all the profits just as s/he suffers all its losses, problems and worries. All profits made by sole trader are subjected to income tax rather than corporate tax levied on company profits.

<p><b>Advantages</b></p> <ul style="list-style-type: none"> <li>• The formalities for starting up are minimum.</li> <li>• Complete autonomy to run the business as the individual wishes.</li> <li>• The profits of the business belong to the trader.</li> <li>• No public disclosure of accounts.</li> </ul>	<p><b>Disadvantages</b></p> <ul style="list-style-type: none"> <li>• The sole trader is entirely responsible for the debts of the business.</li> <li>• The individual as a manager has to be responsible for all aspects of the business (marketing, sales, product development finance etc.).</li> </ul>
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**B) Partnership:** This is a business owned by at least two people and usually not more than twenty. These people share amongst themselves according to their share value all the profits, risk and losses.

<p><b>Advantages</b></p> <ul style="list-style-type: none"> <li>• Few formalities required for starting up.</li> <li>• Sharing of partner's knowledge and skills.</li> <li>• Sharing of management of business.</li> <li>• No obligation to publish accounts.</li> <li>• Sharing of profits or losses.</li> </ul>	<p><b>Disadvantages</b></p> <ul style="list-style-type: none"> <li>• Each partner is liable for the debts of the partnership.</li> <li>• Risks that the partners may not be able to work together at a personal level.</li> <li>• The death or bankruptcy of one of the partners will automatically dissolve the partnership, unless otherwise provided for in the partnership agreement.</li> </ul>
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**C) Limited companies:** This is where two or more people become shareholders and 'incorporate' a limited company. The corporation so formed is treated, according to law, as a separate entity, independent of its members. Limited companies fall into two categories:

- A public limited company that must make its shares available to the public for purchase and the company name must end with words, "Public limited company".
- A private limited company on the other hand is not compelled to float its shares to the public.

In registering a limited company, the following are the legal requirements:

- The company's name.
- The location of the registered office.
- The objectives/purposes of the company.
- A statement that the liability of members is limited.
- The amount of share capital.

<b>Advantages</b> <ul style="list-style-type: none"> <li>• In the event of failure of business, shareholders are protected against the loss of more than the nominal value of their shares.</li> <li>• The separate legal person of the company exists independently of the members.</li> <li>• Shares (in plc.) are readily transferable.</li> </ul>	<b>Disadvantages</b> <ul style="list-style-type: none"> <li>• Precisely because liabilities are limited, it may be difficult for a small company to borrow as extensively as desired since banks may be unable to recover their funds if business fails.</li> <li>• There are considerable legal procedures to be followed when setting up a company.</li> </ul>
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**D) Cooperatives:** This is a business set up by a small group of people using democratic membership principles and limited liability benefits. Some of the rules governing cooperatives are:

- Each member must have equal control on the 'one person one vote' principle
- Members must benefit primarily from their participation in the business
- Interest on the loan or share capital has to be limited.

<b>Advantages</b> <ul style="list-style-type: none"> <li>• Provide an opportunity for pooling of capital.</li> <li>• Encourages active collaboration between all sections of the workforce.</li> <li>• Provide limited liability (if registered).</li> <li>• Provides rewards on an equitable basis.</li> </ul>	<b>Disadvantages</b> <ul style="list-style-type: none"> <li>• There is less likelihood of a level of profitability and growth that could be achieved by a limited company.</li> <li>• Relationships can deteriorate.</li> <li>• Decision making process can be lengthy.</li> </ul>
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### 4.3 Main business sectors

The many business sectors are:

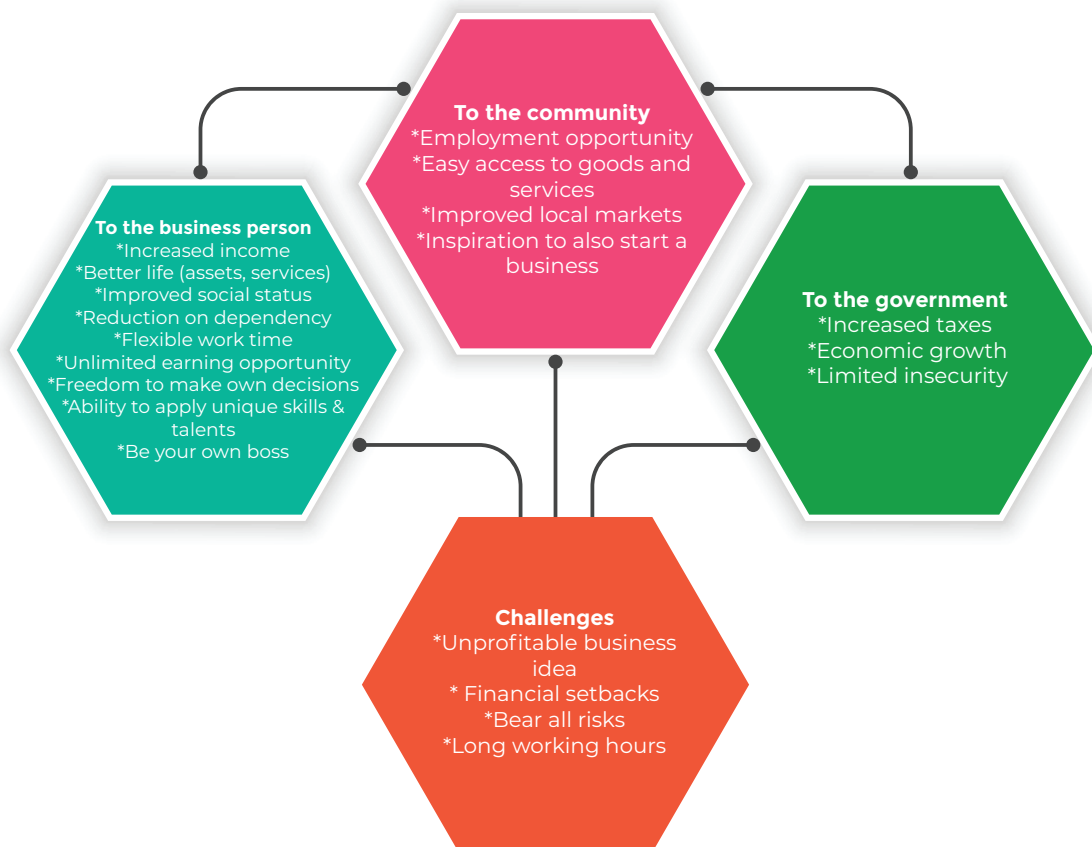
- Agribusiness that deals with agricultural related crop, livestock, and fisheries products e.g., marketing of produce, animals, feeds, poultry, eggs, fish, etc.
- Manufacturing business that involves changing raw materials into finished products for instance, tailors who make shirts from clothes, carpenters who turn timber to furniture, hoteliers and restaurants that cook raw food, cottage makers who weave baskets, blacksmith irons, curve trees, etc.
- Service business that offers intangible products but makes a profit by charging for labour e.g., hair salon, drama actors, musicians, etc.
- Trading business that buys and sells already made goods e.g., general merchandise retail trade of paraffin, soap, sugar, salt, clinics, etc.

*Echo the fact that agriculture is not just about tilling the land. It involves many businesses in any one given value chain. For instance, there is business in supplying agro-inputs, providing extension service training at a fee, trading in produce, adding value to produce to sell a different product, transporting produce to buyers, acting as a retailer of finished agro-product made by a factory, etc.*

#### 4.4 Myths about business

Myths	Counter view
<ul style="list-style-type: none"> <li>• Business is just luck.</li> </ul>	<ul style="list-style-type: none"> <li>• It is about strategic planning and commitment to hard work</li> </ul>
<ul style="list-style-type: none"> <li>• Big business involves witchcraft</li> </ul>	<ul style="list-style-type: none"> <li>• Business needs skills, money, people, and raw materials, but not witchcraft</li> </ul>
<ul style="list-style-type: none"> <li>• You need capital first in order to start a business</li> </ul>	<ul style="list-style-type: none"> <li>• You need a plan first in order to start a business</li> </ul>
<ul style="list-style-type: none"> <li>• Debt is bad omen in starting a business</li> </ul>	<ul style="list-style-type: none"> <li>• Business capital can come from any source, credit inclusive</li> </ul>
<ul style="list-style-type: none"> <li>• Better businesses are in urban areas</li> </ul>	<ul style="list-style-type: none"> <li>• Business markets exists anywhere as long as it is what people want</li> </ul>
<ul style="list-style-type: none"> <li>• Business is not good for women</li> </ul>	<ul style="list-style-type: none"> <li>• Anybody can be a business person as long as they honest and trustworthy</li> </ul>
<ul style="list-style-type: none"> <li>• Salaried jobs are better than businesses</li> </ul>	<ul style="list-style-type: none"> <li>• A business person is self-employed and owns all his/her profit</li> </ul>

#### 4.5 The importance of a business and challenges therein





## 4.6 The Ups and Downs of business

Why youth don't start businesses	Why few youth businesses succeed	Why many youth businesses fail
<ul style="list-style-type: none"><li>• Lack of capital to secure inputs.</li><li>• Lack of skills to plan and manage businesses.</li><li>• Lack of market information.</li><li>• Culture of dependence</li></ul>	<ul style="list-style-type: none"><li>• Having the right business attitude (and ideas)</li><li>• Commitment to do a business.</li><li>• Knowledge of the business</li><li>• Willingness to start with any small capital and grow.</li><li>• Separating business from home money and expenditures.</li><li>• Networking with other traders.</li><li>• Commitment to save every profit made.</li><li>• Limiting credit sales.</li><li>• Being honest and trustworthy.</li></ul>	<ul style="list-style-type: none"><li>• Indebtedness (e.g., too much loan or loans with unclear terms of payment).</li><li>• Poor customer care.</li><li>• Selling on credit.</li><li>• Failure to separate business and home money.</li><li>• Premature diversification of business.</li><li>• Inability to withstand competition</li></ul>

### Participants' Activity 1:

After looking at what entrepreneurship is, let us now turn and look at an entrepreneur.

Ask participants, in your view:

1. Who is an entrepreneur?
2. What motivates an entrepreneur into entrepreneurship?
3. What are the qualities of a successful entrepreneur who you know?

### Emphasize the following:

- An entrepreneur is an individual who identifies, starts and runs a business with the motive to make profit. Note that a salesman who sells commodities well in someone's shop is only an employee and not the entrepreneur.
- An entrepreneur is a strategic and self-motivated person who identifies a business opportunity and translates it into a reality. S/he sees an opportunity, the market, the profit, and takes a timely and calculated but bold decision to act.
- An entrepreneur is an individual who has the ability to see and evaluate business opportunities, gather the necessary resources, start the business and once started, take appropriate actions to ensure its success. Entrepreneurs are people who have a high drive and creativity. They take responsibility for every outcome, good or bad.

## 4.7 Types of entrepreneurs

- a) Necessity entrepreneur – This is a businessperson who only needs to survive through a business because s/he has no job, lost a job, or earns little from a job.
- b) Opportunity entrepreneur – This is a businessperson who strives to prosper in business size, employment of others, and amount of profits earned.
- c) Social entrepreneur - This is a businessperson who desires to engage in profitable business but with the motive of “paying back the community.”

## 4.8 Motivations of entrepreneurs

- Self-realization through achievements or solving a problem in one's community
- Independence and autonomy to control one's life, work, decisions, etc.
- Financial success to ensure income security.
- Winning recognition and status from family, friends, and the community.
- Continuity of family legacy.
- Dissatisfaction with previous job.
- Community and social drive.

## 4.9 Qualities of an entrepreneur

- 1) Has self-confidence and good self-esteem – does not fear to face reality.
- 2) Goal driven – seeks results through setting achievable business and financial goals and strives to achieve them at all costs.
- 3) An opportunity seeker – is always on the lookout for something new, some new ways of making more money.
- 4) People centered – is good at serving people or responding to people's needs.
- 5) Has commitment to hard work – does not sit and wait. Works more where profit is greatest.
- 6) Persistent and perseveres without giving up easily. Does not fear failure but sees failure as points of learning lessons.
- 7) A risk taker - takes calculated risks because risks involve possibility of losing money. Yet, an opportunity lost is also money lost.
- 8) Innovative/creative - always strives to do things better in order to be market relevant.
- 9) Has hunger for information - always looks for additional information to enrich his/her own.
- 10) Visionary – plans for the future of the business.
- 11) Has money discipline - saves for lean days instead of rushing to spend every coin that is earned.
- 12) Has good networking skills with other people who can give him/her business.
- 13) Honest, dependable, and trustworthy – never tells lies for the sake of money.
- 14) Abhors poverty and will do anything to avoid being poor – fears being enslaved by poverty.

## Facilitator's Note SECURITY ENHANCEMENT THROUGH ENTREPRENEURSHIP SKILLS

- Opportunity seeking: An opportunity is a favorable set of circumstances that creates a need for a new product, service or business. It includes access to credit, working premises, education, trainings etc. An entrepreneur always seeks out and identifies opportunities. He/she seizes an opportunity and converts it into a realistic and achievable goal or plan.
- Persevering: An entrepreneur always makes concerted efforts towards the successful completion of a goal. An entrepreneur perseveres and is undeterred by uncertainties, risks, obstacles, or difficulties, which could challenge the achievement of the ultimate goal.

- **Information seeking:** Successful entrepreneurs do not rely on guesswork and do not rely on others for information. Instead, they spend time collecting information about their customers, competitors, suppliers, relevant technology and markets. Gathering relevant information is important to ensure that the entrepreneur makes well-informed decisions.
- **Risk Taking:** Given that entrepreneurs offer answers to unknown future needs (i.e. no pre-contracts), they invest their own skills, money, and relationship, etc. into offering such new or improved products/services. Such risks they take because they could have enrolled into someone else's job, or invested their money into a bank account. But with confidence they wade into such unknown water and start and grow their businesses.
- **Demanding for efficiency and quality:** Entrepreneurs seek to continuously produce quality results (products or services) with minimal wasted effort (efficiency). It is this why the desire to offer products or services that meets customer's expectations but in ways that earn them profit.
- **Time management:** Entrepreneurs know that the difference between rich and poor people (who all have 24 hours a day) is how they effectively use their time to generate value (income, profit, and wealth). They therefore do not engage in time wasting activities – rumors, wondering around, etc. They spend most of their time into what can earn them income or business relationship.
- **Goal Setting:** Entrepreneurs know what they want to achieve in their lives. They know that it is through business that they can do so. So, they clearly set their short and long term goals and work towards achieving them.
- **Planning:** This is concerned with making a decision about the future in terms of what to do, when to do it, where to do it, how to do it, by whom it should be done and using what resources. An effective entrepreneur therefore usually plans his/her activities and accounts as best as they can for unexpected eventualities.
- **Persuasion and networking:** Without people, there is no business. Entrepreneurs are therefore able to convince other people to participate in their businesses either as customers, suppliers, employees, financier, etc.
- **Has self-confidence:** Self-confidence is having confidence in oneself when considering a capability. Entrepreneurs have confidence that they are capable at doing whatever they strive to do. It is this emotional drive that spur their risk-taking, perseverance, etc. It also helps them to admit their mistakes and learn from them.
- **Listening to others:** An entrepreneur does not simply impose his/her idea on others. Rather, he/she listens to other people in their sphere of influence, analyses their input in line with his/her own thinking and makes an informed decision.
- **Demonstrating leadership:** An entrepreneur does not only do things by him/herself, but also gets things done through others. Entrepreneurs inspire, encourage and lead others to undertake the given duties in time.

#### **4.10 Reflection/Session Evaluation**

What have you learnt today that will help you improve on your mindset toward business and being a businessperson?

##### **4.10.1 Your Entrepreneurial Qualities Self-Assessment Exercise**

What entrepreneurial qualities do you possess?

The below assessment is aimed at enabling you know what strong and weak entrepreneurs' qualities you have. Score each question as honestly as possible.

	Characteristic	Scores Always=5 Often=4 Sometimes=3 Rarely =2 Never =1
1	I enjoy doing things on my own. Nobody has to motivate me to get started on a task.	
2	I act upon the opportunities that needs and problems present.	
3	If I make up my mind to do something, I don't let anything stop me.	
4	I keep trying again and again despite great challenges and failure.	
5	I do not hesitate to undertake risks related to creating and operating an enterprise.	
6	I work hard to try to foresee potential risks so as to prevent future risk.	
7	I plan my time and resources well so I produce high quality products.	
8	I always strive for improvement and progress despite feedback from people that they are satisfied with my work.	
9	I assess the time and capacity I have before I commit to accomplishing a job.	
10	I make personal sacrifices to complete jobs in order to keep my word and meet promised deadlines.	
11	Before undertaking my job I try to gain as much information about it as I can, and verify the accuracy of the information I am receiving.	
12	I collect all the necessary information I need before I start a job or task.	
13	I set short and long-term goals for my personal life and business.	
14	I set goals based on the resources and skills I have.	
15	I do everything I can to accomplish set business goals, through careful planning and implementation.	
16	I regularly evaluate my job performance, looking for areas of improvement.	
17	I team up well with others for tasks, which I cannot accomplish on my own.	
18	I have the skills to persuade and communicate with people.	
19	I am able to make decisions on my own, incorporating the suggestions and ideas of others as part of that process.	
20	I am happy with my work and am confident that I will make progress and improvement in the future.	

## Understanding Your Scores

**INSTRUCTIONS:** Write the number circled for each item on the appropriate row below. Each quality has a minimum score of 1 point and a maximum of 5 points.

Qualities	Calculation	Your Score
Opportunity-seeking	Question 1+ Question 2	
Perseverance	Question 3+ Question 4	
Risk-taking	Question 5+ Question 6	
Demand for efficiency and quality	Question 7+ Question 8	
Commitment to work contract	Question 9+ Question 10	
Information-seeking	Question 11+ Question 12	
Goal-setting	Question 13+ Question 14	
Planning	Question 15+ Question 16	
Persuasion & Networking	Question 17+ Question 18	
Perseverance	Question 19+ Question 20	

**Analysis two:** Add up your total score from all the numbers you wrote in each row. Write your total sum here, and then interpret it below:

**Total Sum = \_\_\_\_\_ Result Interpretation:**

Score	Meaning
< 50 points	Limited entrepreneurial qualities at the moment. It does not mean you are not meant to be a businessperson. It only means that you should spend more time preparing yourself to handle any problems you might face once you start a business.
50 – 80 points	Average - there are gaps that need to be filled or improved upon. You might consider upgrading your knowledge or skills. Consider taking some courses.
>80 points	Good entrepreneur - keep it up and continue to develop.

## Reflection/Session Evaluation

What have you learnt today that will help you improve on your mindset toward business and being a businessperson?

Facilitators' Notes:

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## 5. MODULE 1: VISION ROAD JOURNEY AND GOAL SETTING

### Objectives:

On completion of this module, the participants will be able to:

- Become acquainted with each other, feel free to participate spontaneously in the next sessions, and know the objectives, duration and time schedule of the course.
- Grow confident about their ability to become self-reliant through own initiatives, including start-up of income generating activities (IGAs).
- Explain the concept poverty and describe how a poor and happy family looks like and discuss the causes.
- Be able to describe the six important points that should be considered before selecting an IGA from a number of alternatives.
- Be conversant with the use of the Vision Road Journey tool to develop their vision road journey.

Time:	Tools	Methods	Materials
3-4 hours	The Problem Tree.	Discussion. Story telling Chart Demonstration.	Flip chart, marker pens, masking tape. Sticks, leaves, papers, stones, etc.

### Explanation for the trainer:

There are various ways for the poor to survive, but not all are sustainable. Some, such as undertaking IGAs, make them independent and in control of their lives. But others, such as taking hand out from relatives, neighbour, NGO, or government make them dependent.

Operating an IGA provides the opportunity to be self-employed using one's own skills and resources. IGAs generate income that allows families meet basic needs such as having better food, clothes, shelter, children education, medical care in private medical facilities, and owning productive assets. These benefits improve not only the quality of life but also one status in society.

Unfortunately, many times the poor do not have confidence in their capabilities and think that they cannot manage economic activities or other initiatives that let them live better lives. They do not visualize their future by analyzing their current circumstances and set in concrete terms achievable targets. The first part of the session is designed to change this perception.

The Vision Road Journey tool is used here to help the participants to visualize their future and draw in concrete terms what they would like to achieve and the time line. The tool will help them to analyze their current circumstances, map possible income generation streams that they can undertake to achieve their vision and sustainably improve on their livelihoods, set achievable and measurable targets, identify and prioritize challenges in relation to the possible IGAs and generate possible solutions and actions.

There are SIX IMPORTANT POINTS that should be considered before one can start an IGA. One needs to ask him/herself the following questions that will help to analyze the situation and come up with possible options of IGAs.

1. **Goals:** What do I want to achieve in the next 6 months, one year or 2 years?
2. **IGA:** What suitable IGA (product or services) can I sell for income to achieve my goal?
3. **Knowledge, skills, right attitudes and time:** Do I have the knowledge, skills, right attitudes and time needed to operate this IGA?
4. **Market:** Can I sell the products or services of this IGA?
5. **Capital:** Do I have enough money to start up and operate the IGA? What are the possible sources for funding this IGA?
6. **Income:** Is the IGA profitable to enable me achieve my goal?

Anyone who intends to start up an IGA should, first of all have a very clear goal of what s/he wants to achieve with any money that s/he will make. In addition, s/he should identify all the possible IGAs that might be suitable for the area then, ask questions 3-6 repeatedly for every IGA before making any decision on what IGA to undertake. Experience shows that many often do not assess all these points before deciding which IGA to undertake. They simply copy and paste IGAs that they observe other people doing or that they think might have a good profit. The introduction to the Six Important Points is designed to make participants aware that an IGA should be started only after careful analysis. This is therefore the prime content of the training on IGA identification and selection. The trainer's greatest priority is to ensure that the participants internalize these points by ensuring that during each session, participants recite these Six Important Points.

One of the key parts of this course that makes it different from other training courses for non-literate people is the use of Think About home assignments. The purpose of the Think About is to reinforce the learning from the course in a practical way. The trainer should generate a positive attitude on the "think about" so that the participants will follow it with due attention.

# THE TRAINING PROCESS

## 5.1 Step 1: Introduction

Start by thanking everyone for attending the first session of the training. Assure them that if they stay engaged, they will learn a number of things throughout the course. Explain the three main objectives of SPM training. Capture their expectations on a flip chart so that you can clear any misconceptions. This is also important for evaluation of the whole training session.

Tell them that, to get the best results from the training, participants have to exchange their knowledge and ideas freely among themselves during the whole training period. Exchanging knowledge and ideas will make them more comfortable in the learning process and they will enjoy the training.

Explain that, the purpose of the training is to prepare them for total transformation of their lives through start-up, improvement and expansion of income generating activities. In order for this result to be realized, they must have seriousness of purpose. You expect them to demonstrate seriousness of purpose by:

- Attending all five sessions.
- Arriving at the training on time.
- Participating actively in the training.
- Not leaving the sessions to attend to other business.
- Thinking carefully about the learning from each session in the following week.
- Preparing thoroughly for the next session according to the instructions given.
- Starting up or expanding an IGA that they have planned during the course.

**Discuss with them if they agree with the points outlined above.**

## 5.2 Step 2: Poverty Analysis

Through discussion in plenary, let the participants analyze household poverty in their locality. Use the questions below to guide the discussion:

**Qn:** Ask a number of participants to explain their understanding of the term poverty.

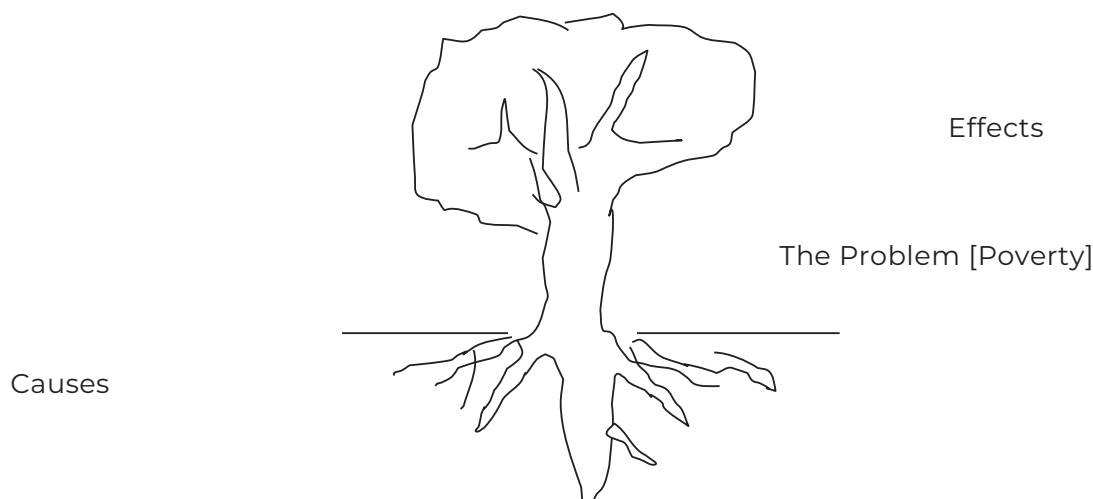
**Qn:** Looking at yourself, have you ever felt that you are poor? (Let them explain).

**Qn:** How would you tell that; a family is poor? (Indicators of poverty)

**Qn:** How different would a happy or rich family look like?

Using the Problem Tree, lead discussion on what causes the family to be poor and see its effects on the family. Use the tap root to indicate the biggest/most critical cause of poverty and the sizes to the roots indicate the gravity of the cause. On the branches, the biggest branch represents the most felt effect of poverty.

### THE PROBLEM TREE



### 5.3 Step 3: Vision Road Journey Development

Explain to the participants that, the development of a family or household vision or goal and meeting family targets are the necessary conditions to achieve commercial agriculture, improved livelihood and sustainable economic development in a household (family).

Then, present the case study on 'Steering the Rocky Road of Life'

Moving forward in life requires a clear vision, an understanding of where we are and how step by step we can move forward to our vision.

It is like a Road Journey. Some people are not really sure of where they want to go. There is no plan and no map. So, they are swept along with all the other traffic and crowds, unable to turn where they want and often not even being able to see the road ahead. Others drift aimlessly, not even looking around them to see what that is that can help them, or anticipating dangers. They miss opportunities, they fall down, or go around in circles without knowing.

Life's Road will never be easy. But with a clear vision and proper Road Map which is consulted frequently, to learn from experience and plan the next steps, it is possible to get further and more quickly. Analyzing opportunities and what we have already achieved makes it easier to feel positive about the future. And when the going gets difficult, there is always the clear shining vision to help us pick ourselves up. It is possible to steer along the difficult and rocky road with some degree of dignity and control – and also decide when a new road altogether might be needed. When many people know where they want to go, and how they can get there, new and better roads will be made for the whole society to move towards a new future.

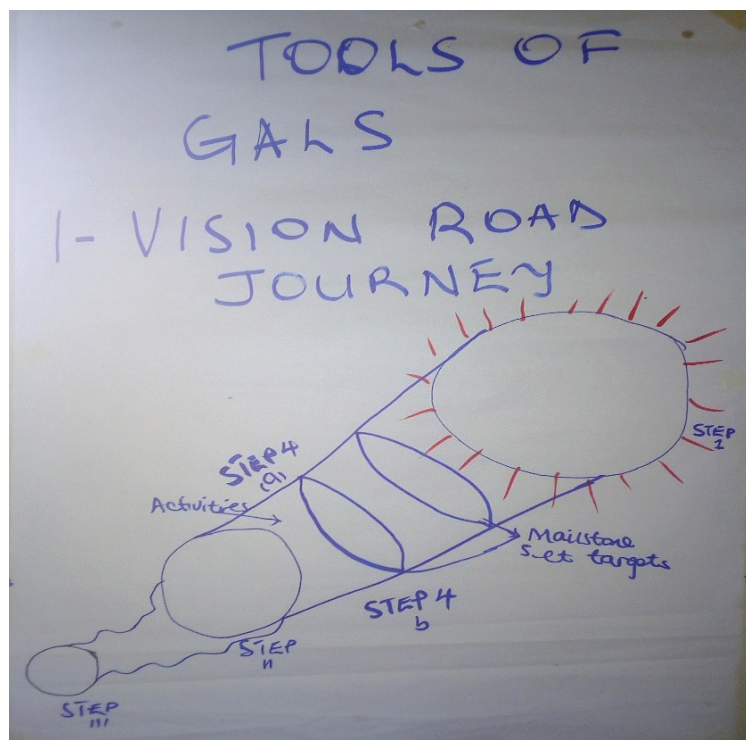
After presenting the case study, ask the participants to close their eyes for five minutes and have a dream of their lives and what they want to be like in the next two years in relation to their household goals.

Then, ask a few volunteers to share their two-year vision. After this is done, take the participants to the process of drafting their Vision Road Journey.

### The process of drafting Vision Road Journey

**Demonstrate this to the whole group in plenary. Make the process as participatory as possible.**

1. Explain that, moving forward in life requires a clear vision, an understanding of where we are and how step by step we can move forward to our vision. It is like a Road Journey – you need to know where you want to get to. Draw this as a nice big smiley sun or star (large circle) at the top right because you hope it will be an upward journey. Even if you go down you will still have to think up. It is also not easy like climbing uphill. But it is worth getting a bit out of breath for the view from above.
2. We need to think about where we are now especially how much we have already achieved, despite all our difficulties. As well as how far we still have to go. Draw this in another circle at the bottom left to map the current/present circumstance.
3. Draw two straight lines joining the two circles to represent our road. Draw the road as straight to the future, because this is how we hope it will be. But when we track progress later we put in the detour, blocks and ups and downs.



Vision Road Journey

We also have to learn from the past by appreciating our strengths and achievements already registered. Draw a smaller circle behind the circle at the bottom left.

4. Then draw two crocheted lines to join the two circles at the bottom left. This our Achievement Road Journey.
5. Next, we will examine our opportunities – the things which have helped to pull us up. We place these at the top of the Road. Think of ways of we can make sure to get them.
6. Then look at the challenges – the things which can pull you down. Place these underneath the Road. Think of ways to address or avoid them in the immediate (short term), medium term or long term.

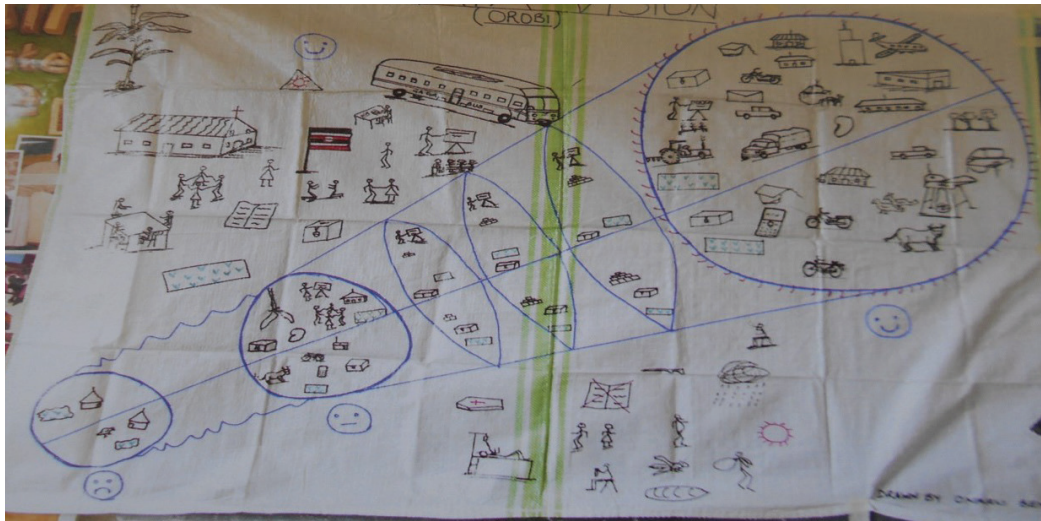


7. Finally, start to think step by step along the way. It is no good just thinking how far away the end of the road is or just curl up and stop trying. So, you need to set specific targets along the way to break up the road into manageable steps towards the vision – taking opportunities and addressing constraints. That way you do not get discouraged. This is developing the intermediate objectives (strategic action plan) for the next three years.

Note: let the participants describe the future, present/current situation, past achievements, opportunities and challenges in pictures as drawn in Vision Road Journey 1 and 2 captioned below

Before concluding the exercise, ask the participants which circles represent the future, present and the past, what represents the road and which sides represent opportunities and challenges to make sure they have understood the exercise on the Vision Road Journey.

Then, conclude by explaining that, when we have finished our Road Map, which will not be the end. We must continue to honestly track our progress as we move forward from stage to stage. What has helped us, and what has stopped us, marking these also on our diagram to help us move forward to the next stage reinforcing what is successful, and without repeating the same mistakes.



Vision Road Journey 1



Vision Road Journey 2

## 5.4 Step 4: Closing

Allow participants to recap on the Six Important Points by enumerating together. Request participants to think about the IGAs that they can undertake for them to achieve their goal.

Think About

- Request participants to come to the next training with a list of at least three IGAs that might be suitable for them. Those who are already operating IGAs should also review their IGAs in line with the Six Important Points.
- Instruct them to sit with the household members and develop or refine their Vision Road Journey for the next three years.

Finally, conclude the session after giving the 'think about' and remind the participants about the date, day, venue and time of the next week's training session.

## 6. MODULE 2: IGA IDENTIFICATION AND SELECTION

### Objectives:

On completion of this module, the participants will be able to:

- Explain the importance of IGAs.
- Determine the mistakes that many people make in the selection of their IGAs.
- Identify a number of suitable income generating activities (IGAs).
- Select the income generating activity (IGAs) suitable for oneself.

Time:	Tools	Methods	Materials
3-4 hours	A 3 x 4 Product/ Services Identification Matrix The 6C Business Opportunity Prioritization Matrix	Discussion. Story telling Chart Demonstration	Flip chart, marker pens, masking tape, sticks, leaves, papers, stones, etc.

### Explanation for the trainer:

While in Week 1 emphasis was placed on the Vision Road Journey tool for goal setting, the focus of this week is to explore how a business is a viable tool to achieve the goal. Working with the 6 Important Points, attention should be placed on the selection of a business that can effectively lead to the achievement of the set goal (however small or big the goal may be).

Please, let the participants to recite the SIX IMPORTANT POINTS that should be considered before one can start an IGA.

- 1) **Goals:** What do I want to achieve in the next 6 months or one year or 2 years?
- 2) **IGA:** What suitable IGA (product or services) can sell for income to achieve my goal?
- 3) **Knowledge, skills, right attitudes and time:** Do I have the knowledge, skills, right attitudes and time needed to operate this IGA?
- 4) **Market:** Can I sell the products or services of this IGA?
- 5) **Capital:** Do I have enough money to start up and operate the IGA? What are the possible sources for funding this IGA?
- 6) **Income:** Is the IGA profitable to enable me achieve my goal?

Emphasize the need for careful analysis before one can finally decide on an IGA.



# THE TRAINING PROCESS

## 6.1 Step 1: IGA as a means to increase income to achieve a family goal

Ask, what solutions can we find in order to avoid the condition of remaining poor? If the participants suggest IGA as a solution, pick from there but if they don't, then introduce it.

Then, guide them to define an IGA and discuss the importance of operating IGAs. They should be able to define IGA as:

An economic activity, which is generally operated at or near home using one's own labor or the labor of family members with the purpose to raise family income.

Make sure participants do not confuse IGAs with other activities that are not meant to raise family income. This includes the selling of food meant for consumption to raise money to solve emergencies.

## 6.2 Step 2: IGA Identification Process - Environmental Scan

Guide the participants to do an environmental scan in order to identify entrepreneurial needs of the community by asking: What product or services are lacking in this community?

Tell them that, there are different ways one can use to identify an opportunity in the community and these are some of them:

- **Services acquired outside your community;** (What product or services do people look for outside this community?)
- **Gaps in the supply and production chain;** (What product or services are missing in the supply chain of a particular product or service?)
- **Products or service provided by non - residents of this community:** (What are those products or services supplied by persons outside this community?)
- **Innovations and Creativity:** (What new thing is needed by people in this community?)

Using the 3 x 4 Product/Services Identification Matrix below task the members to list all the IGAs they have come along with in each cell under product or services.

	PRODUCTS	SERVICES
EXISTING	List all products that exists in the community	List all services that exists in the community
MISSING	List all products that do not exists in the community	List all services that do not exists in the community
IN POOR STATE (Quality, Quantity, Price, Time)	List all products that exists in the community but people are dissatisfied with them	List all services that exists in the community but people are dissatisfied with them

Then after identification of the gaps, let the participants come up with proposals of IGAs that would be subjected to the SIX IMPORTANT POINTS before selecting one for operation. Make sure the participants understand these points.

### **6.3 Step 3: Introduction to IGA selection**

Ask the participants to discuss how the people in their community usually identify and select IGAs to operate? Through the discussion participants may mention the following ways:

- » See other people doing it.
- » Hear that it is profitable
- » Think that it is easy to operate.
- » They heard that the market is growing up.
- » Someone told them the IGA has a good prospect.
- » They think they can make a remarkable profit

### **6.4 Step 4: Mistakes that might be made during selection of IGAs**

Present the story below to show the mistakes that may be made if careful consideration is not given to a proper choice. Tell the story artfully and ensure that you make regular follow up to the marketing and operational aspects of IGAs during and after telling the story.

#### **THE STORY OF ONEGA AND HIS WIFE ZUBEDA**

Onega and Zubeda are rural small holder farmers who, with the current political stability, were able to send their three girls and two boys to primary school.

They planted their first crops in April and harvested the beans and groundnuts in August. The crops were not of particularly high quality because the rains had been poor. Therefore, they did not have a surplus for sale. However, Onega usually went to the market once a week, and noticed a lot of produce buyers and sellers who seemed to be making a good profit. This activity also did not seem to require a lot of work, he discussed this idea with his wife, and they agreed that this would be a good way for them to earn some extra money.

They replanted beans and groundnuts in August, hoping for a better second crop. Over the next two months, they continued to think about the possibility of starting a produce buying and selling business. They knew that beans would be harvested by local farmers in November and that would be a good way to start. They could store these beans in their house until February and then re-sell them at a higher price.

Unfortunately, because of the poor yields they could not raise money for the desired business. So, they realized that they would need to borrow from a relative. Onega decided to ask his uncle who had a small business in town, for financial assistance. His uncle agreed to lend them enough money to buy five sacks of beans. When local farmers harvested their beans at the end of November, Onega and his wife went to the local market and bought five sacks, which they transported to their house. They stored them in a small room in their new house and locked the door for safekeeping. The beans that they harvested from their own fields were kept aside for the family's consumption.

In mid-January Onega went to the county headquarters to attend a meeting organized by the county chief for farmers and addressed by the Agricultural in-charge of the County. The meeting was organized so as to answer farmer's questions about their agricultural activities. Onega told the people present at the meeting about the bean business he and his wife were carrying out. The Agricultural Officer asked if he had been checking on their beans and taking them out to dry on a regular basis. Onega confessed he had not been doing that. The Agricultural Officer warned him that the beans might spoil from infestation by bean weevil if not checked and dried regularly.

As soon as Onega got home he told his wife what the Agricultural officer had told him. They took the beans out and checked them. To their horror, they discovered that two sacks were completely destroyed and the other three sacks had some damage. They decided to sell the three sacks that were still of marketable quality at the next market day before the situation got worse.

Because it was January, the price for good quality beans at the market was higher than in November when they had purchased their beans but less than the price they had expected to get in February. However, nobody would pay this higher price for their beans because they realized that they had suffered some damage. All that they could get from buyers was a price almost the same as that they had paid for the beans in November.

After they had sold the beans and counted the money, Onega realized that he would not be able to repay his uncle. They had purchased five bags, but sold only three at exactly the cost price. Therefore, they had made a large loss. Onega felt despair because he realized that they had no other way of earning money to repay the loan. Consequently, the activity had an adverse impact on his economic situation rather than improving it.

Now Onega and his wife are both regretting the great mistake they made by starting up a produce buying business. They realized that they should not have started up this IGA without enough technical information. They know now that they should have thought more carefully about this business before starting it up.

**Discuss the story and note what the participants have learnt. The following questions may be asked to explore the learning:**

- Why did Onega and his wife start an IGA?
- Why were they not able to achieve their objectives by operating the IGA?
- What aspects should they have thought about before starting up the IGA?

Through the discussion, let the participants realize the dangers of selecting an IGA without careful consideration of all-important aspects. Generate a list of things that they should have thought about before starting an IGA. Such a list should include the following:

- The needs of the market before undertaking to supply the market.
- Sufficient knowledge about the size, quality, quantity, price and marketing cycle of the product must be gathered first before launching the IGA.
- Knowledge of what buyers know about the products first.
- Knowledge of the quality of competing producers.
- The cost implications and risks involved in the IGAs.

Conclude by explaining that, the case study reflects on the importance of IGA Selection, Planning and Management training to the rural small holder farmers. It was clear after the discussion that this could be the cause of failure of many IGAs. The case study demonstrates the need for understanding the operational and marketing aspects of an IGA.

## **6.5 Step 5: The Six Important Points**

Explain that, the SIX Important Points should be thought about before selecting a suitable IGA from a number of alternatives.

Tell the participants that, Onega and his wife should have thought about these SIX Important Points before starting up their IGA. Enumerate the Six Important Points one by one. Relate each point to the story of Onega and his wife Zubeda so that they can understand and retain the points easily.

### **Point #3: Can I start and operate this IGA?**

I have to think about my:

- Knowledge
- Skill
- Attitudes
- Time availability

If I do not know how to operate the IGA, do not know how to respond to problems or do not have enough spare time to work on it, then it would be wise to identify another IGA.

### **Point #4: Will people buy the products or services I want to sell?**

I have to look into the market for my products or services. Here I have to think about:

- Demand for the products or services
- Supply of the products or services

To assess the demand and supply situation of my IGA, I need to think about:

- Who will buy my products or services? Are there enough buyers?
- Can I sell the products all year round? Or will the level of sales vary from season to season?
- Where can I sell my products or services?
- How much can I sell each day, week or production period?

If there may not be enough buyers, or there are many other sellers of the same products in the same market I want to serve, then I should think about a different IGA.

### Point #5: How much money do I need to start up and operate each of my IGAs?

I need to think about:

- How many IGAs do I want to operate?
- How much money do I need to start up and operate each of these IGAs?
- Do I have access to the required money?
- Can I get an internal loan from the VSLA?

If my money is not enough and the VSLA cannot give me a loan to meet operational as well as start-up costs, then I should choose a different IGA or set of IGAs.

### Point #6. Is this IGA profitable?

I have to figure out if there will be any money left at hand after I have paid all the expenses. To estimate the income, I will get from this activity, I should:

- Calculate the cost of the inputs (exclude start-up cost), as well as selling costs
- Calculate the total value of sales
- Estimate income by subtracting costs from sales

By doing this I can appraise the level of income for each of the IGAs that I have under consideration. If the IGA is not at all profitable, then I should drop it.

Allow the participants to re-phrase the points in their own words several times. Stress them the importance of each of these points for selection of a suitable IGA.

Alternatively, you can use the simple 6C table below to facilitate the learning process.

### The 6C Business Opportunity Prioritization Matrix

Assessment criteria	List all potential IGAs here				
	Name	Name	Name	Name	Name
<b>CHARACTER:</b> Am I interested in doing this business? Does it align with my moral values? Do I have the skills/knowledge to do this business? Do I have any experience in this business?					
<b>CUSTOMERS:</b> Are there enough customers for this business? Are they able to pay for the product/services? Is their number able to make the business to grow? – Market					
<b>COST:</b> How much would it cost to start? Do I have the capital to start it off? - capital					
<b>COMPETITION:</b> Who are the competitors for this business? Are they many in the area? Am I able to compete?					

<b>CONDITIONS:</b> Is it allowed by law to deal in this business? What are the legal requirements? Am I able to comply with such requirements?					
<b>COMPENSATION:</b> Is the business profitable? Is the profit able to expand the business? Is the profit able to lift me out of poverty? - income					

## 6.6 Step 6: Introduction of Think About

Explain to the participants that this training will be valuable to them only if they spend time between sessions thinking about the learning from the session and how they can apply it to their own lives.

Explain that, each session will end with a home assignment that all participants will be asked to think about over the next week. They may discuss the 'think about' with other participants, with family members or with anyone else in the community. They should come to the next session ready to discuss their findings.

## 6.7 Step 7: Closing

Allow participants to recap on the Six Important Points by enumerating together using their left hand. Request participants to think about the IGAs that they can undertake for their income generation and wealth creation. In doing this, they should take careful consideration of the points, therefore it is imperative that they go with the points stuck in their heads.

### Think About

- Tell the participants to conduct an in-depth scan of their priority products or services
- Request participants to come to the next training with adequate information about their priority (one top most) IGA.
- Instruct them to visit the market to know more about their IGAs or to talk to their household members about it – especially skills, costs, customers, and profits.

Finally, conclude the session after giving the 'think about' and remind the participants about the date and time of the next week's training session.

## 7. MODULE 3: MARKET ANALYSIS OF SELECTED IGA

### Objectives:

On completion of this module, the participants will be able to:

- Determine whether they are able to sell the products or services from their proposed IGAs.
- Explain the importance of examining their attitudes, knowledge, skills and time availability, as well as the seasonality of the IGA, before selecting the IGA.
- Explain the importance of analyzing market issues for the products or services offered by the IGAs they have selected to start and operate.
- Categorize the different types of costs incurred in IGA operation.
- Calculate accurately the income from their IGAs, Profit and Loss.

Time:	Tools	Methods	Materials
3-4 hours	Calculator Mobile phone	Discussion. Story telling Chart Demonstration	Flip chart, marker pens, masking tape. Sticks, leaves, papers, stones, etc.

### Explanation for the trainer:

Participants should come to this session with the various factors that should be considered before making a final decision about which IGA to undertake. The trainer should make sure that all participants understand that a decision should be reached only after careful consideration of all important aspects. Participants should be encouraged to think critically about the IGAs that they've identified, and to feel free to add some new options if they choose.

This module discusses in detail the below of the **SIX IMPORTANT POINTS** identified in Module 1:

**Point #3:** Can I start and operate this IGA?

**Point #4:** Will people buy my products or services?

**Point #5:** Is this IGA profitable?

The trainer should be sure to continue the technique started in the last session of demonstrating the **SIX IMPORTANT POINTS**.

The main objective of an IGA is to raise family income. Therefore, the amount of income that can be earned from the IGA is a very important consideration and should be calculated before taking the decision to start up the IGA.

The first step in finding out the income from an IGA is proper categorization of the costs. There are two basic categories of costs: Start-up Costs and Working Costs.

This Module shows the participants how to categorize the costs of their IGAs and calculate the income that can be earned from them. A later session on management will teach them how to keep the working costs separate from the money that is available for personal expenditure.

### AKELLO AND THE TABLE CLOTHS

Akello, a mother of four lives in a village near this one. One of her major concerns is her children. She would like them to go to school, but she cannot afford the school fees, exercise books and uniforms that they would need as they join secondary school. She had also liked to have better food and health care for her family. This all costs money. Akello has been wondering about how she can solve these problems.

She has saved a little money. Akello has saved 20,000/= and she wants to use this money to start an IGA or an activity that will generate more money. Other women she knows are making tablecloths.

Akello also decides to make table clothes. She decides to make four (4) table clothes and sell them at 7,000/= each. She will make 28,000/= and she is very excited about the idea.

Akello goes to the trading center and buys cloth and cotton threads she needed. To her surprise this uses all her 20,000/= that she has saved hence she had to walk home.

As she walks home she feels happy thinking about the money she will make from her tablecloths. As soon as she gets home, she starts on her work. She has very little experience of sewing tablecloths and is not sure about some of the stitches. It took her a lot of time to make the 4 tablecloths.

Her sewing took her a lot of time that, Akello has been neglecting other areas of her life. Her children have been neglected and her work in the house and garden has not been properly done for weeks.

Akello thinks that, her husband will forgive her and he will be very pleased when she makes 28,000/= from her tablecloths.

Akello finishes making her tablecloths and takes them to the market to sell. She feels excited that she will get money for all her hard work and sacrifice.

She is dismayed when she gets to the market. There are many women selling tablecloths and they are all beautifully made and finished. Akello's looks very poor and beside them her sewing is very bad.

She had hoped that she can sell her tablecloths for 7,000/ = however the best tablecloths are selling for that price and Akello will get 5,000/= each, if she is lucky enough to sell them at all. Akello stays at the market all day and she is very discouraged.



After presenting the story, explain that, the story provides an example of the effects of failure to consider the operational and marketing aspects of an IGA and ask the participants to discuss the learning from it. The following questions may guide the discussion:

- Why was Akello's initiative not successful?
- Which important factor did she not consider when deciding on the IGA to engage in?
- What lesson can we learn from this story?

Then, guide the participants to discuss the first important point while referring to Akello's story. Probes more on the aspects of:

- Knowledge.
- Skills.
- Experience.
- Time.
- Seasonality.

Then, ask each of them to think about the IGAs they have selected and make critical assessment in the following operational aspects:

<b>Equipment</b> <ul style="list-style-type: none"> <li>• What equipment and tools will be required?</li> <li>• How many do I need of each?</li> <li>• Where can I get these?</li> <li>• Do I need to buy all these items?</li> <li>• Can they be borrowed or rented?</li> <li>• Will the equipment need repair?</li> <li>• Do I know how to do this?</li> <li>• Or can I find someone who knows how?</li> </ul>	<b>Raw materials and other inputs</b> <ul style="list-style-type: none"> <li>• What raw materials and other inputs will be required?</li> <li>• What quantity and quality do I need?</li> <li>• Can I get these inputs locally?</li> <li>• How will I transport these items to the production site?</li> </ul>
<b>Production method and production site</b> <ul style="list-style-type: none"> <li>• What will be the production method?</li> <li>• Am I experienced with this method?</li> <li>• Do I know how to solve any problem that might arise?</li> <li>• Do I know where to get help?</li> <li>• Where will the activity operate?</li> <li>• Is this site suitable?</li> <li>• If any energy source is needed, is it available?</li> </ul>	<b>Labor</b> <ul style="list-style-type: none"> <li>• How much time is required for this activity?</li> <li>• Can my family members and I spare this amount of time?</li> <li>• Will I need any workers with special skills?</li> <li>• If so, are these people available?</li> </ul>
<b>Others</b> <ul style="list-style-type: none"> <li>• Can the IGA operate all year-round?</li> <li>• If it is seasonal, what alternative do I have for the off season?</li> <li>• Do I need to communicate with the Government or any other offices?</li> <li>• If so, do I know where to go, whom to talk to and what to discuss?</li> </ul>	

Tell the participants that if they know what equipment to use, the raw materials and where to get them, the method of production and the labor required to do the work, then most of questions about knowledge and skill factors required to operate the IGA(s) will be answered.

#### 7.4 Step 4: Selling or Marketing of IGA products or services

Discuss point # 3 Will people buy the products or services I want to sell? Try to generate a positive attitude among the participants when assessing the marketing aspects of the IGA before the startup. Tell the participants to answer the market potentiality of the IGA, they must think about various things including the following:

Products	
<ul style="list-style-type: none"> <li>What product or products or services do I want to produce? <ul style="list-style-type: none"> <li>Are my products or services necessities or luxuries?</li> <li>Are they familiar to the people or new?</li> <li>What is their quality?</li> </ul> </li> </ul>	
Buyers or customers	Sellers/competition
<ul style="list-style-type: none"> <li>Who are the buyers of my products or services?</li> <li>Where do they live? Close or far from your location?</li> <li>How much income do they have? Are they rich, middle income, hardly any money at all?</li> <li>What quality do buyers want? Can I provide this quality?</li> <li>What else do you know about them?</li> <li>Will they continue to want the products &amp; services you want to sell?</li> <li>What quantity does each buyer generally buy?</li> <li>How frequently do they buy? Daily, weekly or monthly?</li> <li>Does their demand vary in accordance with season?</li> <li>Does their demand vary according to their wealth?</li> <li>How will they know about your product or service?</li> </ul>	<ul style="list-style-type: none"> <li>Are there any other sellers of the same products in the area I want to serve? How many?</li> <li>Who are they?</li> <li>Where do they sell?</li> <li>How do they attract customers?</li> <li>What is the price charged by other sellers?</li> <li>What special advantages do any of the competitors have?</li> <li>What special advantages do I have?</li> </ul>

Note: Emphasize that “if you are going to make a product or provide a service, then you must be sure that customers will want to buy it” You need to find answers to the questions discussed above through market research.

#### 7.5 Step 5: Profit concerns of IGA

Introduce point #5: IS MY IGA PROFITABLE? While demonstrating with the third finger of your left hand.

Explain that in order to establish the profitability of an IGA, one has to figure out if there will be any money left at hand after paying all the expenses. To estimate the income one will get from the IGA, you should:

- Calculate the cost of the inputs (exclude start up cost), as well as selling costs.
- Calculate the total value of the sales.
- Estimate income by subtracting costs from sales

By doing this, one can appraise the level of income for each of the IGAs under consideration. If the IGA is not at all profitable, then drop it.

The trainer then, mentions that; the first step in finding out the income from an IGA is proper categorization of the costs. There are two basic categories of costs: Start-up Costs and Working Costs .

**Explain that;** Start-up costs: Are incurred only once - before starting up the activity - or very infrequently. These costs are incurred before your first sales and the business begin to generate its own money. Examples of costs that are incurred only once are; buying equipment, which can be used for a long time. Costs that are incurred only occasionally include tools and other items that last for more than one production cycle, but that do not last for many years.

**Explain further that;** Working costs: Are incurred during each production cycle. It is the money needed to keep the business going. These costs vary with the level of production. Examples are raw materials, transport, labor and other inputs.

The working costs turn over, or revolve, from one production cycle to the next. Raw materials and other inputs are transformed into products that are sold, and some of the money earned from the sale must be used to purchase new inputs. Thus, it is essential to know the amount of money required for the working costs, and to deduct it from total sales before using the remainder to pay personal expenses.

**Defines income** as the money available for personal use after the working costs have been subtracted from the sales value of all the products and by-products. Explain that, the startup costs will not be added when calculating income because the items under startup costs will be used for many production cycles before replacing them.

Then, get a participant to estimate the income from his or her proposed IGA.

After this, conclude by explaining that, **income is estimated by subtracting the costs required to produce and sell a given quantity of products or services from the expected sales value.**

Add that, the income estimation will be correct only if, the costs incurred for both the production and sale of the products namely Start-up costs and Working costs are accurately calculated.

## **7.6 Step 6: Calculating the income from the proposed IGA**

To start the process, suggest one IGA as an example e.g. roadside table and ask the participants to identify the costs they would incur to run the IGA. Ensure they mention a table, stool, tins, a box, sweets, biscuits, matchbox, and cigarettes.

- » Tell the participants that items, which need to be purchased only once, or from time to time, are known as start-up costs. They normally last for many production cycles. Ask them which of the items would they buy once in a while and which items very often from the list above? The response would include; table, tins, stool and box. Ask participants for some examples of start-up costs of other IGAs.
- » Explain to the participants that, items, which need to be purchased every time that we produce a product, are called working costs. If we engage in trading activities

Working Costs included both permanent and non-permanent Variable Costs. These two categories have been combined to reduce the complexity of the analysis for non-literate participants.

2 Start-up costs mainly fixed costs

This simple method for calculating income does not take account of depreciation of the fixed assets of the IGA. The need to set money aside for equipment replacement is introduced later in the training course, under the section on savings.

rather than production activities, the working costs are the costs of items, which we purchase and then re-sell. Ask them identify from the list above. Their list should include; sweets, biscuits, match box and cigarettes. Let the participants identify some examples of working costs from other IGAs.

Explain how working costs revolve from one production cycle to the next. Say that the working costs go out from our hand when we purchase raw materials and other inputs, pay for transport and other selling costs. The money comes back in to our hand when we sell the finished products.

Inform the participants that, the amount of working costs depends upon the quantity of production. If we produce and sell more units, we need more money for working costs.

Ask participants to collect local materials (stones, charcoal, sticks, leaves, papers).

### **Then follow the procedures below to calculate the income from the IGA**

#### **Start by:**

- Arranging the participants so that they are sitting in a circle and inform them that, they will use the local materials like stones, leaves, bottle tops, etc. to represent different units of money of the IGA the group is going to demonstrate.
- Ask one volunteer to come and draw the table below as you guide him/her. It should be drawn without the list of items in the examples below.

Item	Quantity	Total Cost Price	Total selling Price
<b>Bicycle transport</b>	50 kgs		
<b>Cigarettes (10 packets of 5 different brands)</b>	10pkts(2pkt / brand)		
<b>Sweets and gum</b>	1 pkt of @		
<b>Matches</b>	1 pkt.(10b)		
<b>Batteries</b>	1dozen		
<b>Paraffin</b>	20 liter		
<b>Tea</b>	1 pkt.		
<b>Salt</b>	10kg		
<b>Soap</b>	10 bars		
<b>Sugar</b>	10kg		
<b>Other selling expenses</b>			
Total			

- Ask the participants to name the items that will be sold at the roadside table as they mention each item, ask them to draw a picture or put a local material to represent that item on the mat. Be sure that the participants do not confuse the working costs with the start-up costs.

- Ask participants to consider the market of the items in their locality and decide the quantity of the first item that will be purchased. Then ask them if they know the wholesale price in town for this item. If they do not know, tell them the unit price (as shown in the table).
- Ask them to calculate the total price by multiplying the quantity to be purchased by the unit price. Remember: do not provide participants with the information if they can agree on a price themselves. It does not have to be the same price as that shown in Example 1.
- Ask a participant to count out the sticks, leaves or stones representing the correct amount of money, and place this money on or next to the correct picture.
- In this way, find out the working cost for each item by multiplying the unit cost price by the number of units, counting the money and keeping the amount alongside the respective picture.
- Finally, ask a participant to sum up the costs for all the pictures and any other expense incurred to find out the total amount of money needed to pay the working costs.
- Ask participants to sum up the sales for all the pictures.

**Next:**

- Ask them to calculate the total sales price of the first item that was purchased in the preceding step.
- Ask participant to take the sales value in money and put it next to the picture.
- In the same way, find out the sales value of all the other items that will be sold at the road side table and place the correct amount of money next to each picture.
- Finally, ask a participant to sum up the costs for all the pictures of the products, add it up to determine the total sales and keep it at the bottom row of the total sales column.

## **7.7 Step 7: Profit and Loss Calculation**

Tell the participants that now they will learn how to calculate the income of an IGA. Using the example above: (Total sales – Total costs/ expenses = Income).

**Explain that:**

**Income = Sales – Working Costs**

Explain that, to calculate income from an IGA, we have to:

- Calculate working costs for definite quantity of production.
- Calculate the sales value of the quantity of goods.
- Subtract the working costs from the sales value. The money remaining in hand is your income.

**Next:**

- Ask a participant to remove money from the total sales pile that is equivalent to the working costs.
- Then ask her or him to count the money remaining in his/ her hand. Tell the participants that is the amount that was earned from the road side table IGA.

**Tell them that:** If working costs are larger than the sales value, then you know that the business is a loss.

A participant may ask why we do not subtract startup cost from sales in order to get income

Explain to the participants that startup expenses are usually incurred to purchase items that can be used on several production cycles. It would not therefore be appropriate to subtract the startup costs from the first sales only as they will continue to serve several cycles of production. You will be introduced to how to save for such in the last session. Explain that some of the startup items may be items you already have.

Ask participants whether they have understood the process of income calculation clearly. If they have any confusion, explain the confusing aspects.

Before concluding, ask participants whether they have understood the process of income calculation clearly. If they have any ambiguity, explain the confusing aspects.

Before concluding the session, ask participants to name the six important points and to tell at least the three points that they have understood well and then move to give the Think About.

### **THINK ABOUT**

Request the participants to think throughout the next week about:

- The operational and marketing aspects of the IGAs that they are considering undertaking.
- The level of production for each of the IGAs that are under consideration.
- The start up costs, working costs and sales for each IGA, given the level of production desired.
- The expected income from each IGA.

If they have any difficulty in calculating, advise them to seek help from another member of the group.

Based on the findings from this 'think about' they may want to drop some IGAs from consideration at this time. They should not make a final decision yet.

## 8. MODULE 4: DETERMINING BUSINESS START-UP CAPITAL NEEDS

### Objectives:

On completion of this module, the participants will be able to:

- Determine the total amount of money required to start-up and operate the proposed IGAs.
- Categorize different types of family expenses, and determine whether the income from the IGA is needed to help pay weekly or occasional household expenses.
- Apply all five important points to select the most suitable IGA from a group of alternatives.

Time:	Tools	Methods	Materials
3-4 hours	Calculator Mobile phone	Discussion. Story telling Role plan Chart Demonstration.	Flip chart, marker pens, masking tape. Sticks, leaves, papers, stones, etc.

### Explanation for the trainer:

As mentioned in previous module, the decision on which IGA to select depends on a number of factors, including the operator's knowledge, skills and attitude, the market situation and potential profitability. This module starts by reviewing previous concepts. Points #5 and #6 which determine the cash needs of your IGA and whether the IGA will help meet the set goal. The capital requirement: How much money does the IGA need to start-up and operate? Where will we obtain these funds?

Smallholder farmers obtain their required money from various sources; their own savings (in cash or assets), from Village Savings and Loans' Associations (VSLAs), relatives, local moneylenders, government or NGOs. One source may also not supply the total amount of money required for the IGAs. This module tune participants to use their VSLAs as a channel of mobilizing savings for investment capital formation.

However, before obtaining money from any source, participants should think carefully about their total capital requirement. Sometimes funds are fully spent on start-up costs, leaving insufficient funds for paying working costs thereby constraining profit maximization and leaving the participant worse off (cash trapped). Accurate calculations of both start-up costs and working costs is essential for all IGAs.

Since the main objective of an IGA is to raise income, the amount of income that can be earned from the IGA is a very important consideration and should be calculated before taking the decision to start up the IGA. This module further introduces the fifth important point that needs to be considered before selecting an IGA: Does the income from the participant's IGA meet the cost of the goal set (fully or partly)?

One key point that the trainer should stress relates to switching from one IGA to another as a result of seasonal swings in demand: A participant should never switch IGAs until s/he has carefully considered all the Six Important Points.



# THE TRAINING PROCESS

## 8.1 Step 1: Review of possible IGAs

Begin the session by greeting participants and thanking them for their cooperation and continued participation in the training sessions.

Referring to the previous session, ask several participants to tell what they have found after the “think about” on the costs, sales and income of their possible IGAs and sources of capital that are accessible to them. To lead the discussion, the following questions may be asked:

- Which IGAs did you choose from the previous list?
- Have you calculated the amount needed to start up the IGA you have chosen?
- Have you thought about the sources of the capital?
- Have you calculated the costs, sales and income for each of our possible IGAs?
- Have any of us dropped any IGAs from consideration based on the findings?
- If yes, could you please tell us the reasons?
- Has anyone added any new IGA?

After the discussion, remind the participants about the Six Important Points (questions). Ask them to list what they have now covered – Goal setting, IGA selection, Knowledge-skills-attitude assessment, market analysis, and income assessment.

Now mention that today we will assess the capital needs and sources of the business. Then, move to the next step.

## 8.2 Step 2: The total money needed to start up and operate the family's IGAs

Explain to the participants that the decision to start-up an IGA should not be made until the total funds required are determined. This includes both start-up costs and working costs. Ask the participants if they can remember the difference between start-up costs and working costs. Clear this point before continuing by explaining that:

- Start-up costs: Are incurred only once - before starting up the activity - or very infrequently. These costs are incurred before your first sales and the business begin to generate its own money. Examples of costs that are incurred only once are; buying equipment, which can be used for a long time. Costs that are incurred only occasionally include tools and other items that last for more than one production cycle, but that do not last for many years.
- Working costs: Are incurred during each production cycle. It is the money needed to keep the business going. These costs vary with the level of production. Examples are raw materials, transport, labor and other inputs.

Next, ask the participants to suggest one IGA e.g. Pan Cake making. Ask them to identify the required items and raw materials and guide them to demonstrate it in a table as in the example below. Tell them that in order to find out the total capital required, they will cost these items to get the total startup costs and working costs of this IGA.



Startup items	Startup costs	Working Items	Working costs
Frying pan	5,000/=	Banana Leaves	From Garden
Fork/spoon	From Home	Cassava Flour (3kgs)	2,400/=
Rolling Board	5,000/=	Banana	1,200/=
Basin	2,000/=	Cooking oil	3,500/=
<b>Total</b>	<b>12,000/=</b>	<b>Total</b>	<b>7,100/=</b>

Explain that if they cannot acquire the required amount of money, they should not undertake the IGA even if it has all of the other advantages. Furthermore, they should ensure that any other family IGAs have adequate funds before they move ahead.

Then, ask the participants why it might be important to think about this point before deciding about a new IGA. The following points might come out through discussion:

- If all the cash is spent on start-up costs, then there won't be enough to pay the working costs and the business may fail.
- They may need to divert funds from the selected IGA to other family activities. This could lead to its failure, if money is not available to pay all start-up and working costs.
- If all the family's savings is invested in IGAs, then it will be difficult to cope during an emergency such as sickness or crop failure.

### 8.3 Step 3: Now present the following story to the participants.

#### THE STORY OF OKELLO'S FAMILY

Okello and his wife Akumu live in a small trading center in Nebbi District. Okello is a tailor and has had a successful tailoring business ever since he learned this skill from his father at an early age. His wife Akumu raises vegetables that she sells at the weekly market. Some of these vegetables are also consumed by the family, which includes three sons and two daughters still living at home.

Their oldest son Onen has recently returned home to start a new life, after his contract work with Kakira Sugar Works ended. Onen appealed to his parents for a loan to start up a drug store in the trading center. He decided on this business because he was fairly knowledgeable about medicine, having done some part-time work in a drug store while in Kakira. He also observed that there were no other drug stores nearby and he lacked his father's tailoring skills, because he went to work in Kakira when he was still young rather than learning tailoring from his father. Amina grew up in town she does not have the knowledge of vegetable growing like her mother-in law Akumu.

Okello and his wife are reluctant to lend their son the one hundred thousand requested because they noticed recently that their sewing machine, which has served them well for many years, is no longer working properly. They have taken it to Arua several times to have it repaired and were recently told that the next time it stopped working it might be impossible to fix it. Therefore, Okello and his wife

do not want to withdraw money from their joint savings account at the Centenary Bank until they need it to buy a new sewing machine. They also need to keep some money there in case there is a family emergency.

They know that their son Onen spent the terminal benefits provided to him by the Sugar Corporation rather than investing it in some new business. So they wondered why they should support their son's business idea. However, Onen is now hanging around town unemployed. As a result, Okello and his wife have to provide food and lodging for Onen, his wife Amina and their two small children. They are all living with Okello and Akumu until they can start earning for themselves.

Onen has recently attended the training on IGA Selection, Planning and Management organized by the ALENU project. He assures his parents that he has learned some skills that will help him to manage the business successfully. One thing that, the AFARD has taught him is to think about all the family's needs for capital rather than just the new activity that is being started. He tells his parents that he would like to discuss this with the family before his parents makes a decision about the loan.

Tell the participants to form small groups to discuss the situation and make a decision about what is best for this family. Each person in the small group should take the role of one of the people in the story: Okello, Akumu, Onen or Onen's wife Amina. This means that, each person in the small group should present the point of view of the family member whose role he or she is playing. After presenting the various points of view, they should come to an agreement about the right course of action.

Break the participants into small groups of four persons each. Allow each group about 30 minutes to decide what the family should do. At the end of the given time, have all the participants come back together into a large group. A spokesperson for each small group should tell the large group what they decided, and why. After each presentation, discuss the decision taken, answering all these questions:

- What are the advantages of the decision taken?
- What are the disadvantages?
- Does this decision expose the family to a lot of risks?
- Are there any alternatives that would be less risky?

#### **8.4 Step 4: Sources of capital**

Tell the participants to:

- List all the different sources of capital that they know of or have ever used to start a business (list in the column of the table like below).
  - List what factors they consider when taking a loan (list on the top row like below).
  - Discuss from among the list (column) which source meets which factor (row).
  - Collect 7-10 stones/sticks according to the number of sources of capital listed by the members.
  - Place the stones/sticks in their preferred sources of capital.
  - Count the number of stones/sticks per source of capital and rank accordingly

List of sources of capital	Interest rate	Easy to get/ Access	Duration for paying back	Frequency to pay back	Preference Scores	Ranks
Personal savings						
Borrowing from a relative						
Loan from VSLA						
Loan from the Banks						
MFI e.g. FINCA, PRIDE Uganda						
Business men/ women						
Borrowing from money lenders						

### The points below must be covered:

- Loans from moneylenders usually have high interest. This makes it more difficult to earn a profit from the IGA.
- Banks may have a lower interest rate, but have a lot of requirements that poor people have trouble fulfilling.
- Funding from VSLA should be emphasized with a clear explanation on the common basic requirements such as: local ownership, flexible repayments
- Loans from all sources must be repaid. If the business fails, the borrower will lose some of his assets.
- Loans from a revolving fund. Using own savings is less risky than using loans.

### 8.5 Step 5: Calculating business income suitability for goal

Tell participant to know that once the IGA income is known and the capital cost is also known then it is time to know how much income the business will generate in order to make a decision on whether or not it will enable you achieve your goal.

#### Use an example below:

Annet planned to buy a goat worth UGX 150,000 in the next 6 months. She identified pan cake business as what she can do – skills, customer, capital etc. But she finally made a decision to go into that business she needs to know for sure that the income will enable her buy the goal

	Month 0	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6
<b>Start- up cost (A)</b>	12,000	-	-	-	-	-	-
<b>Working capital (B)</b>	7,100	7,100	7,100	7,100	7,100	7,100	7,100
<b>Weekly sales (C)</b>	15,000	60,000	60,000	60,000	60,000	60,000	60,000
<b>Income (D=C-B)</b>	-	52,900	52,900	52,900	52,900	52,900	52,900
<b>Monthly loan cost (E)</b>	-	10,000	10,000	10,000	10,000	10,000	10,000
<b>Net income (F=D-E)</b>	-	42,900	42,900	42,900	42,900	42,900	42,900
<b>Cumulative income</b>	-	42,900	85,800	128,700	171,600	214,500	257,400

## **8.6 Step 6: Making a Decision**

Explain that, they have now learned the Six Important Points that should be considered before deciding to undertake an IGA. Ask the participants if they can name all the Six important points: Goal, IGA, Knowledge/skills, Market, Capital, and Income

Tell the participants that, they are now at the point in the course when they should make a decision about which IGA to undertake, based on an analysis of the Six Important Points. Tell them that this week's THINK ABOUT will help them to make this decision.

From the calculations, it is clear that Annet will be able to buy her goat after 6 months. If Annet does not turn this income into feeding the family (by separating business and family income) and saving earned income, she will be able to buy the goat, expand the business, and set a bigger goal. SO, the decision here will be to select the business.

### **THINK ABOUT**

In the coming week, participants should think about making a final decision about the most suitable IGA they have been examining in the last 4 weeks, based on an analysis of all the six important points.

ALL PARTICIPANTS SHOULD DECIDE BY THE NEXT MODULE WHICH IGA THEY WANT TO UNDERTAKE AFTER CONSIDERING ALL THE FIVE IMPORTANT POINTS.

THEY SHOULD COME TO THE SESSION PREPARED TO MAKE A BRIEF PRESENTATION ON THEIR SELECTED IGA.

## 9. MODULE 5: PLANNING FOR IGA START-UP

### Objectives:

On completion of this module, the participants will be able to:

- Confidently explain why they have chosen a specific IGA, with reference to all the six important points.
- Describe two important areas of a business plan: The tasks that must be accomplished and the resources that are required
- Explain why planning is essential
- Identify, for their chosen IGA, the quantity of resources needed for the startup and operation, and the total capital requirement.
- Develop operational plan for the start of the IGA.

Time:	Tools	Methods	Materials
3-4 hours	Task – duration calendar	Presentation by participants Discussion. Chart Demonstration.	Flip chart, marker pens, masking tape. Sticks, leaves, papers, stones, etc.

### Explanation for the trainer:

Given that every participant is coming to this session with a firm decision about the IGA that s/he want to start up, each participant should be able to state the Six Important Points, and explain how his or her decision was reached using these points.

Given the in-depth reflection, it must be expected that some participants will want to change their IGAs.

After the presentation by at least 5 people and correction of areas of gaps, the training then moves into the area of basic planning and management. Planning is presented in a very simple way, as the sum of two parts: resources and tasks.

Resources refer to all the things that must be available and money that must be spent if the IGA is to operate. Common examples include equipment, raw materials and other inputs.

Tasks refer to all the things that must be done, from buying the equipment and raw materials to production to the selling of the finished product.

Planning can be thought of as the process of organizing the resources to perform the tasks. Ask and support the participants to draw (or visualize) the task duration calendar with the tasks/activities column on the left and resources column in the middle and duration column on the right of the calendar. The resources column is further divided into three to cover equipment, the person who should carry the tasks, and cash required. The duration for the IGA should be decided by the participants in terms of hours, days, weeks or months. This exposes the participants to the two main areas of planning.

Participants are then asked to identify the quantity of each resource that is needed for the sample IGAs. After identifying and quantifying all the resources, they must figure out how much money will be required for each. They are then asked to summarize these costs into two categories: Start-up costs and Working costs. The planning part of the training course thus returns to the key financial concepts introduced during Module 2.

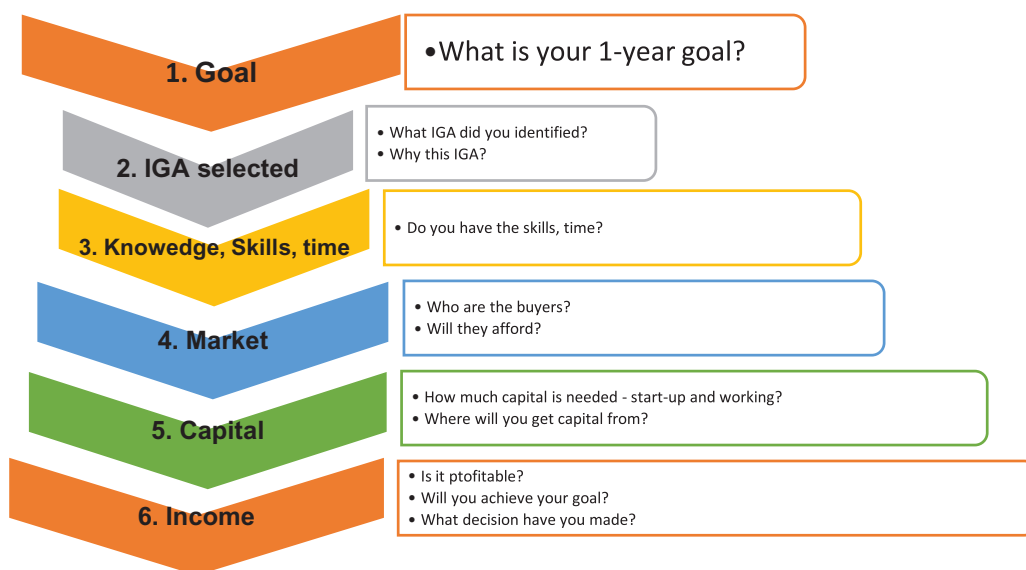
By the end of this Module, participants should know enough about planning to finalize the operational aspects of their proposed IGAs.

# THE TRAINING PROCESS

## 9.1 Step 1: Final selection of IGA

Tell the participants that the first four sessions looked at their Goal and IGA Selection and now they will look at how to plan their selected IGAs.

Ask those who already made some progress on the Think Through of last week to volunteer. Call upon at least 3-5 volunteers who is willing to tell the group about their selected IGA to do so. Use the questions below to guide the participant and the discussion.



After the first presentation, ask who else has chosen this same IGA. Invite these participants to add other points they did not consider in their decision.

Continue with a participant with a different IGA, using the same technique for about three to five different IGAs.

Ask for participant feedback on which of the 6 Important Points need more emphasis.

## 9.2 Step 2: Introduction to planning

Explain that, planning is a process that comprises two main areas, namely, resources and tasks.

Resources refer to all the things we need to obtain to get the IGA started up and running like money that must be spent on equipment, raw materials and other inputs.

Tasks refer to all the things that must be done, from buying the equipment and raw materials to production and selling of the finished product or service.

Conclude by saying that, planning is the process of organizing the resources to perform the task

### 9.3 Step 3: Detailed planning of the IGA

Explain to the participants that, prior to detailed resource and task planning, it is essential to decide on the quantity and quality of production: the decision can be made by answering the following questions:

- What products or services do I want to produce?
- How much of each item do I want to produce?
- What quality should I produce?

Ask the participants why it is important to determine the quantity and quality of products or services first. Make sure they understand the relationship between production quantity and quality, resources and tasks as explained below before continuing:

- Working costs are directly related to quantity; as quantity rises, so do working costs
- Similarly, greater quantity and better quality means that, more efficient equipment and technology must be acquired and time must be allocated for completion of the tasks.

#### Explain how detailed resource planning is done

Explain that, resource planning relates mainly to answering the following questions in line with the quantity and quality of the products or services you intend to produce:

- What equipment and tools are required?
- How many do I need of each?
- Do I need to buy all these items?
- Can they be rented or borrowed?
- When do I need to have these items?
- What raw materials are required? Quantity? Quality? Cost?
- Other inputs are needed? How much do these items cost?
- Do I have to pay market dues?
- Do I have to transport the products to the market?

### 9.4 Step 4: Exercise on Detailed Resource Planning

In a joint group, take the participants through the following procedures to complete a detail resource plan for growing 1 acre of cabbage:

- i. List and agree on all the inputs (and type) needed to grow cabbage and sell (Fill under resources needed) by separating start-up inputs and working inputs
- ii. Estimate on the quantity of inputs needed to be produced. (Fill under Quantity needed)
- iii. Determine the unit cost of each input.
- iv. Estimate the total cost by multiplying the unit cost by the quantity needed.
- v. Add up the total costs and fill under Total costs should be stated as the sum of two separate parts: The start-up costs and the working costs.



Resource needed	Quantity needed	Unit cost	Total cost
Start-up cost			
Land			
Spray pump			
Sub-total			
Working cost			
Labour hire			
Seeds			
Sub-total			
Total			

## 9.5 Step 5: Exercise on Detailed Task and Resource Planning

Remind the participants that, they must think about every task that needs to be accomplished, from the purchase of the raw materials right through to the selling of the final product or service before undertaking task planning.

Ask participants what types of tasks are common to all IGAs. From this discussion it should emerge that:

- Common tasks include purchasing the equipment and raw materials, and selling the product or service.
- IGAs that transform a raw material into a finished product also have a set of tasks associated with the production itself.
- Trading activities have no other tasks.

Tell them that, they must also do person planning which involves identifying the family member/s who is or are most likely to do the first task and place a local material/ picture of this family member/s next to the task. Explain that, person planning involves answering the following questions:

- Who will buy the equipment, raw materials and other inputs?
- How will they be transported to the production site?
- What are the steps in the production process?
- How much time is required for each of these activities?
- Can my family members and I spare this amount of time?
- Who will sell the products?
- Where will they be sold?
- How will the products be transported to the market?
- How much time will it take to sell the products?

Tell participants that, they will now undertake task and resource planning using the task duration calendar for one of the IGA which is familiar to them (cabbage growing). The participants should do this as one joint group. The process is described below:

- Make the participants to collect local materials like charcoal, ash, stones, sticks, leaves, seeds, etc.
- Prepares ground for the graphics in the middle of the training venue.

- iii. Draw the task duration calendar with the tasks/activities, resources and duration as below.
- iv. Decide on the quantity and quality of the product to be produced.
- v. Identify the tasks to be accomplished from land selection to selling of the final product.
- vi. Decide on the resources required at each stage.
- vii. Decide on the person who will perform the task.
- viii. Agree on the timing of the task and place a local material accordingly in the column.

### Example of plan for cabbage growing

Tasks	Resources		Persons responsible	Months											
	Inputs needed	Amount		1	2	3	4	5	6	7	8	9	10	11	12
Land selection	-														
Land clearance	Hand hoe														
	Panga														
Primary digging															
Buying seeds															
Nursery Mgt.															
Second digging															
Transplanting															
Weeding															
Harvesting															
Packing															
Transportation															
Selling															

Conclude the joint exercise on detailed task and resource planning by explaining that, the key point that should come out of the exercise is the necessity of planning. If we forget about an important resource, or don't manage the time properly for each of the required tasks, then we may have unfavorable results.

### 9.6 Step 6: Exercise

Now divide participants into four groups and ask each group to perform a similar exercise for one IGA selected by any group member.

As the groups work on the exercise, move around to each group to observe their work and help them as necessary.

After the group have finished, have participants gather around the first group's work. The group should explain their work to the other participants. If there is time, the other group can then share their work too.

Before finishing the, reinforce the learning from the module.

## **9.7 Step 7: THINK ABOUT**

Request the participants to:

- Finalize their operational plans, including production levels, start-up costs, working costs, and task planning.
- Decide how they will obtain the capital required to pay both start-up and working costs. They should never plan with resources they do not have and have no control over. They only plan with resources they have and have control over.

## 10. MODULE 6: IGA MANAGEMENT

### Objectives:

On completion of this module, the participants will be able to:

- Explain the importance of managing the cash that flows into the IGA from the sales
- Minimize risks to their IGA, by understanding the importance of controlling credit to customers and of saving money on a regular basis.
- Keep simple records, if possible.

Time:	Tools	Methods	Materials
3-4 hours	Business record books	Situation analysis Discussion. Chart Demonstration.	Flip chart, marker pens, masking tape. Sticks, leaves, papers, stones, etc.

### Explanation for the trainer:

Module 6 identifies cash management and risk management as the most important areas of management for owners of IGAs. Loan management is considered to be another key area but is discussed fully under the VSLA manual.

The intermingling of business funds and household funds is a common practice but often leads to decapitalization of the IGA. Lack of records makes it difficult to track and thus control these expenses. The result may be a depletion of the IGA's working capital, and a failure to notice the situation, until it is too late.

Learning how this situation may arise, the dangers it presents and how the IGA's cash situation may be managed is the focus of this module. Participants are first exposed, in Step 2, to the situation of a woman who is unable to restock the items in her grocery shop despite a good profit.

After discussion of the causes of this situation, participants are told that cash that comes in from sales should be allocated to three core categories: Working costs, loan repayment, and savings. Furthermore, funds should be allocated to the loan repayment and working costs before setting aside money for savings. This is the central concept of cash management that the trainer must stress which can be done by allowing the participants rank how they would expend their cash from sales.

In Step 3, the participants engage in a small group exercise to reinforce the learning about cash management. First, using the example of a restaurant IGA, they allocate the incoming cash to the various categories. Then, they are asked to discuss how poor people like themselves might keep the various categories of money separate. There are a number of systems that have been developed for this purpose, such as a bag with separate pockets or a series of envelopes. The approach of this training course is to have the participants discuss the ways that they can manage cash without the use of external resources. It may be no more complicated than finding a special place inside the house where the owner knows that the money is both separate and safe.

Emphasis should also be put to instil financial discipline of deferring consumption until the money for loan repayment and working costs has been set aside.

# THE TRAINING PROCESS

## 10.1 Step 1: Review of the sources of capital

Welcome the participants to Module 6, and ask them if they have each finalized the capital requirement for the selected IGA and know where they will obtain the funds. Tell them that they will now, one at a time, briefly explain to the group:

- The name of my selected IGA.
- How I intend to finance the start-up and working costs of my selected IGA.

Move from one participant to the next, until each participant has had a chance to speak. Any participant who has not yet identified the capital requirement and source of funds should be told that he or she must do this before proceeding any further with her IGA planning.

## 10.2 Step 2: Important elements of cash control

Begin by explaining that the Module will consider issues related to the management of the IGA. Tell the participants that they will first discuss the situation of a woman who had a management problem. They should listen to the explanation of her situation and then discuss the possible causes.

Six months ago, Atim started a small grocery shop in her village with Ush. 100, 000/= obtained by selling some of the goats owned by her family and produce which she had grown. The start was fine and promising. In order to expand her business, she got a loan from a revolving fund in the village. She kept her shop open for the whole day and remained busy selling the products. She kept the cash received from sales in a wooden cash box. From time to time, she used some of the money in the cash box for restocking. She also used money from the same cash box for family expenses.

One day a staff from AFARD came to visit Atim to see how her shop was progressing. The Community Based Trainer noticed that stocks of many items were low and that many of the tin boxes used to stock items such as biscuits and popcorn were completely empty. The Community Based Trainer tried to find out from Atim whether the shop's condition was due to a low profit that made her reluctant to restock the items. But from the conversation, the Community Based Trainer realized that the income earning prospect from the shop was still excellent. She should have plenty of money in the cash box to restock her shelves on a regular basis, to expand the business and pay necessary household expenses.

Atim asked the Community Based Trainer to refer her to AFARD and Centenary Bank's Loans Officer. She said that she needed another loan so that she could restock the shop. But the Community Based Trainer was confused. He wondered why Atim needed a loan when she was apparently making a good profit.

After presenting the story, allow the participants to discuss the causes of Atim's problems and come up with a number of possible answers.

Their responses might include the following:

- Atim withdraws money from the cash box to pay household expenses. Maybe she is spending more than she can afford, given her level of earnings from the shop.
- She may be giving away items to friends and relatives, thinking that the amounts are small. But over time, this could be a reason that her stocks are being depleted.
- She may be giving credit to customers, and not getting all this money back.
- She might have needed advice on how to run the business when it expanded.

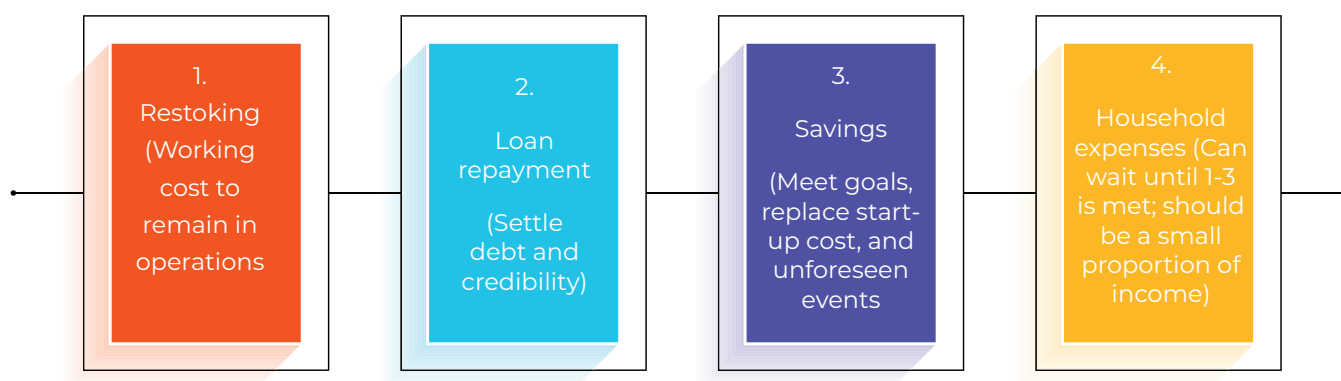
If the participants do not mention all the above points, outline them yourself. Then, explain that these problems are common for IGA operators. For this reason, they need to effectively manage the cash and credit from their IGAs. Tell the participants that this is the most important aspect of management that they must understand if they are to run their IGAs profitably.

Remind the participants that at the time of IGA start-up, cash flows into the business from a combination of personal savings and loans, which are used to pay the start-up costs and the first batch of working costs. After that, production takes place and cash flows into the business from sales.

Then, explain that this cash must be carefully managed. Tell the participants that one of the most important points that they should remember when managing their IGAs is that the cash received from sales should be allocated to different categories before any of it is spent.

Ask the participants to explain how they allocate the cash they receive from their IGAs.

Tell them that there are four important areas they need to allocate their cash in before spending on order of priorities are as summarized below. Briefly discuss each of these areas and make sure the participants understand and appreciate each of these categories before moving on.



Ask participants why priority should be given to 1, 2 and 3. Make sure that the following important points are brought out through the discussion:

#### **a) Setting aside money for working costs**

- The working costs for the first production cycle were paid for from the initial capital that was obtained from savings or a loan. Now that the money has been spent, replenishment of funds for working costs must be made from the cash received from sales.
- If this is not done, the business will not have enough money to keep buying the raw materials and other inputs. Remind the participants that this was what happened to Atim's grocery shop.

- Production will gradually be reduced which will lead to reduced sales.
- Reduced sales will reduce the ability to repay the loan and to earn money from the IGA.
- Eventually the business will fail due to this 'crisis of working capital'.

#### **b) Setting aside money for loan repayment**

Loans must be repaid. If they are not, the participant will suffer the consequences of default:

- She will be more indebted.
- She will be pressured by other members of the VSLA, by the bank or by NGO.
- She may lose membership in the savings and credit group.
- Even if she remains a member, s/he will lose her/ his goodwill and may not be eligible for future loans.
- She will lose her peace of mind.
- Ultimately, she will have to repay the loan, if necessary by selling household goods, which will only make her more vulnerable than she was before.

#### **c) Setting aside money for savings**

Savings is important because:

- She will achieve her goal.
- She will grow the business.
- She will not need to rely on credit.

Tell the participants that the cash available for family expenses may not be as much as they expected, after they have replenished their working capital and made their loan payment and savings.

Then remind them of the discussion about Atim's Grocery Shop. Tell them that Atim's cash problem may have been partly caused by the loan repayment burden. The earning power of her IGA was not enough to allow her to repay the loan easily as well as maintain her family at a decent standard.

Ask the participants if they can think of any possible solutions to Atim's problem. Through discussion, the following possibilities should emerge:

- She should stop giving credit and/or giving away items.
- She should reduce household expenses to a minimum for the time being. After the loan is repaid, her own capital will have increased. She may be able to take a second loan to expand the scale of operation or to take up a second IGA. Both of these steps will increase her earning power.
- Atim's family might have more capital that could be introduced into the IGA. This would allow her to operate at a larger scale or to introduce a second IGA at the present time.
- She can see if there is any way to reduce the costs of the IGA.

Participants may mention Atim's suggestion of taking another loan at the present time. Emphasize that this is not a good solution to the problem, as she is already indebted. Consequently, another loan will make her more vulnerable.

Conclude by emphasizing the point that cash received from sales must be allocated to loan repayment and working costs before being used for consumption. Failure to manage the cash is one of the biggest dangers that poor people face in managing their IGAs.



### 10.3 Step 3: Allocating the money received from sales

Tell the participants that they will now work in small groups to practice what they have just learned. Divide them into four small groups. Then tell them the story of Ochanda's Hotel.

#### OCHANDA'S HOTEL

Ochanda is running a hotel at the nearest trading center. This hotel is the only earning source for Ochanda, his wife and their four children.

To start the hotel, Ochanda sold a cow and used the money for buying tables, plates and other requirements of the hotel and the hotel was doing well. In order to expand he took a loan of UGX.50, 000/= to increase the amount of supplies of cassava flour, meat, oil and beans. He needs to pay back 6% of the loan every week.

Each week he needs to buy more stocks to replenish those that have been used up. This includes:

Millet flour: 50 Kg. @ Shs 3,000 /= per Kg.

Meat: 10 Kg. @ Shs 1,000 /= per Kg.

Cooking oil: 5 Liters. @ Shs 1,000 /= per Liter.

Beans: 10 Kg. @ Shs 3,000 /= per Kg.

Fire wood UGX: 5,000/=

Others (tomatoes etc.) UGX: 2,000 /=

Ochanda has just counted his money and found that he has UGX: 50,000 /= in the cash box that came in from the sales throughout the week. Please help him to answer the following questions:

- How should Ochanda allocate this cash?
- Do you have any ideas for how he can keep the money for loan repayment and working costs separate from the money for household expenses and savings?

Form four groups and instruct each group to collect some stones and any other local material that they can use to represent Ochanda's cash. Tell the groups that they should first count out 50, 000/- as the amount of money that Ochanda has just counted. Explain to the groups that they should divide the money according to the process that they have just learned, and then discuss possible ways to keep the different categories of money separate.

Give them sufficient time to complete the exercise. If necessary, provide the groups again with the financial information on loan repayment and cost of the hotel supplies that was presented in the story.

After finishing the group work, have the participants gather around Group 1. Ask Group 1 to explain how they allocated the money. If they failed to allocate the cash to loan repayment and working costs before household expenses and savings, invite a discussion on this point. If there is any error in the calculation, this should also be pointed out, preferably by one of the participants. Finally, get their suggestions for keeping the different kinds of money separate.

Then have Groups 2 through 4: explain their allocation. Each group should have the same allocation for loan repayment (A) and working costs (B). However, they will have different allocations between household expenses and savings. Have each group explain how they made their decision. Tell the participants that the importance of savings will be discussed in more detail later in the session.

#### **10.4 Step 4: Managing risk**

The trainer leads discussion on the common risks and unforeseen events that can affect an IGA. Ensure the following are mentioned:

- » Loss customers
- » Giving out items on credit then the customer fails to pay back
- » Spending a lot of time going to these customers to ask them for repayment. This is time that could have been spent on the IGA.
- » Theft of stock.
- » Spoilage.
- » Forgetting how much credit is owed to you.
- » Natural disasters like drought, hailstorm, sickness of a family member, fire out break and accidents

**Discuss with the participants the results of the risks and unforeseen event mentioned on the operation of the IGA. They need to mention the following:**

- There will be less cash coming in from sales.
- This will make it harder to allocate the cash successfully among the four categories (working costs, loan repayment, household expenses and savings).
- Uncontrolled credit could eventually lead to failure of the IGA.
- Sickness will force you to use money set aside for working costs to pay for the doctor's visit and for medicine.

Tell participants that unforeseen expenses and events are out of our control while risks are things that we expect will happen to our IGAs.

Ask them if other IGAs also have business risks. Invite a short discussion on the risks of the IGAs mentioned by the participants.

Ask the participants if these risks and unforeseen events can be managed. If any participant thought it was possible, ask how s/he would do that. S/he may mention:

- Taking help from relatives and neighbors.
- Taking another loan to get the IGA started again.
- Using personal savings.

If no participant offers the above suggestions, mention them yourself. Then ask the participants:

- Which of these solutions makes you more vulnerable than you were before?
- Which solution preserves your control over your life?

Participants should say that the first two options make them more vulnerable and the third preserves their financial independence.

Now tell the participants that savings are very important because they help you to plan for and manage the risks that may endanger the well-being of the family and the IGA. Savings allow you to:

- Cover occasional expenses.
- Manage risks that are related to the operation of an IGA, such as theft or spoilage.
- Manage the risks of unforeseen expenses or events.
- Increase your capital, so that the IGA can grow without an increasing burden of debt.

This is why savings is one of the four categories where cash from the IGA should be allocated. Although it may be difficult, saving a small amount of money from each production cycle is essential if the risks are to be successfully managed. The importance of saving is emphasised to cater for unforeseen events.

## 10.5 Step 5: RECORDS KEEPING

### OPTIONAL

For participants who can read, demonstrate to them how to keep a daily record that will help them establish their total sales using the table below (Daily Record)

Date	Type of goods	Cash Sales	Credit Sales	Expenses

## 11. MODULE 7: BUSINESS HEALTH CHECK

### Objectives:

On completion of this module, the participants will be able to:

- Know the importance of conducting periodic business health check
- Know how to assess the performance of their businesses

Time:	Tools	Methods	Materials
45 mins	Business health check form	<ul style="list-style-type: none"><li>• Discussions</li><li>• Question and answer</li><li>• Reflection</li></ul>	Flip chart, marker pens, masking tape. Sticks, leaves, papers, stones, etc

Tell learners “every journey has a destination.” In business also every marketing plan has a destination (objectives: targets of customers and revenue) that must be achieved. It is therefore important that every youth entrepreneur conducts a periodic health check. As a person would go regularly to a health facility to find out how well or not s/he is, so does an entrepreneur needs to know her/his business health. Today's lesson is therefore about learning how we can routinely assess our business health.

### 11.1 What business health check is

To YEEP a healthy business is one that meets both the entrepreneurs' business and financial goals. Our focus on both goals is because the twin motives why an entrepreneur is employed in a business is to earn income with which s/he can:

1. Grow the business (to sustain her/his employment); and
2. Meet her/his life goals (in order to live a better life).

## 11.2 Why conduct business health check

### Brainstorming Exercise

Two years ago, Mr. Congo started an Internet café in Kingo Trading Center. He sold his late father's land for UGX 5 million and bought equipment, paid rent, and hired two sales agents. His aim was to recover this money and buy a prime plot of land as a replacement.

At the start the café business grew very fast. Youth flocked the premise every morning and evening. Often customers had to book time beforehand. Every evening Mr. Congo would go home with UGX 300,000. However, ten months later, the number of customers declined. The machines were getting old. Sales agents also left because they had not been paid wages for three months.

At the end of the year when Mr. Congo sat down to review his business he could not tell what happened. Without records, government was on his neck for taxes. WENRECO was also chasing him for unpaid electricity bill. The land he sold had not been replaced either.

### Ask learners:

- What went wrong with Mr. Congo's business?
- What lessons can we learn from Mr. Congo?

### Emphasize:

Regular business health check helps you to:

- Know if your business plan is working well
- Know the problems your business is facing and solve them before it is too late
- Know the growth of your business
- Plan well for your business expansion
- Know whether or not your business is contributing to your goal

## 11.3 How to conduct a business health check

The tool below provides a quick help in assessing how your business is performing and how to respond in a way that will ensure both business growth and the attainment of your financial goals.

### CAM PROJECT: Business Diagnostic Form






<b>General information</b>	<b>District:</b>	<b>LLG:</b>	<b>Parish/Ward:</b>		<b>Village:</b>
	Name of Business	Full Names:	Sex: Male; or Females	Age	
		Telephone Number	How many years has your business been in existence		
	What business sector are you engaged in (Agric; Trade; Services; Manufacturing)	What is the source of your business working capital	What was the size of startup capital (UGX)		
	What is your current business value (UGX)		Is the business registered with (License /VAT)		
<b>Business Leadership</b>	Is my business plan written down?				
	Is my business vision clear? Am I sticking to the business vision?				
	Is my business management skill improving?				
<b>Marketing and sales</b>	Is my product still unique on the market?				
	Is my price competitive and profitable in the market?				
	Has sales increased in the last 6 months?				
	Has the number of customers increased in the last 6 months?				
	Are my competitors beaten or collaborating?				
<b>Financial management</b>	Are critical business records (cashbook) kept and used to monitor progress?				
	Are business costs stable or decreasing?				
	Has my profit increased in the last 6 months?				
	What percent of my profit do I reinvest in my business?				
	What percent of my profit do I save for my business?				
	Do I have access to business loan?				
	Do you mitigate your business risks? Have you insured your business?				
	Do I separate my business and family incomes/expenditures?				
<b>Goal achievement</b>	Have I acquired adequate productive assets?				
	Is the business enabling me to meet my financial goals?				
<b>General</b>	What is working well:				
	What is not working well:				
	What is my next course of actions:				
	Signature & date				
	Name of entrepreneur:				

### Reflection/Session Evaluation

What have you learnt today that will help you improve on your readiness for a business launch?

Conclude the session by reviewing the learning. Then move to the course closure.

## 12. Appendix Evaluation

Participant Post-Training Questionnaire				
<b>PLEASE COMPLETE THIS SECTION AFTER THE COURSE IS OVER</b>				
Date				
<b>Course Evaluation</b>				
				
Very good	Ok	So-so	Not ok	Very bad
1a. How do you rate the overall training? (Use the above symbols)				
1b. Was your expectations met? How?				
2. Which 3 topics were most useful to you and why?				
Topics		Why		
3. Are there additional training or skills that would prepare you?				
4. What recommendations do you have for improving the program?				
5. Any other information that can improve on the training?				



## Training Register

[illegible]





