

**Community-based tree
and forest product enterprises:**
Market Analysis
and Development

**FIELD FACILITATORS
GUIDELINES**



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About MA&D

The Market Analysis and Development Approach (MA&D) has been developed specifically to enable rural men and women to identify potential products and develop enterprises that will assist them in achieving sustainable livelihoods in which their household and community economic assets are increased and natural resource management is improved.

About the MA&D package

FAO in collaboration with partners has developed a package of materials to support the use of MA&D. The MA&D package includes the following materials:

- a brochure with a short overview of MA&D and its benefits;
- a manual presented in a briefing case composed of a series of five booklets (booklets A to E) for project staff coaching the field facilitators with an overview of the methodology, a presentation of the conceptual framework behind the methodology, and a description of the main issues, tools and methods related to the process;
- the present *guidelines to assist the field facilitators* to implement all the MA&D steps and to distribute the field forms to the farmer entrepreneurs.

About these guidelines

The product that is now in your hands was developed and tested over a number of years in collaboration with partners in Asia, Africa and Latin America. It might appear as though it has reached its final stage. This is not the case, however. Feel free to adapt, translate, photocopy and distribute what you need from this manual, as long as the original text is properly acknowledged and the objective is not for profit. Please give us your feedback in order to improve later editions and kindly send copies to FAO of any materials that draw from this manual.

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Phase 1

	Guidelines and Form Titles	Step
Guideline	Preliminary planning activities	0
Form	Critical planning elements	
Form	Action Plan for field work Phase 1	
Form	Site selection form	
Form	Selection of information gatherers	
Form	Overview of the site	
Form	Potential resources list	
Guideline	Identify the target group	1
Form	Criteria for identifying the target group and method for entering the site(s)	
Form	Number of households in the target group	2
Guideline	Determine the financial objectives of the target group	
Form	Wealth ranking of the target group	
Form	Livelihood needs analysis and expectations	
Form	Average financial objectives in the site per wealth rank and per village	3
Guideline	List existing resources and products	
Form	List of existing resources and products	4
Guideline	Identify key constraints of the existing market system	
Form	Defining criteria for product elimination	
Form	Possible criteria for product elimination	
Form	What information is needed? (National Level)	
Form	What information is needed? (Community/District Level)	
Form	Product specific constraints – Production/trading data	
Form	Product specific constraints – Other production costs	
Form	Product specific constraints – Experience of receiving credit for the target group	
Form	General constraints of the market system – Access to education and vocational training courses	
Form	General constraints of the market system – Status of infrastructure and transportation	
Form	General constraints of the market system – Access to land and products	
Guideline	Shortlist a range of products	
Form	Elimination of non-viable products	
Guideline	Raise awareness of the benefits of working together	6
Form	Your experience of working together	
Form	The main outputs of Phase 1	
Form	Reporting implementation of Phase 1	

Phase 2

	Guidelines and Form Titles	Step	
Guideline	Preliminary planning activities	0	
Form	Definition of selection criteria		
Form	Possible criteria for product selection in Phase 2		
Form	Action Plan for field work in Phase 2		
Guideline	Analyse the four areas of enterprise development	1	
Form	What information is needed? Commune/district levels		
Form	What information is needed? Province/National level		
Form	What information is needed? International level		
Guideline	Select the most promising products	2	
Form	Summary of the information gathered at the commune/district level, per product		
Form	Source of information for the survey within the commune/district		
Form	Summary of the information gathered at the province level, per product		
Form	Source of information for the survey within the province		
Form	Summary of the information gathered at the national level, per product		
Form	Source of information for the survey within the country		
Form	Summary of the information gathered at the international level, per product		
Form	Source of information for the survey of the international market		
Form	Product assessment table		
Form	Product selection form		
Form	Comparison of the products' scores		
Guideline	Create interest groups for the selected products		3
Form	List of representatives/contact people of the interest groups		
Form	Number of members per interest group, per product in each village		
Form	Cumulated number of interest groups and their members per product in each village		
Form	Qualities of a good entrepreneur		
Form	Reporting implementation of Phase 2		

Phase 3

	Guidelines and Form Title	Step	
Guideline	Preliminary planning activities	0	
Form	Action plan for field work in Phase 3		
Guideline	Analyse the business environment and assess own resources and capabilities	1	
Form	What do you know about your product?		
Form	The components of an Enterprise Development Plan (EDP)		
Form	Identifying opportunities and threats in the business environment		
Form	Identifying customers and their needs		
Form	Competitor Analysis		
Form	Comparing the new enterprise's idea to competitors		
Form	Entrepreneur's capabilities, resources and skills		
Form	Entrepreneur's capabilities, resources and skills		
Guideline	Define the enterprise idea, its mission, goals and objectives	2	
Form	Product Assessment Table for Phase 3 EDP		
Form	What will the enterprise will look like?		
Form	Goals and Objectives		
Form	Marketing plan: Sales forecast		
Guideline	Develop strategies in 4 areas of enterprise development	3	
Form	Checklist for EDP		
Form	The EDP Format		
Form	The People Strategy		
Form	The Product Strategy		
Form	The Price Strategy		
Form	The Place/Distribution Strategy		
Form	The Promotion Strategy		
Form	Production plan: Production location and/or cultivation areas		
Form	Production plan: Production processes		
Form	Enterprise management plan: Assessment of the potential enterprise forms		
Form	Enterprise management plan: Formalities for each enterprise form		
Form	Enterprise management plan: Enterprise identification		
Form	Enterprise management plan: Salaries and wages		
Form	Resource management plan: Potential resource management measures		
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Form	Strategic alliances		
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Introduction to the MA&D field facilitator guidelines

Are these guidelines for you?

Do you want to help small entrepreneurs in the field to identify and develop natural resource products-based small-scale enterprises? Then these guidelines are just what you are looking for.

Whether you work for governmental or non-government development agencies, the guidelines provide you with easy-to-follow descriptions of practical methods and well-tested field tools which you can use to turn villagers into successful small-scale entrepreneurs.

Don't worry. You don't need to be an expert in business management in order to facilitate this process!

What to expect from MA&D

Don't use MA&D if

- Villagers don't have access to natural resources;
- Your organization is not interested in social and ecological aspects in addition to the economic and/or technological aspects of the enterprises;
- The eventual enterprises need to be large scale;
- The enterprises need to be established in a very short time frame;
- Your organization already knows what type of businesses to support.

Are you ready to use these guidelines?

Three types of experience will be useful to you while facilitating the MA&D process. These are:

- experience of working with villagers in the field
- experience of participatory assessment techniques and tools (like PRA)
- experience of facilitating participatory processes with villagers in the field.

The more experience you have regarding these aspects, the easier it will be for you to facilitate an MA&D process. However, it is your attitude that is most important! You will face the challenge of letting the villagers discover the type of enterprise which is most suitable to them, instead of advising them to do something you or others might think is appropriate. You will need to act as a medium for the villagers to get the right information at the right time so that they can decide the modalities of their enterprise. This demand-driven approach requires you to be open-minded and to want to help micro and small entrepreneurs raise their confidence in developing their enterprise and help them realize the benefits of doing so. The field guidelines will assist you in achieving these goals.

In order to use the MA&D field facilitator guidelines, you need background knowledge about the content of the MA&D process and you need basic facilitation skills. Your organization or project has several options to prepare you in using these guidelines, for example:

- provide you with time to read the MA&D manual before using the field guidelines in order to obtain an understanding of the basic concepts and operating principles behind the process;
- organize a week's training course in order to explain the content of the manual to you as well as thorough instructions on the ways to use the field guidelines;
- organize short preparation sessions one to two days before each phase in order to review the content of the phase and to provide the instructions on the ways to use the field guidelines;

- add short training sessions on facilitation skills using participatory methods in data-collection, data analysis, decision making and planning, if you have limited experience in participatory practices.

Whatever the option, before implementing the process, you should have basic skills in the primary collection of information, which is of the utmost importance throughout the preparation and development of small enterprises. You may find it useful to read about how to improve your observation and interview skills; if so, see annex 3.

How to use the guidelines

The guidelines follow the structure of the MA&D manual with separate guidelines for each of the steps of the three MA&D phases. Each step is explained with separate guidelines and field forms.

The guidelines are detailed instructions on how to proceed. They all have the same format with the following components:

- the objectives of the activity;
- the location in which it is likely to happen;
- the possible time the activity may require for the facilitator;
- references to materials that the facilitator can consult for more information about the concept behind the activities;
- the systematic activities that need to be achieved;
- hints for the facilitator.

The location, time and activities are indicative since they largely depend on the situation within you will work and especially on the complexity of the context (the geographical area to cover, logistic limitations, diversity of products, etc.) and on management issues (the time and financial means available to you).

The time indications are based on situations most frequently met by the authors and their colleagues while applying the process in project contexts for rural development and conservation.

As a general rule, the more participation of villagers or entrepreneurs is expected, the more you will have to use time-consuming participatory exercises. If time is limited you might skip participatory exercises from some of the guidelines. You may also adapt (reduce) some of the exercises according to your objectives and limitations.

The field forms include:

Facilitator checklist

- Are you used to going into the field and do you like staying and working there?
- Can you gain acceptance and respect from communities?
- Can you do simple calculations?
- Are you literate?
- Do you have experience in record keeping?
- Can you take initiative to move a process along and build linkages with other actors?
- Are you knowledgeable of the local culture (including local languages)?
- Are you gender sensitive?
- Do you have experience in facilitating participatory processes?
- Do you have experience with RRA or PRA?
- Can you strengthen groups?
- Do you have enough incentives, means (transportation, etc.) and time to implement the whole period of the MA&D process?

Remember business experience is a plus but marketing background is not needed!

- planning or reporting forms to help you compile and summarize the implementation of parts of the process;
- checklists of possible criteria, indicators, or questions that you can use to promote reflection by the entrepreneurs, or to stimulate suggestions from the entrepreneurs;
- forms that you will hand out to the entrepreneurs which they will have to fill in;
- examples of some of the tables.

The field forms that need to be filled in with the entrepreneurs can be copied out in large format on flip charts or posters before the workshops take place in the village. In this way they can be used as visual tools during the discussions.

There are many ways to help natural resource product entrepreneurs identify and develop their enterprises sustainably. The guidelines and field forms do not provide a ready-to-use sequence that should be applied blindly. They offer a series of participatory tools that the users can put together to meet their specific objectives when helping small entrepreneurs develop their enterprise. For example, depending on the local context you might have to change the order of the MA&D steps; or you might realize in Phase 3 that you will have to redo a step from Phase 2 or even Phase 1 because you are missing essential information or because the situation has changed in the meantime.

Why the guidelines in themselves don't guarantee successful enterprises

Even if MA&D is facilitated by experienced facilitators, it may not be a solution for every small enterprise development initiative. Its contribution to the development of small enterprises will greatly depend on the quality of the projects and on the ways the projects use the tools. MA&D is no more than a planning and implementation tool, and does not produce success in itself: if used properly for the appropriate purpose, it will produce the expected results. But if used in an incorrect way for an inappropriate purpose by a user who doesn't know how to use it, no result can be expected. There are basic rules and ingredients that should be there for these guidelines to work. If a project starts without involving the small entrepreneurs or without training the facilitators in using the process, it is likely that the products or enterprise ideas selected will not be "good products or enterprises" from the perspective of the small entrepreneurs. In this case the result will be that the project will have enterprises without entrepreneurs!

Preparing your project or agency

Make sure that the project/organization you work for understands the MA&D process and realizes the implications for

- the time and logistics you will need to implement MA&D in your respective field sites. For example, if you are a government extensionist, it will take time away from your regular duties
- a realistic time frame for implementing of MA&D in the field (see indications in annex 2, page 191)
- realistic expectations of the type of output of an MA&D process, which are not only in terms of number of enterprises but also, its sustainability and capacity building aspects.
- the fact that the selected products at the end of the participatory process might not serve the agenda of an often sector-oriented project or organization. It should be made very clear from the start of the program what the organizing institute/project wants to focus on and what not. Otherwise the organizers have to go along with the choices of the entrepreneurs.

The minimum operating means you will need

In order to be able to apply MA&D using the field guidelines in a project context, you will need the means to operate in terms of time, fieldwork allowances and logistic means. This will be ensured if the management integrates the MA&D activities as a priority in the planning so that you will be able to spend the required time for these activities. This implies that the following activities be done:

- Prior awareness raising meeting for the management and local authorities;
- Assurance that the MA&D activities are integrated into the work plan and the budget of the project;
- All the manuals, guidelines and documents available in the local language.

Why these guidelines were developed

These guidelines were developed to complement the MA&D manual that was published mid-2000. This manual was welcomed by development professionals who were searching for a participatory methodology to support small-scale enterprise development, as it provides an overview of the methodology, the conceptual framework behind the methodology, and a description of the main issues, tools and methods related to the process. However, it did not include practical guidelines to help field facilitators to actually implement MA&D with small entrepreneurs.

The field application in different contexts and with different partners made it necessary for the users to translate the content of the manual into a format which would be understandable and directly useful for the field facilitators.

How the guidelines were developed

Through various rounds of field implementation, sets of participatory tools were gradually developed, after which they were used by different actors in their project context. The feedback of this field-testing, together with inputs from other MA&D projects, has been integrated into a field guidelines draft.

What to watch out for when adapting and translating

The following tips, hints and warnings are based on the experience of facilitating others in translating and adapting the guidelines.

Specific country/context related parts

Some parts of the materials or methods have to be adapted to your context to increase the likelihood that your participants can relate to it. An example of context/country related parts are the local names of products.

Specific MA&D terminology

The MA&D terminology in this manual has been carefully selected. It is all consistent with the philosophy of participatory methodologies so as to avoid some of the preconceptions towards conventional extension methods. So do not use the conventional terms even if these are better known, because they carry the wrong connotations. Use new terms instead and explain their meaning (see list of terms in the annex).

For example:

- *Entrepreneur* instead of *businessman* (and enterprise instead of business) because the term entrepreneur does not only include the people who trade the product but also those who harvest, grow, process, store and transport the produce.

- *Enterprise development plan* instead of *business development plan* because a business plan only focuses on the economic aspects while enterprise includes the ecological, social and institutional aspects as well.
- *Traders* instead of *middlemen*, because this term includes both men and women
- *Facilitator* instead of *extensionist*, because the role of the field worker in MA&D is that of facilitating a participatory process during which the capacity of the villagers is built to think, analyse and act by themselves. In contrast, the term extensionist often implies that the field worker's role is just to tell the villagers what to do, with the villagers as passive receivers.

See annex in Booklet A of the manual for explanation of other terms used.

Specific English terminology

Certain terminology or words used in this manual may not exist in your own local language. There are several options to deal with these foreign terms:

1. look for the word in your language that comes closest to the original meaning;
2. make up a new word in your own language and explain the meaning;
3. use the original English term and describe the meaning in your own language.

You will probably have to judge on a case-by-case basis which option is the best.

Examples include social and ecological sustainability, facilitator, energizer, etc. In former communist countries, terms like promotion and marketing might also be very new concepts.

Who could best translate the manual?

Preferably you would look for somebody who has sufficient in-country MA&D field and training experience with excellent translation skills and thorough understanding of English. However, you might not find all these qualities combined in one person. You can try to identify a number of people who together have these qualities and have them translate and review on a team basis.

Preliminary planning activities of Phase 1

Guideline

OBJECTIVES	<ul style="list-style-type: none">❑ To set the limits of the projects' potential support to enterprises generated through the MA&D process.❑ To prepare a work plan and time line of the broad results to be achieved in Phase 1.❑ To obtain an overview of the market demand at national or international levels for products that have existing trade channels.❑ To organize an orientation visit in the region of the project of existing opportunities and constraints which can influence site selection and support identification of potential strategic alliances.❑ To select the site(s).❑ To organize a team of information gatherers that will assist in conducting the process.❑ To train the information gatherers in tools and methods for conducting Phase 1 and to provide them with the relevant forms.❑ To prepare a brief overview of the local context.
POSSIBLE LOCATION	<p>At the project office, since it is a planning exercise that should be discussed with the project staff and at regional level to consult with key informants. An orientation visit for site selection and training of information gatherers may require local field visits.</p>
POSSIBLE DURATION	<p>The overview of product opportunities (e.g. existing trade channels) is a separate exercise which can be done by a consultant. Other activities at local level require one or two days depending on the scope of activities. One and a half to two additional days to train the team.</p>
REFERENCES	<p>Manual Booklet C pages 2 to 7.</p>
POSSIBLE ACTIVITIES	<p>Before starting enterprise development using the MA&D approach, you will:</p> <ol style="list-style-type: none">1. Clarify the time frame and the type of support (loans or grants for capital investments, training, linkages to other agencies etc) that entrepreneurs can expect during the project implementation of MA&D (especially Phase 3) and after the project is over;2. Clarify the type of support each product enterprise can expect and how many products the project can support. Try to imagine the project's exit strategy if the support required by the entrepreneurs exceeds the project capacity. <p>Survey of product opportunities</p> <p>Organize an information search including the national level to identify general opportunities, constraints, existing experiences, existing trade channels, stakeholders and potential products which could have a comparative advantage in the region. Use secondary information such as published reports of previous surveys and data on national and international trade from the Forest Department or the Commerce Bureau (see Manual Booklet C, Phase 1 Step 4, pages 25 to 31)</p>

Preparation in the office

Before starting Phase 1, you will with project staff in the office:

1. Recall the critical elements needed for planning Phase 1. For that, you may refer to the field form called Critical planning elements;
2. Prepare the work plan and time line of required activities and estimate the human resource requirement for conducting Phase 1 using the planning form (*Action Plan for Field Work Phase 1*);
3. Prepare a list of potential sites that will be discussed in the stakeholder workshop (see below).

Organize a stakeholder workshop

Organize a stakeholder meeting with key informants at regional level, including actors familiar with the opportunities and previous initiatives in the area (Government agriculture and forestry offices, development organizations, private sector representatives, Chambers of Commerce, banks, micro finance organizations, etc.). During this meeting:

- introduce the project, the objectives and process of MA&D and present the results of the survey of product opportunities;
- elicit ideas on potential products or enterprises;
- elaborate criteria for site selection and elicit suggestions on potential sites;
- brainstorm a list of potential resources and products that may exist in the sites and check back with the products identified in the sub-sector survey to see if those products that have existing trade channels also exist in the area. The field form *Overview of potential resources and products* in the project area can be used;
- brainstorm to make a list of opportunities and constraints in the area in all four areas of MA&D based on existing experiences in enterprise development;
- explore possibilities of strategic alliances for information gathering, extension services, technical assistance and funding in order to ensure coordination and avoid duplication of efforts.

Organize an orientation visit

1. Field visits to potential sites may then be necessary in order to make a final selection of sites. During field visits it is important not to raise expectations from the local communities since the final selection of the sites has not yet taken place. It is best to meet key informants, local community development workers and local leaders and not to organize a big general meeting.
2. After the final selection of sites, use the form entitled *Select the information gatherers* to organize a team of information gatherers. Work with local leaders and stakeholders to determine how many are needed and to define criteria for their selection. This ensures that information gatherers are selected that have the acceptance of the community.
3. Once the site and the information gatherers have been selected, organize training sessions for them in order to ensure that they have the basic observation and interview skills before going to the field (see annex 3), and that they are familiar with all the suggested products. In many cases only local names are known for the products. It is

important to have the name as used in the market as well as the scientific name.

4. Prepare a brief overview of the local context in the selected site with relevant information to narrow the focus of the survey at the community level (you can review Manual Booklet C, Step 4, pages 25–27: Information required at national, provincial and/or district levels). If other projects have already worked in the same site it is important to talk to their representatives in order to build on their strategies and to not confuse villagers. The form *Overview of the site* will help you prepare this overview.
5. Conduct an overview of the selected site (you may use the proposed form) with the information gatherers by organizing meetings with key informants in the selected site and using PRA tools where needed, such as a seasonal calendar of activities, venn diagrams, land use mapping, village maps, etc.

Back in the office after the orientation visit

1. List potential resources and products that may exist in the site or may be introduced in the site, using the key informants meeting as a source of information. Existing enterprises can be listed as well as new products. Remember that the project may have already selected a sector of products to focus on (e.g. only natural resources or only NTFP and not timber, or only cultivated tree and forest products).
2. Refer back to the suggestions of key informants from the regional level, consult printed materials available in local technical, forest, agricultural, and development offices, and discuss with the staff of these offices. Do not forget to include the resources and products that were produced and/or traded in the past. Also add to the list any potential new products suggested by other experiences elsewhere or new value addition technologies that might be appropriate.

HINTS

* If information gatherers are sent out unprepared, they are likely to obtain inadequate and unreliable information that will be of no use in later decision making. Proper training at this stage is also a key to enabling them to continue collecting information once you have left, in order to ensure that their enterprises run smoothly.

Critical planning elements

Form

Preliminary planning activities

Think about

- The goals of the institution or project;
- The role of enterprise development as a strategy for reaching those goals and the broad objectives of the MA&D component within the project;
- The type of support or services the project can provide to small entrepreneurs, and the contribution expected from the entrepreneurs;
- The potential strategic alliances or partnerships the project can explore to provide services for entrepreneurs;
- The broad objectives of the MA&D component within the project;
- The direct beneficiaries of the project and the criteria for selecting the target group (by analysing the goals and discussing with the project staff);
- The type of products that the project wants to focus on (by analysing the goals and discussing with the project staff);
- The type of sites targeted by the project and the criteria for selecting this type of site.

Selection of information gatherers for Phase 1

Form

Preliminary planning activities

Why a map of the site?

To assess the number of information gatherers required for conducting Phase 1: the number of information gatherers depends on the size of the site, the budget and time limitation.

Draw the map of the sites where MA&D will be conducted

Indicate on the map:

- The average population and number of households for each village;
- The distance between the villages (by foot or other means of transport (specify), and the distance between the villages and main market places of the district or province;
- The criteria for selecting the village-based information gatherers in Phase 1.

Selection of information gatherers for Phase 1

Form

Overview of the site

Objective of the project and the role of enterprise development in reaching this objective:

Summary of information on the site from Form 3 with checklist of additional questions:

1. Economic status of the population
 - a) economic groups in the community and the role of natural resources in their livelihood strategies
 - b) types of economic occupations of the different wealth groups
 - c) types of trade or barter
 - d) existence of migration
2. Proximity/access to markets
 - a) location of nearest markets and frequency
 - b) existing enterprises and products/market chains
3. Access to forest or land – policies influencing use of forests
4. Natural resource use and negative impacts on biodiversity,
 - a) land tenure and size of land plots
 - b) conditions of the soil and climate
 - c) prevailing land use in different economic groups and negative impacts on biodiversity
5. Existing or prior projects
6. Existing technologies

Conclusion:

Overview of potential resources and products in the project area

Form

Complete the reference list of resources and products that may exist in the site:

Cereals:.....

Starch, sugar, alcohol, acid plants:

Pulses:.....

Vegetable oils and fats:.....

Edible fruits and nuts:.....

Vegetables:.....

Spices and condiments:.....

Fibres and flosses: bamboo,.....

Packing, thatching, wickerwork:

Edible products:.....

Fodder plants:.....

Resins and gums:.....

Tannin and dyes:.....

Industrial oils:.....

Essential oils plants:.....

Plants for beverage, chewing, smoking:.....

Insecticides:.....

Medicinal, narcotic, poisonous plants:

Fuel products:

Wood products:

Ornamental, hedge, wayside plants:

Animal Products:.....

Others:.....

Step 1: Identify the target group

Guideline

OBJECTIVES	<ul style="list-style-type: none">□ To identify the target group of potential entrepreneurs within the selected site(s).□ To understand the different socio-economic profiles of the target group.
POSSIBLE LOCATION	At the site(s).
POSSIBLE DURATION	One or two days depending on the number of sites, their size and accessibility. Steps 1, 2, 3 and part of Step 4 can be conducted in the same location at the same time.
REFERENCES	Manual Booklet C pages 8 to 11.
POSSIBLE ACTIVITIES	<ol style="list-style-type: none">1. In the selected sites, begin with a villager awareness raising meeting using for example drama and music performances to present the project, the concept of enterprise development and the expected objective with reference to solving difficulties which the communities had previously identified during the formulation of the project*. An alternative is to play the Buyers and Sellers Game (see annex 4) to illustrate the difference between selling and marketing.2. In a meeting with key informants, local leaders and representatives of the communities, discuss the findings from the Overview of the site conducted previously.3. Using the form <i>Criteria and method for identifying the target group</i>, agree on criteria to target specific groups within the local community**.4. Identify in the community those who fit with these criteria through visiting the site and interviewing local leaders (at the village and district levels) and field project staff.5. Crosscheck the indications provided by local leaders by interviewing some of the indicated households.6. Collect information on the socio-economic situation of the identified target group by reviewing PRA exercises that may have been already conducted by the project, or may be available at local government offices.7. Record the approximate number of households in the target group using the form <i>Number of households in the target group</i>. If the project focus is on one or several marginalized groups*** use the results of a PRA to identify these groups.
HINTS	* In sites where there have been previous development projects, communities need to be aware of the differences between a development project and an enterprise development project where they will be expected to take more responsibility and invest their own human and financial resources.

** Examples of criteria could be degree of dependence on fragile ecosystems, economic status, experience in enterprise development or in trade, gender, organizational capacity, membership of micro finance groups, etc.

*** It is important that throughout the process each sub-group has the opportunity to participate in the selection of products that fit their situation and expectations.

Number of households in the target group

Form

Project's direct beneficiaries:

Criteria for identifying MA&D target group:

Village	Number of households who do not satisfy the criteria	Approximate number of households who satisfy the criteria	Total

Step 2: Determine the financial objectives of the target group

Guideline

OBJECTIVES	<ul style="list-style-type: none">□ To select a sample of informants from the different wealth ranks of the target group.□ To obtain information about the household current yearly consumption and about what the household ideally expects in order to meet family and/or production needs for one year.
POSSIBLE LOCATION	At the site(s).
POSSIBLE DURATION	One or two days (or more depending on the number of sites, their size and accessibility), in combination with Steps 1, 3 and a part of Step 4.
REFERENCES	Manual Booklet C pages 12 to 15
POSSIBLE ACTIVITIES	<ol style="list-style-type: none">1. With the participants, identify the different wealth groups in the selected target group (you may use the <i>Wealth ranking</i> form for this exercise)2. Choose a number of informants from each wealth group*. Facilitate a group exercise with them in order to fill in the <i>Livelihood needs analysis</i> form. The discussion should aim to obtain information about the current yearly consumption of the household, and what they would ideally expect in order to meet family or family and production needs for one year. This may include the cash needed by the household to start a small production activity**.3. You can introduce this exercise with the game of concentric circles (see annex 4)*** and get an approximation on their current and expected cash incomes in order to gain their confidence and get them used to the livelihood analysis.4. Organize a meeting to review, complete and compile the forms with the information gatherers. Using the form <i>Average financial objectives in the site per wealth rank and per village</i>, obtain an average for different wealth groups.
HINTS	<p>* When the target group is heterogeneous in terms of wealth rank, gender balance and economic activities, you should identify the different sub-groups (such as women, landless, etc.) and define their specific financial objectives. In this way, social diversity will be taken into consideration and each sub-group will have the opportunity to develop an enterprise strategy to reach its own financial objectives.</p> <p>** If the objective of the project is to support households with a surplus, which they can invest immediately in new businesses, then select informants only from among the "rich" households; if the objective is to raise the economic standard of the entire target group, including the</p>

poorest households, then select informants proportionally from every category.

*** In most cases community members are reluctant to share financial information about their households unless they really trust the facilitator. The game of concentric circles is a participatory, unobtrusive way of achieving the same purpose.

Wealth ranking of the target group	Form
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Profile of the target group

Wealth ranking group	Criteria for classification	What would you do if you had more income?
Very rich		
Rich		
Average		
Poor		

Wealth ranking by number of households in the target group

District:

Village:

Ranks	Village 1		Village 2		Village 3		Village 4		Total	
	Number of HH	% *	Number of HH	%						
Very rich										
Rich										
Average										
Poor										
Total										

* percentage of the total target group

Livelihood needs analysis and expectations	Form
---	-------------

For one family
 Wealth rank:
 Number of members in the household: from to
 Number of labour force in the household: from to

Type of needs	Current consumption in one year		Estimated amount needed in one year		Balance	
	Quantity	Value	Quantity	Value	Quantity	Value
Food Rice Beans Other						
Fuel Fuelwood Other						
Fodder Cassava Maize Other						
Housing Timber Palm leaves Tiles Other						
Cash Clothes School Pension Livestock Big rattan Honey Other						
Total						

Note: calculations are based on the market price per unit in the site at the time of the survey.

Average financial objectives in the site per wealth rank and per village	Form
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Ranks	Village 1	Village 2	Village 3	Village 4	Average
Very rich					
Rich					
Average					
Poor					

Step 3: List existing resources and products

Guideline

OBJECTIVES	<ul style="list-style-type: none">❑ To obtain a list of existing resources and products.❑ To get a broad estimation of the quantity currently available and sold.
POSSIBLE LOCATION	At the site(s).
POSSIBLE DURATION	One or two days (or more depending on the number of sites, their size and accessibility) in combination with Steps 1, 2 and a part of Step 4.
REFERENCES	Manual Booklet C pages 16 to 20.
POSSIBLE STEPS	<ol style="list-style-type: none">1. Organize a meeting with community members from all the targeted groups. This can take place right after the Phase 1 Step 2 meeting in order to make use of the informants.2. If time allows, explain the game “The Longest Line” (see annex 4) as an introduction to stressing the use of local resources. Guide the information gatherers to help organize the participants to play the game.3. Distribute the reference list* of resources and products prepared before starting the survey (refer back to the form Overview of potential resources and products in the project area, Phase 1 preliminary planning activities) in order to help them in their discussion in the villages.4. Ask them to refer to the observation and interviews techniques learnt earlier during their training (see annex 3).5. Remind them that the focus is exclusively on the type of product sector or group of products that your project decided to focus on (refer to form Critical planning elements, Phase 1 preliminary planning activities).6. Using the form List of existing resources and products, make a list through meetings, observation, by walking around the village, visiting market places and accompanying harvesters to their traditional extraction sites. You may also take advantage of the opportunity offered by visits to informants** during Phase 1 Step 2, and add questions related to resources and products.7. Ask informants to estimate the quantity of supply available and try to gather whatever information exists on the quantity sold. PRA tools such as historic trend lines of the availability and use of traditional products can also be used here, especially in order to identify products that are not currently in use anymore. Also discuss potential new products or new value addition technologies with villagers at this time.
HINTS	* The reference list of potential tree and forest products can be used to “prompt” users, who might forget to mention resources or products that they don’t consider important because they don’t use them frequently. It

might also be the case that they don't know the potential use or commercial value of the items because they don't have access to market information. Products that are not currently exploited should be considered if they have been source of income in the past, and products that are harvested in other areas with similar ecosystems should also be included in the inventory.

** People who spend much of their time in the home – women, elderly, disabled, children – can be a good source of information. They often use their free time to make handicrafts from forest products, either for home use, or for the market.

Step 4: Identify the key constraints of the existing market system

Guideline

OBJECTIVES	<ul style="list-style-type: none">□ To identify the factors which might influence the development of the enterprise.□ To be able to classify these factors under the four areas of enterprise development.□ To identify the information needs at the three levels (village, district/province, and national) under the four areas of enterprise development.□ To prepare and facilitate the gathering of information at the three levels.
POSSIBLE LOCATION	<p>You may organize the collection of information in the following ways, depending on time, availability of transportation, budget and team limitations:</p> <ul style="list-style-type: none">• Ask some of the team to work with you to gather information at provincial and district levels (some of this information will have already been collected during the survey of product opportunities conducted in the preparatory step. However, in this step the information should be directly related to each product). At the same time, the rest of the team works at the community level.• If your time and resources are limited, you can conduct the provincial and district level research, and share the results with target group members during a workshop to be held at the end of Phase 1.• The community level part of the survey may be conducted by grouping several households together for a joint interview, to be held in the evening after the day's work is finished.
POSSIBLE DURATION	<p>One or two days (or more depending on the number of sites, their size and accessibility) in combination with Steps 2 and 3. One or two days for the district and province surveys. One additional day may be necessary to obtain and compile the national level information if this is not available in the project or institution.</p>
REFERENCES	<p>Manual Booklet C pages 21 to 33</p>
POSSIBLE STEPS	<p>You (and/or the information gatherers) will:</p> <ol style="list-style-type: none">1. Make sure you all understand the difference between the <i>general constraints</i> that may affect the sale of any type of goods and the <i>product specific constraints</i>.2. Organize a meeting with the team of information gatherers and discuss the criteria that may be used for eliminating a product:<ul style="list-style-type: none">• Ask them to mention the reasons why they would consider a product "not good" for the market, using form <i>Defining criteria for elimination</i>. Complete the list of criteria by referring to the form <i>Checklist of criteria for elimination</i>.

- Prepare with them, in the same meeting, the list of information to collect, adapting the two checklists: *What information is needed? National/provincial level* and *What information is needed? District level*. Remember that the checklists are indicative and judgements need to be made about what is relevant for consideration.
 - Identify the sources* for each type of information.
 - Help the information gatherers share the information needs among themselves, and prepare their detailed work-plan and time-line**. Show them how to record the data using the field forms for this step.
 - Make sure that the team gets the required financial support for the expenses implied by the survey. Experience shows that surveys may be delayed or badly done because these financial support issues have not been addressed in time.
3. Facilitate the gathering of information by the team members who need help. Don't hesitate to ask for more information if insufficient data is collected.
 4. Ask the information gatherers to invite active target group members who are deeply involved in the production, processing and/or trade of the target products to participate in a workshop for the pre-selection of the products.
 5. You may find it useful to refer to the following forms when compiling the information: *Production/trading data; Other production costs; Experience of receiving credit for the target group; Access to education and vocational training courses; Status of infrastructure and transportation; Access to land and products.*

HINTS

* Take care when choosing informants: in a free market context, they are likely to be mostly private producers, manufacturers and traders. In a centrally planned system, they may be governmental companies or institutions. In whatever context, start with the main actors and continue with the other actors, following the movement of the materials back to the producers. Governmental and private agencies influencing the movement of the material are also surveyed at this stage.

** Gathering information at the provincial level (and even district level) may seem a bit overwhelming for village information gatherers and entrepreneurs. However, their participation is a powerful means of building confidence, and the information they obtain will support decision making later on in the process.

Defining criteria for product elimination

Form

District:

Village:

List the reasons why a product may be viewed as “not good” for the market:

Check whether any important criteria are missing by reviewing the next form *Possible criteria for elimination*.

Possible criteria for product elimination

Form

MARKET/ECONOMY CRITERIA

Product supply/quantity

The product cannot be harvested in sufficient quantity (because of legal restrictions on access to the resource; overexploitation, etc.), or is available in low quantities, or in quantities that cannot be increased.

Level of demand of the product

Demand for the product is low, or improvement of the product to meet demand standard is too complicated, time consuming and costly.

Quality requirements

The quality requirements of the targeted customers cannot be satisfied within the site context. This could be because of circumstances such as insufficient education, lack of skills, lack of training opportunities, lack of access to packaging materials, or the fact that improvements or measures for upgrading quality are too time consuming and expensive.

Production costs

The production costs of the product are higher than those of the same goods produced elsewhere (because of remote locations, high transport costs, lack of low cost energy, high labour costs, etc.), and costs cannot be reduced significantly without negative effects on the quantity or quality of the products.

Access to capital

The producer, manufacturer, transporter or trader cannot get a loan for start up (initial investment) or for running activities (working capital).

Market information access

The users cannot get any price information about the product because of physical isolation and/or monopoly by other market actors (therefore no marketing decision power), and the development of a market information system would not be feasible.

ECOLOGICAL/ENVIRONMENT

Spatial distribution and density

The product is rare or scarce due to, for example, the plant's biological cycle, overexploitation, or changes in the ecosystem.

Impact of harvesting on survival of species

The economic value of a product will increase due to marketing efforts and this may lead to over-harvesting. The ecological impacts of harvesting have not been assessed, and such assessment is too costly or time consuming.

Lack of domestication possibilities

In addition to the above, the product is not or cannot be domesticated, or domestication is too time consuming, costly and complicated.

Regenerative potential

The regenerative potential of the product is very low or there is uncertainty regarding it.

SOCIAL/INSTITUTIONAL

Willingness to participate

Willingness to develop the marketing of this product does not exist (target group members must show initiative and be willing to act as economically responsible actors, not as beneficiaries).

Policy/access constraints

There are legal restrictions on the collection of a product, or there will not be much scope for an enterprise based on such products.

Rules enforcement

There is none of the legal support required from local authorities to enforce communal management rules. (If the economic value of the product has been recognized by the local community, they may have sufficient social cohesion to design a plan for its management.)

TECHNOLOGY

Human resources/expertise

The level of knowledge and expertise required for the extraction, processing and marketing and development of a product is too low. Raising levels of knowledge and expertise are time consuming and expensive.

Physical infrastructure

The physical infrastructure (roads, rivers, etc.) will not support movement of the goods; the potential for marketing the product is thus severely restricted.

Communication network

There is no basic communication network. A key condition for successful marketing of products is responsiveness to the buyers' demands. This has to be developed through a proper market information system. Marketing means linkages with buyers, transporters, technical assistance, etc. (other direct and indirect actors).

What information is needed? National/provincial level

Form

To obtain information for a product required at national/provincial level, the team can use the questions listed in the following checklist:

Topic	What information is needed?
Products	<p><i>Importance of the products:</i></p> <ul style="list-style-type: none"> <input type="checkbox"/> What is the role of tree & forest products in the national/provincial economy? <input type="checkbox"/> What is the average volume and value: export and domestic? <input type="checkbox"/> What is the production and processing intensity?
Marketing channels	<ul style="list-style-type: none"> <input type="checkbox"/> What are the marketing channels of major products?
Price	<ul style="list-style-type: none"> <input type="checkbox"/> What do the products cost?
Economic forces and constraints	<p><i>Governmental intervention:</i></p> <ul style="list-style-type: none"> <input type="checkbox"/> Is production, processing, or marketing of any product affected by price regulation or subsidies? <input type="checkbox"/> Who controls products (government, concessions, industry, etc.)? At what level?
Actors involved or related to tree and forest product sub-sector	<ul style="list-style-type: none"> <input type="checkbox"/> Who are the direct actors in the sub-sector of tree & forest products at the national/provincial level? List them. <input type="checkbox"/> Who are the indirect actors influencing the sub-sector of tree & forest products at the national/provincial level? List them.
Legislation and Trade laws	<ul style="list-style-type: none"> <input type="checkbox"/> Is there trade and specific tree & forest product legislation (especially forest laws and regulations concerning access to resources, forest protection, tax/fees on forest products, illegal trade)? <input type="checkbox"/> What are the national opportunities and constraints for tree & forest products processing (capital, equipment importation, licenses, labour, etc.)?
Access to credit	<ul style="list-style-type: none"> <input type="checkbox"/> What financial resources are available for which actors in the marketing chain of tree & forest products? <input type="checkbox"/> What type of credit is available? <ul style="list-style-type: none"> • formal and informal • Amount (number and amount of loans) in the formal sector (banks, etc.) • Amount (number and amount of loans) in rural credit schemes

- What current capital is used for this sector?
- What are the credit conditions (interest rate, pay back period, collateral)?

Infrastructure

- What infrastructure already exists and what are the constraints?
 - Physical infrastructure
 - Quality and type of infrastructure (road, rail, boat, air)
 - Transportation equipment (truck, train, etc.)
 - Comparison of costs of each type (public and private)
 - Comparison of time for each
 - Users' point of view and experiences (traders, producers, processors, etc.)
- What is the situation of telecommunications (telephone, fax, email, electricity)
 - Network (linkage throughout the market chain)
 - Costs
 - Users' point of view and experiences (traders, producers, processors, etc.)

What information is needed? District level

Form

To obtain information for a product required at district level, the team can use the questions listed in the following checklist:

What information is needed?

MARKET/ECONOMY

- Importance of the product in the household and local economy** □ What is the role of tree & forest products in the household or local economy?
For each product:
- Proportion (estimate) of people (men, women, children, others) involved in: Production; Processing; Marketing.
 - Volume and value (estimate) of each product per household from the target group.
 - For projects/programmes related to these products: size of project, budget, and resources.
- Average quantities traded** *For each product:*
- Quantities
 - Income (value)
- Marketing channels and chains** *For each product:*
- Product: calendar; production; demand
 - Actors: direct (men & women), indirect (starting from production)
 - Rules and regulations (e.g. affecting access) for: production; processing; marketing.
- Access to credit** Available sources of credit:
- Formal/informal;
 - Proportion of credit (estimate; average) allocated for tree & forest products production/processing/marketing;
 - Conditions for loans: interest; pay back period; collateral; type of beneficiary (men, women);
 - Obstacles to getting loans; current best way to finance activities.

RESOURCE MANAGEMENT/ENVIRONMENT

Potential local resources

- List the different ecosystems and their condition (*be brief*):
Now: 5 years ago: 10years ago:
- List resources currently used from these ecosystems.
List resources which were plentiful in the past, but which are rare now.

Interaction between local community and forest

For each product:

- Infrastructure between product and collectors/producers;
- Time needed to get to the production/harvesting site;
- Extraction rate per product (e.g. how much collected in one day by one collector):
Now 5 years ago; 10 years ago
- Who are the collectors/producers? Local and/or outside communities? Men? Women?

If local or outsiders:

- Do they each collect the same amount each season?
- Do locals or outsiders collect more, and in which season?

SOCIAL / INSTITUTIONAL

Institutional Organisation

- List of indirect actors involved in tree & forest products and their roles:
 - Role/function :
 - Production
 - Processing
 - Marketing
- Identification of local leaders who control:
 - Production
 - Processing
 - Marketing

Traditional Resource Management Mechanisms

For each product:

Traditional ways to harvest: who harvests? Men? Women? Others? Where is the product?

Tree and forest products trade rules and regulations

- Could any religious or cultural beliefs about the product influence its management, production, processing, and marketing?
- Are there any community rules governing the management of the resources?

SCIENCE / TECHNOLOGY

Local technical knowledge

Resources available:

- Human: skills; training opportunities for men, women; current assistance from agencies, institutions.
- Technical: techniques used; equipment and tools; training materials.

Current processing

For each product:

Post-harvest processing operations:

- At collection/harvesting site
- Primary processing at household/village site
- Secondary processing

List of small-scale and medium-scale industries

(How many in the area currently process the product?)

General constraints of the market system Access to education and vocational training courses	Form
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Education infrastructure	District	Village
List and types of schools		
List and types of vocational training courses		
Number of target group members who attended school (until what grade)		
Number of target group members who attended a vocational training course (Which?)		

PHASE 1: ASSESS THE EXISTING SITUATION
 Step 4: Identify the key constraints of the existing market system

General constraints of the market system
 Status of infrastructure and transportation

Form

District:	Village:						Other
	Means of transport	Time from home to the market places	Fare for one way	Number of months	Number of months when not usable	Number of trips to market per month	
None (goods collected in village)							
Walking							
Bicycle							
Boat							
Bus							

General constraints of the market system
 Access to land and products

Form

District:	Village:					Terms of permitted use
	Modalities for Land tenure	Surface	Recipients (% target group + % households)	User's purpose (if specific program)	Yearly taxes or fees/or yearly income	
Allocated land to a group (certified)						
Allocated land to individual (certified)						

Step 5: Shortlist a range of products

Guideline

OBJECTIVES	<ul style="list-style-type: none">❑ To help the team and the target group members analyse information gathered in Phase 1 Steps 1 to 4.❑ To organize a workshop with the target group members in order to eliminate the non-viable products and to reduce the range of remaining products by expressing their own preferences.
POSSIBLE LOCATION	At the site(s).
POSSIBLE DURATION	One-day workshop per site (a village or a group of villages). A series of workshops if there is a large target group, or many sub-groups. Steps 5 and 6 are conducted during the same workshop.
REFERENCES	Manual Booklet C pages 34 to 40
POSSIBLE STEPS	<ol style="list-style-type: none">1. Organize a meeting and help information gatherers to aggregate* the information collected in Phase 1 Steps 1 to 4 (identify links between the outputs of the various worksheets, and present them in an easy-to-read format) and do a trial elimination exercise in order to train them.2. Organize a workshop to guide participants in eliminating the non-viable products. Participants are the information gatherers from each village or community, plus a representative number of target group members for each of the main products identified – those currently produced by the highest number of households – and members of the sub-groups** of the target group (women, poor, etc.).3. Ask the information gatherers to share the aggregated information collected during Phase 1 Steps 1 to 4 with the other members of the target group.4. Ask the participants to define the criteria for elimination by listing the reasons why they would consider a product as “a bad” product for the market, using the form <i>Elimination of non-viable products</i>. This is again needed at this stage because the participants in the workshop may have other criteria than the informants had during the collection of information.5. Check whether the criteria mentioned by the participants cover the four areas of enterprise development, using the <i>Checklist of possible criteria***</i> in Phase 1 Step 4.6. Stimulate discussion by removing irrelevant criteria and adding new ones relevant to the group.7. Post on the wall the list of criteria next to the list of resources and products, using the form <i>List of existing resources and products</i> from Step 3.8. Ask workshop participants to check rapidly the resource and product against the key criteria and record the output of the discussion on the form <i>Elimination of non-viable products</i>. If the assessment is not immediate or if the members do not agree, ask them to refer to the aggregated results of Phase 1 Step 4.

9. Invite the participants to reject products that do not match their local priorities, from those that have not already been eliminated.
10. Ask them to justify this elimination and discuss it with the other target group members. Participants may eliminate products not knowing the potential for these products. Encourage them to recognize that they may need to get further information before eliminating some of the products. Products that are not eliminated through this exercise become the basis of the research conducted in Phase 2.
11. Review the list of information that is still missing and decide with the participants how to get it and when to review the analysis of that product again using a work plan as in the form *Action Plan for field work in Phase 1*.

HINTS

* The facilitator needs to avoid the temptation to undertake these tasks alone, and instead try to involve target group members even if it requires more time and pedagogical skills. The effort will be useful, since it will enable target group members to learn how to aggregate information by themselves.

** The facilitator needs to take into account that not all of the workshop participants may be literate, or that their literacy skills may be low. Suitable arrangements for facilitation of the workshop will need to be made in order to ensure that information is accessible to all participants.

*** Be creative! The list of criteria is indicative and should be adapted on a case by case basis, according to the priorities of the target group and the objectives of the project.

Step 6: Raise awareness of the benefits of working together

Guideline

OBJECTIVES	<ul style="list-style-type: none">□ To raise the awareness of entrepreneurs so that they understand that support to their enterprises will be provided almost exclusively to organized groups, and only rarely to individuals.□ To prepare the entrepreneurs for the formation of the interest groups that will occur in Step 3 Phase 2.□ To create the team that will conduct Phase 2.
POSSIBLE LOCATION	At the site(s) At your duty station (village or district).
POSSIBLE DURATION	The last part of the day workshop per site (a village or a group of villages) organized for conducting Step 5. In other words, Steps 5 and 6 are conducted during the same workshop.
REFERENCES	Manual Booklet C pages 41 to 42.
POSSIBLE STEPS	<p>During the workshop held in Step 5, once participants have finalized the shortlist of potential products, you (and/or information gatherers) will:</p> <ol style="list-style-type: none">1. Ask participants to reflect on two possible ways of developing enterprises: individually, or in enterprise groups. You may use the form <i>Your experience in working together</i>.<ul style="list-style-type: none">• Ask participants to describe any occasions in their experience in which they have organized groups to undertake activities.• Ask them to list the benefits of organizing themselves into groups.• Prepare a table to compare the advantages of working in a group with working individually for the same activities.• Ask participants to describe the ways in which they have traditionally formed groups, and the rules they set for their operation (size, responsibility, steps in creation and formalization or registration of groups, and the role of the representatives). This exercise helps participants to see the advantages of creating interest groups.2. Invite them to recognise that, at this stage, they cannot define the legal status of the future groups because they do not yet have enough information. Help them realize that they need to include the research on the legal aspects of creating professional interest groups in Phase 2.3. Conclude the workshop by summarizing the main outcomes as presented in the form <i>The main outputs of Phase 1</i> and ask the participants to decide if they would be interested in participating in Phase 2.4. Conclude Phase 1: back in the office, review work done by filling in the form <i>Reporting implementation of Phase 1</i>. This will help you if you have to repeat the process elsewhere, and will also become the basis for planning Phase 2*.

HINTS

* The team that will conduct Phase 2 should include representatives of the different sub-groups. These people should currently be involved in the production, trade or processing of one or several products from the shortlist developed in Phase 1. The members of this team will be the information gatherers who will work with you in Phase 2.

	Form
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Village:

Activities for which you organized groups in the past	Consequences for those being in groups		Consequences for those who worked individually		How the groups were formed	Rules for operating the groups' activities
	Strengths	Weaknesses	Strengths	Weaknesses		

	Form
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Name of the facilitator(s): _____

Working site: _____

Office: _____

Steps and activities	Number of days	Date	People involved	Location	Logistic needs	Financial needs
Preliminary planning activities						
Step 1: Identify the target group of potential entrepreneurs						
Step 2: Determine the financial objectives						
Step 3: Obtain a list of existing resources and products						
Step 4: Determine the constraints of the market system						
Step 5: Shortlist a range of products						
Step 6: Discuss the benefits of working together						
Total						

Preliminary planning activities of Phase 2

Guideline

OBJECTIVES	<ul style="list-style-type: none">□ To review the outcomes of Phase 1 with the team of information gatherers*.□ To train the team of information gatherers in tools and methods for conducting Phase 2.□ To prepare (or help the information gatherers prepare) a work plan that will include a time line of the broad results to be achieved and the required activities, as well as the resources needed to attain the results.□ To remind the information gatherers (or refresh the memories of those who participated in Phase 1) about the basic observation and interview skills.
POSSIBLE LOCATION	At the site with the team of village information gatherers. At the project office because it is a planning exercise that should be discussed with the project staff.
POSSIBLE DURATION	One and a half or two days to train the team. One additional day to finalize the planning, depending on the scope of the MA&D activities.
REFERENCES	Manual Booklet D pages 2 and 3.
POSSIBLE ACTIVITIES	Before starting Phase 2, you will: <ol style="list-style-type: none">1. Have a meeting with the members of the target group who wanted to be involved in the implementation of Phase 2. This meeting is to share and review the outcomes of Phase 1 (see the form Main outputs of Phase 1).<ul style="list-style-type: none">• Ask one of the information gatherers who participated in Phase 1 to review the methods used for conducting Phase 1, using the conclusions of Phase 1 (see the form <i>Reporting implementation of Phase 1</i>).• Explain to participants the objective, steps and outputs of Phase 2, emphasizing that the aim is to select the best products among those shortlisted.• Focusing on the shortlisted products from Phase 1, ask the participants to suggest the criteria they would use to qualify a product as “a good product for the market”. Do this using the forms <i>Definition of selection criteria in Phase 2</i> and <i>Possible criteria for the product selection in Phase 2</i>. This will ensure that no important criteria are missed from any of the four areas of enterprise development.• Ask the information gatherers to identify the information they already have that would allow them to assess these criteria and to list the information that is still needed for each product in the appropriate column of the form <i>Possible criteria for product selection in Phase 2</i>.• Invite them to identify the list of informants, and facilitate a

discussion about the three surveys required (within the district, from the district to the province, and out of the province).

- Make it clear that they need to link up with other partners to collect information that they cannot get themselves when the source of information is too far away (out of the province). Identify these partners.
 - During the same meeting, ask the information gatherers to work out the time required to conduct the district survey.
 - Conclude the workshop by fixing a date of the first meeting of Step 1 Phase 2, once the planning of these surveys has been fixed.
2. Back at the office, define the time, human resources, logistic and financial requirements, based on the results of the meeting with the information gatherers using the form *Action Plan for field work in Phase 2*.
 3. Ask the project to arrange the part of the survey that cannot be conducted by the local information gatherers.
 4. Make sure that the time and the logistic and financial support are allocated in time.

HINTS

* It may happen that while some products (especially from existing enterprises) are ready for Phase 2, others may still need more information before a final selection can be made and are therefore still in Phase 1.

Definition of selection criteria Phase 2

Form 1

Preliminary planning activities Phase 2	List of criteria set by the village information gatherers to guide information gathering in Phase 2
	Market/Economy
	Resource management/Environment
	Social/Institutional
	Science and Technology

Possible criteria for product Selection in Phase 2

Form 2

Preliminary planning activities Phase 2

Possible criteria that may be used for the selection of products in Phase 2

Market/Economy

- Raw material supply
- Market potential
- Competition (to find a market niche)
- Constraints to business entry (market channels, policies, expertise, high financial needs, etc.)
- Profitability

Resource management/Environment

- Availability in time (Seasonality)
- Availability in space (time needed to find and harvest)
- Impact of production on environment
- *For farm products form only:* Length of time from planting to harvest
- *For forest products only:*
Regenerative potential
Impact of harvesting

Social/Institutional

- Indirect benefits for the community
- Contribution to incomes
- Experience with the product
- Potential for employment creation
- Gender impact

Science and Technology

- Suitability for rural entrepreneurs
- Processing location (distance from their homes)
- Processing technology required (degree of sophistication)
- Infrastructure status
- Human resources/skills, expertise
- Human resources/number

Missing information

Action Plan for field work in Phase 2

Form 3

Activities (listed by product)	Who?	When?	Support?	Costs?
Current situation:				

Step 1: Analyse the four areas of enterprise development Market survey	Guideline
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OBJECTIVES

1. Market survey

- To make sure that the province and national (and/or international) surveys are arranged by the project or sub-contracted partners.
- To facilitate the gathering of information in the district.
- To identify opportunities, strengths and constraints in the market channels.

**POSSIBLE
LOCATION**

You may organize the collection of market information through the district, province, national and even international actors in the market channels in the following ways, depending on time, availability of transportation, budget and team limitations.

Ask the information gathering team to work with you to gather information at district levels.

At the same time, partners conduct the survey at the province, national and international level, according to the product's market channels.

**POSSIBLE
DURATION**

Six to ten days (or more) for the surveys conducted simultaneously at the different levels, depending on: the products and the length of their market channels; the skills of the team; the number and the complexity of the market channels; and the size and accessibility of the targeted production area. Surveys of complex market channels can take up to one month or more to conduct.

REFERENCES

Manual Booklet D pages 4 to 29 and Booklet A pages 11 to 14 for definitions of marketing terms.

**POSSIBLE
ACTIVITIES**

You will:

Organize a meeting with the team of information gatherers in order to prepare the collection of information. The checklists in the forms for Phase 2 include many questions that are similar to those asked in Phase 1. However, in Phase 2 both the aim of the questions and the depth of information required are different. During the assessment of the existing situation (Phase 1), the survey gathered general information in order to identify serious constraints that would result in the elimination of a product, or the potential opportunities that would support it being retained for further consideration. In Phase 2, the survey aims to obtain more detailed information about the shortlisted products in order to assess their potential for further development. The checklists are used to determine what else they need to know. Also use the forms provided to list sources of information at district, province and national levels.

1. During this meeting, you will:

- Help the information gatherers distribute the tasks among themselves (each member may take the responsibility for one or two products they are familiar with – or more, according to the number of information gatherers and products).

- Help them finalize the list of information, adapting the checklists in the forms *What information is needed?* at the district, province/national, and international levels. These checklists should not be considered as rigid questionnaires, but rather as guidelines to the type of minimum information needed. The users should adapt the checklists to their needs in order to be able to obtain information relevant to their situation. For example, if the target group is comprised of women who say they are already overloaded by work, then information gatherers will be women and information will need to be collected on the potential of a new product to decrease workload.
 - Help them finalize the list of informants (and/or other sources) for each type of information using the form *Sources of information for the survey* within the district, the province, national and international levels.
 - Ask someone who was present in Phase 1 to remind all participants of some of the observation and interview methods that should be used in the field. If needed, ask them to play the role of the interviewer and you the informant (using the annex 3 guideline *Improving skills for primary data collection*), and/or demonstrate an interview of an informant (a producer or a trader) in a real situation.
2. Make sure that the team gets the required financial support for the expenses implied by the survey.
 3. Facilitate the gathering of information by the team members.
 4. Coordinate with the province level in order to obtain the results of the higher level surveys.
 5. Ask the information gatherers to invite to a product selection workshop those active target group members who are heavily involved in the production, processing and/or trade of the target products.

To assist the information gatherers conduct the market channel analysis, during the same meeting you will:

1. Explain basic marketing definitions such as market place, distribution channel and market channels (manual booklet A pages 11 to 14).
2. Explain to them the importance and methods of following the product as it moves from producer to consumer along the marketing channel. While the goal is to collect information from everyone involved with the marketing of the product, the starting point is flexible. For example;
 - you may start with the consumer and retailer, and work back through the marketing channel; or,
 - start with the producer and follow the product through to the retailer and consumer, or,
 - start with a middle-person and then follow the product back to the producer and forward to the retailer.

Interview informants about the topics listed in the checklists *What information is needed? at the district, province/national, and international levels*. Follow a systematic information gathering procedure: count the number of vendors selling the product in the market; interview several of the vendors about where the product came from and where it goes; get a range of prices; and obtain

information about constraints.

Information should be collected on the different volumes of trade as well as the location of the direct and indirect actors in the various market channels: producers, traders, manufacturers, transporters and consumers.

Aggregate data at the end of the exercise by compiling field notes and constructing a market channel that reflects the constraints at each link, and potential improvements.

**Step 1: Analyse the four areas of enterprise development
Resource management/Environment survey**

Guideline

OBJECTIVES

2. Resource management/Environment survey

- To collect information about the location, the legal status and condition of the trees and forest products.
- To measure and document indicators of the existing biological characteristics of the selected resources.

**POSSIBLE
LOCATION**

The resource survey is conducted in the production areas.

**POSSIBLE
DURATION**

From a few days to one or two weeks according to the size and conditions of the site.

REFERENCES

Manual Booklet D pages 21 to 22.

**POSSIBLE
ACTIVITIES**

You will:

1. Invite a national forest expert and the information gatherers, as well as knowledgeable people and set study times that will not disrupt local activities. Invite, for example a traditional doctor who knows medicinal plants well and/or local people who may have already helped prepare an inventory of the forest or forest products in the area concerned. Use the forms provided to list sources of information at district, province and national levels.
2. Explain that information should be collected by questioning local users, by looking at the forest to estimate characteristics (visual estimates), and by preparing a sketch map or participatory map. Also devise systems with the participants and other stakeholders to guarantee protection of intellectual property rights of the villagers
You should explain the general aim of the exercise and its importance in planning the research so that issues can be explored as they arise in conversation or through direct observation.
3. Guide the team in recording the name of the forest, its location, the legal status of the land, and the date that the information was collected.
4. Help the team estimate the area of the selected forest, the crown cover of the forest, the stock of shrubs or trees, the most common species in the forest, the condition of the forest based on the opinions of the group and a visual estimate. Emphasize that the reliability of information depends on careful direct observation and using triangulation.

**Step 1: Analyse the four areas of enterprise development
Social/institutional survey**

Guideline

OBJECTIVES	3. Social/institutional survey <ul style="list-style-type: none">□ To assess the potential direct and indirect impacts of the proposed products on the community.□ To analyse the legal aspects affecting the target group.
POSSIBLE LOCATION	The social/institutional survey is conducted at local community and national levels
POSSIBLE DURATION	One or two days, or more according to the complexity of the local context.
REFERENCES	Manual Booklet D pages 23 to 27.
POSSIBLE ACTIVITIES	You will: <ol style="list-style-type: none">1. Evaluate the potential entrepreneurs' skills and access to productive resources and services using the checklist in the forms <i>What information is needed?</i> at district, province and national levels. Identify sources of information using the forms provided for listing sources of information at district, province and national levels.2. Assess the level of participation that potential entrepreneurs are prepared to have in the proposed activities by checking their degree of presence, punctuality and enthusiasm during the preparation work.3. Initiate open discussions in order to assess the capacity of the potential entrepreneurs to deal with the changes that will result from the new enterprise.4. Involve the potential entrepreneurs in order to discover the legal issues of the concerned product(s). It is important at this stage for participants to learn about the regulations concerning their resources or products, and, if necessary, how to modify their products so as to respect these regulations. Lack of awareness of regulations, and of the legal possibilities and limitations of the development of enterprises is a weakness of potential entrepreneurs in remote areas because of their limited access to information.5. Through this discussion they will thus gain knowledge that can be applied in later monitoring of the impact of the new activities. It is important to have each sub-group (rich, poor, landless women) represented so that they can express their own expectations and limitations influencing the selection of products, the size of the future enterprises and how they will be organized.

**Step 1: Analyse the four areas of enterprise development
Science and technology**

Guideline

OBJECTIVES

4. Science and technology

- To assess the current level of technical skills for natural resource extraction, post-harvest operations, processing and marketing.
- To understand the technical skills needed to meet the requirements of new markets.

**POSSIBLE
LOCATION**

The technological survey is conducted at local community level for the assessment of the current skills and practices. Surveys on potential improved technology are conducted locally or at the district, province or national levels; rarely at the international level.

**POSSIBLE
DURATION**

One to two days, or more according to the complexity of the local context.

REFERENCES

Manual Booklet D pages 28 to 29.

**POSSIBLE
ACTIVITIES**

You will:

Ask the same informants as in the market channels analysis about the science and technological aspects, following the checklist in the forms *What information is needed?* at the district, province/national, and international levels. Identify sources of information using the forms provided for listing sources of information at district, province and national levels.

Within the country:

1. Explore the improved techniques that might be used for production, processing and marketing.
2. Investigate and note the physical infrastructure (road, railways, and airport), availability of energy (water, electricity, cow dung, fuel) and costs.
3. Interview the actors in the market chain concerning the uses and requirements of the products – size, colour, quality, processing techniques, etc. The study can be conducted with local or national professionals: for example, in the case of a small enterprise, it is usually easy to get the price of simple equipment from local sources, while for a larger-scale enterprise, it might be necessary to visit equipment distribution centres.

What information is needed? District levels	Form
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MARKET/ECONOMY

Demand	For each product: <ul style="list-style-type: none"> <input type="checkbox"/> What are the characteristics of the customers? <input type="checkbox"/> What amount of each product is sold: daily, monthly, seasonally, and annually? <input type="checkbox"/> What are the income and margins (per person/household or economic unit)? <input type="checkbox"/> What are the losses (spoilage, no buyers, etc.)? <input type="checkbox"/> What are the fees and taxes? <input type="checkbox"/> What is the unmet demand (estimate based on unfulfilled orders)?
Competitors	For each product: <ul style="list-style-type: none"> <input type="checkbox"/> How many others (estimate: most, many, few; individuals, middleman, processors, etc.) are involved in producing; processing; marketing? <input type="checkbox"/> Is the price received/offered: the same? more? less? <input type="checkbox"/> In the future, is there likely to be more or less competition? <input type="checkbox"/> Can it be substituted by other products?
Distribution	Quality of local and product-related infrastructure: <ul style="list-style-type: none"> <input type="checkbox"/> Can the product be efficiently moved through the market chain? (user's point of view) <input type="checkbox"/> What is the primary mode of transport through the market chain? (truck, rail, air, etc.) <input type="checkbox"/> What is the cost of transportation from one transaction to the next? (amount per kilo, tonne, container, etc.)
Access to credit	For each product: <ul style="list-style-type: none"> <input type="checkbox"/> What are the credit needs of the actors involved in production; processing; marketing? <input type="checkbox"/> What are the sources of credit available (both formal and informal) for each of the actors who needs it? <input type="checkbox"/> What restrictions are there on access to credit (e.g. gender, landlessness)?
Market positioning	For each product: <ul style="list-style-type: none"> <input type="checkbox"/> Who are the consumers of the product? <input type="checkbox"/> Is the producer aware of the consumers' preferences? <input type="checkbox"/> Is the product sold in a processed or unprocessed form?

RESOURCE MANAGEMENT / ENVIRONMENT

(Note: this is to be used only for forest products; it is not relevant to farm products)

- Environmental impact assessment** For each product:
- Will the production/collection of the product have a negative impact on the resource? On the ecosystem?
 - If so, what are the potential negative impacts that could occur?
- Sustainability of supply**
- What volume of product can be harvested from the forest without harming the resource and the ecosystem?
- Resource management experiences**
- What is or can be done to minimize or eliminate the potential negative impact of harvesting/producing the product?

SOCIAL / INSTITUTIONAL

- Control on the product** For each product:
- Who spends time in producing? Men Women Children
 - Who spends time in transforming? Men Women Children
 - Who spends time in trading? Men Women Children
 - Who receives money from selling? Men Women
 - Who decides about the use of this income? Men Women
- Role of local institutions and organizations** For each product:
- What is the role of local institutions (including informal working groups, non-governmental organizations, government agencies, and private sector) in production (including subsidies and projects); processing; marketing?
- Access to resources** For each product:
- Do the producers/collectors have legal rights of access?
 - If not, what could be the impact of the lack of legal rights on product collection/production in the future?
- Land Tenure**
- Are policies issued at the district and/or province levels?
 - How are they enforced in the villages?
- Taxes and fees**
- Are taxes and fees issued at the district and/or province levels?

SCIENCE AND TECHNOLOGY

Local technology

For each product:

- What is the current level of skills and what are the local technical options available to men/women for:
extraction/harvesting?
post-harvest operations (remember storage!)?
processing?
Marketing?
Production?
- How could local technologies and the skills of men and women be improved to meet the requirements of new (and expanding) markets?

Infrastructure

Telecommunication:

- Do the actors in the market chain have access to the telecommunication facilities they need? (users' point of view)
What are the major sources of market information for each of the direct actors?
- What are the destinations for the product?
- How long does it take the product to travel from producer to consumer (destination cities or countries)?
- How many direct actors are involved in the movement of the product (estimate only)?

**What information is needed?
Province/National level**

Form

MARKET / ECONOMY

- Demand**
- What is the trend of demand for product?
 - What is the volume and value of product in the country?
 - What are the marketing channels of the product (including other areas of the country)?
 - What is the trend during the past 5 years (increasing, stationary, or decreasing)?
- Competitors**
- Are there other producers (areas of production) of the product?
 - If so, how many? What are their prices? Who are the customers?
- Economic forces/ constraints**
- Are there any government interventions in price or supply, or subsidies for the production, processing, or marketing of the product?
 - Who (government, concessionaires, industry, etc.) has what level of control over the product?
- Access to credit**
- Are financial resources available for the direct actors (men and women) in the market chain of the product?

RESOURCE MANAGEMENT / ENVIRONMENT

- Forest inventories**
- Available? If yes, what are the conclusions?
- Yield studies (of product)**
- Available? If yes, what are the conclusions?
- Regeneration surveys**
- Available? If yes, what are the conclusions?
- Resource management model**
- Are there resource management models that have been developed to minimize the impact of harvesting the product on the natural resource base?

SOCIAL / INSTITUTIONAL

- Land tenure** What are opportunities for and restrictions on land use?
- Policy constraints** Is there government interference in production, pricing, etc?
- Regulations** Are there constraints on access to resources?
 Are there cumbersome regulations?
- Taxes/fees** Do taxes and fees have to be paid? (Note if by producer, processor, or trader/market.)
- Social policies** Is women's labour regulated? Are there restrictions on children's work?

SCIENCE AND TECHNOLOGY

- Support services/partners** Are support services/technical assistance available?
- New technical research** Who are potential partners in developing new technology?
 Is new technical research being conducted on the product?
- Processing** Is processing technology is available for the product?

**What information is needed?
International level**

Form

MARKET / ECONOMY

- Demand**
- What is the international trend of demand for the product?
 - What is the volume and value of the product (global)?
 - What is the trend during the past 5 years (increasing, stationary, or decreasing)?
- Quality requirements**
- Can the product meet international standards/requirements?
- Potential distribution agencies**
- Will national/international agencies and associations assist in the distribution/marketing of the product?

RESOURCE MANAGEMENT / ENVIRONMENT

- Experience from other countries**
- Has there been successful sustainable harvesting of the product in other countries?
- Demand for "green" products**
- Is there experience in certification of environmentally sound products?

SOCIAL / INSTITUTIONAL

- Policy constraints**
- Are there international policy constraints (e.g. a ban) on the product or product processing?
- Regulations**
- Are there regulations regarding the product (e.g. quality requirements)?
- Trade agreements**
- Do current trade agreements help or hinder product marketing?
- Socially acceptable products**
- Is there experience in certification or respect of clauses to supply socially acceptable products?
 - socially acceptable products?

SCIENCE AND TECHNOLOGY

New technical Research Is there any new research to help in product and market development

Source of information for the survey within the district	Form
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Names and addresses of the information gatherers:

Product(s):

Date:

Type of information	Sources of information				
	Printed materials		Informants		
	Nature	Where?	Nature/ position	Institution/ organization	Name/ address (if possible)

Source of information for the survey within the province	Form
---	-------------

Names and addresses of the information gatherers:

Product(s):

Date:

Type of information	Sources of information				
	Printed materials		Informants		
	Nature	Where?	Nature/ position	Institution/ organization	Name/ address (if possible)

Source of information for the survey within the country	Form
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Names and addresses of the information gatherers:

Product(s):

Date:

Type of information	Sources of information				
	Printed materials		Informants		
	Nature	Where?	Nature/ position	Institution/ organization	Name/ address (if possible)

Source of information for the survey of the international market	Form
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Names and addresses of the information gatherers:

Product(s):

Date:

Type of information	Sources of information				
	Printed materials		Informants		
	Nature	Where?	Nature/ position	Institution/ organization	Name/ address (if possible)

Step 2: Select the most promising products

Guideline

OBJECTIVES	<ul style="list-style-type: none">❑ To help information gatherers aggregate the information gathered in Step 1.❑ To invite the target group members to a workshop to compare and select the most promising products.
LOCATION	At the site(s) with the target group members.
POSSIBLE DURATION	One or two days to aggregate the data from the different levels. One-day workshop per site (a village or a group of villages). Step 2 and part of Step 3 are conducted in the same workshop. Or a series of workshops if there is a large target group, or many sub-groups.
REFERENCES	Manual Booklet D pages 30 to 40.
POSSIBLE STEPS	<p>You will:</p> <ol style="list-style-type: none">1. Organize a planning meeting and help information gatherers compile the information collected in Phase 2 Step 1 in the following way:<ul style="list-style-type: none">• classify types of products;• compile the information from the worksheets;• draw market channels on flip charts;• calculate sales, prices, values, market shares, estimated costs and benefits of developing a product, and types of customers. Present them in an easy-to-read format, using the forms Summary of information gathered at the district, province, national and international levels.<p>If the information is contradictory, or there are gaps, it may be necessary to continue to collect additional information and conduct more interviews.</p><p>As in the case of Phase 1, avoid the temptation to undertake these tasks alone, and instead try to involve target group members even if it requires more time and facilitation skills.</p>2. Organize a workshop to guide participants in comparing and selecting the most promising products. Participants include the information gatherers from each village, plus a representative number of target group members for each of the main products, and members of the sub-groups* of the target group (women, poor, etc.).3. In this workshop you will invite the information gatherers to share the compiled information on all products with the other members of the target group using form <i>Product assessment table</i>. To do this the information gatherers will:4. Post a sample of the product assessment table on a big flipchart and present the results of the surveys of Phase 2 Step 1 by classifying information under the four areas of enterprise development. Make a list of product options: for each product from Phase 1, help participants review the various options of value addition for developing the product into an enterprise. For example, if the product is a type of fresh fruit, display a range of presentations or processed products based

on this product, such as a basket of fresh fruit, dried fruits, jam, fruit juice, or candies. Also discuss with participants the benefits and difficulties of targeting different potential markets for each product.

With the participants, identify the information needs and information sources concerning the profitability and the technical implication of using new technologies.

5. Ask participants to list the results either as opportunities or constraints for the product
6. Ask participants to try to come up with some possible solutions to constraints based on the information that they already have for each product.
7. Copy the form *Definition of selection criteria* on a flip chart, stick it on the wall and explain the scoring system in the product selection form. Review the suggested criteria with them and ask them to remove or adapt them or add new ones that are important to them, or weight some of the criteria**.
8. Introduce them to the ranking exercise in the form *Comparison of products' scores* and copy a similar format onto a flip chart. Explain to participants that the objective is not to choose only one product for Phase 3 but for them to prioritize which products they want to start working with immediately in order to maximize project support.
9. Ask participants to discuss and agree on a score for each product for each criterion***.
10. Once all the criteria for a product are scored, then calculate the subtotals for a product for each area of enterprise development and the total score for the product. Explain that the scores are only to be used as indicators of strengths and weaknesses and not as a precise measuring tool.
11. Facilitate discussion and analysis of the scores. Point out the products with the highest totals, and those with the lowest, then those with scores in a middle range. Review if there is agreement on discarding the products with the low scores, or if more information needs to be collected before a decision can be made. Review where the strengths and weaknesses are by pointing out the subtotals of each area of development for a given product. If more information has to be collected, use form 3 (Action Plan) and reach an agreement on when the group will meet again once new information is obtained.
12. Ask participants to try to imagine strategies for strengthening weaknesses and add these to the solutions row of the form *Product assessment table*. Focus on some of the most severe potential constraints such as lack of investment capital, low supply of natural resource (in the time frame of the project), low management capacity or difficult technology to maintain for the quality demanded by a targeted market.

HINTS

* Target group members use criteria that are important to them and this will be included in the selection criteria form in the next exercise. All interested sub-groups should be able to participate in an assessment exercise, in order to ensure that their needs are taken into consideration during product selection. You may therefore need to plan more than one assessment exercise, according to the number of sub-groups identified in previous steps.

** In the case of social criteria it is rare that a single product satisfies the needs of a large number of target group members, especially in a

heterogeneous social context. In a project context, where the number of beneficiaries is a concern, it is important that more than one or two products are selected. The number of products selected will usually reflect the social diversity and expectations of the target group.

*** According to the nature of the product, you will use two different formats: one for the harvested products; and one for the cultivated products. (Allow participants to fill out the entire form for each product in turn or to put all products on the same form. On the form, parameters are given a rank (1 to 4) according to their potential contribution to or influence on achieving the product and market development goals. For example, if the criterion is positive for the further development of the product, it will be given a high rank. This is a relative ranking to assist in the comparison of products (it would be meaningless to consider them an absolute value).

It is very important to be as realistic as possible at this stage and to help participants focus on the easiest and most beneficial products to develop within the time frame of the project. You can explain the concept of the four product and market options described in MA&D Phase 3 Step 3, so they understand that some products can be developed in a short while with minor risks but yielding less profits, while other products take more time to develop, with more risk but yielding more profit.

Summary of the information gathered at the commune/district level, per product	Form
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Product:

Type of survey	Market/Economy	Resource management/Environment	Social/Institutional	Science and Technology
District				

Summary of the information gathered at the province level, per product

Form

Product:

Type of survey	Market/Economy	Resource management/Environment	Social/Institutional	Science and Technology
Province				

Summary of the information gathered at the national level, per product	Form
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Product:

Type of survey	Market/Economy	Resource management/Environment	Social/Institutional	Science and Technology
National				

Summary of the information gathered at the international level, per product	Form
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Product:

Type of survey	Market/Economy	Resource management/Environment	Social/Institutional	Science and Technology
International				

Product assessment table	Form
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Date:

District:

Village:

Facilitator(s):

Product:

Market/Economy	Resource management/ Environment	Social/Institutional	Science and Technology
Opportunities	Opportunities	Opportunities	Opportunities
Constraints	Constraints	Constraints	Constraints
Possible Solutions	Possible Solutions	Possible Solutions	Possible Solutions

Example of a product selection form

Form

Date:

District:

Village:

Facilitator(s):

Product

CRITERIA	SCALE	SCORE
MARKET / ECONOMY		
Raw material supply/availability	large moderate limited very limited	4 3 2 1
Market potential	high moderate low very low	4 3 2 1
Competition (for a market niche)	minimal moderate severe very severe	4 3 2 1
Constraints to business entry (market channels, policies, expertise, high capital investment needs)	high moderate low very low	4 3 2 1
Margins/profitability	high moderate low very low	4 3 2 1
RESOURCES MANAGEMENT / ENVIRONMENT		
Availability (in time): seasonality	almost always occasionally rarely/seasonal very rarely	4 3 2 1

PHASE 2: IDENTIFY PRODUCTS, MARKETS AND MEANS OF MARKETING
Step 2: Select the most promising products

Availability (in space): time needed to find and harvest	widespread moderate rare very rare	4 3 2 1
For farm products form only Time from planting to harvest	short moderate long very long	4 3 2 1
For forest products form only: Regenerative potential	high moderate low very low	4 3 2 1
For forest products form only: Impact of harvesting on survival of the species	minimal moderate severe very severe	4 3 2 1
Impact of enterprise on the environment	high moderate low very low	4 3 2 1
SOCIAL / INSTITUTIONAL		
Indirect benefits for the community	positive unnoticeable negative very negative	4 3 2 1
Contribution to incomes	high moderate low very low	4 3 2 1
Experience with the product	high moderate low very low	4 3 2 1

PHASE 2: IDENTIFY PRODUCTS, MARKETS AND MEANS OF MARKETING
Step 2: Select the most promising products

Potential for employment creation	high moderate low very low	4 3 2 1
Gender impact/activity done by	only women both men and women few men only men	4 3 2 1
SCIENCE and TECHNOLOGY		
Suitability for rural entrepreneurs Processing location	home village district province/other	4 3 2 1
Suitability for rural entrepreneurs Processing technology/expertise	high moderate low very low	4 3 2 1
Human resources/number	high moderate low very low	4 3 2 1
Human resources/skills, expertise	high moderate low very low	4 3 2 1
Infrastructure status	high moderate low very low	4 3 2 1

Note: Add or remove criteria according to the entrepreneurs' decisions.

Comparison of the products' scores	Form
---	-------------

Date:
District: **Village:**
Facilitator(s):
Villagers:

Report the scores obtained by each product (from the product selection forms)

CRITERIA	PRODUCTS							
Market/Economy								
Raw materials supply								
Market potential								
Competition (for market niche)								
Constraints to business entry								
Margins/profitability								
Subtotal								
Resource management/Environment								
Availability (in time)								
Availability (in space)								
<i>For farm products form only:</i>								
Time from planting to harvest								
<i>For forest products for only:</i>								
Regenerative potential								
Impact of harvesting on the survival of species								
Impact of production on environment								
Subtotal								
Social/Institutional								
Indirect benefits for the community								
Contribution to incomes								
Experience with the product								
Potential for job creation								
Gender impact								
Subtotal								
Science and Technology								
Suitability for rural entrepreneurs: processing locations								
Suitability for rural entrepreneurs: processing technology required								
Human resources/number								
Human resources/skills, expertise								
Infrastructure status								
Subtotal								
Total								

Step 3: Create interest groups for the selected products

Guideline

OBJECTIVES	<ul style="list-style-type: none">□ To help entrepreneurs organize themselves into interest groups.□ To identify the leader entrepreneurs within the interest groups of entrepreneurs.
LOCATION	At the site(s) with the target group members and information gatherers, during the same workshop in which Step 2 was conducted.
POSSIBLE DURATION	<p>The last part of the workshop, once the exercises of Phase 2 Step 2 have been completed.</p> <p>One or two days or more are needed for the information gatherers to go back to their villages and facilitate the formation of the interest groups.</p>
REFERENCES	Manual Booklet D pages 41 to 44.
POSSIBLE ACTIVITIES	<ol style="list-style-type: none">1. Ask participants to recall their experiences of working in groups and to list the benefits they obtained.2. Explain the definition of "interest group".3. Ask for the names of the participants most interested in developing one or several products to act as contact person for the other interested producers in order to help with organizing meetings in Phase 3. Write their names on the form <i>List of representatives of the interest groups</i>.4. Discuss the role of the contact person/representative in the creation of the interest groups (propose that they go back to their villages and discuss the reasons for forming groups with the men or women who do the same activities).5. Ask participants to choose the product they want to develop and sign up in the group for this product on the group member form <i>Number of members per interest group, per product in each village</i>. Remind participants that they can join more than one group if they feel that they have the capacity and willingness to earn more income (thus reaching the financial objectives set in Phase one) through different activities**.6. Using the form <i>Qualities of a good entrepreneur</i>, ask them to recognize the qualities of potential entrepreneurs who can motivate and lead others through demonstration.7. Conclude the workshop by introducing the next workshop for Phase 3.8. Ask them to provide*** the Phase 2 forms: the list of selected products, the list of interest groups and their members per product, and the list of the representatives.9. Conclude Phase 2 back in the office by reviewing the implementation

process of Phase 2 and by filling out the form *Reporting implementation of Phase 2*.

HINTS

* An interest group exists for a product when two or more stakeholders gather and share time and effort and/or equipment and/or skills & labour force and/or capital so that every member will benefit equitably from the complementary activities of the group. Interest group can take different forms according to the concerned actors, the level of activities in collection/production, processing and trade - and the policy context in the country. At production level, the interest group can take the form of a small informal group, a formal co-operative of producers with a lot of members, a registered groups of cottage industries, and so on.

** Entrepreneurs in the same interest group developing the same product may differ according to the intensity of their activities. One will have set higher financial objectives than others and will need to develop for example six bee hives while another in the same group will be satisfied (according to his own situation) and earn enough with only three hives. Participants are not always sure at this point which product they want to work on, and may even want to be in two interest groups at the same time. The main point is for the facilitator to be flexible otherwise it can create a lot of concerns with villagers if they feel pressured to make a decision. In some cases, a male head of household will opt for one group while the female head of his household will join another group.

*** Experience shows that villagers need time to form interest groups since many points will need to be clarified before they decide to engage.

List of representatives of the interest groups

Form

Date:

Facilitator(s):

Product:

Name	Village	Education level	Official position/ experience

**Number of members per interest group,
 per product in each village**

Form

Date:
Facilitator(s):
Village:

Products	Number of members per group							Total groups and members	
	Interest Group 1	2	3	4	5	6	7	Interest Group	members
Total									

Cumulated number of interest groups and their members per product in the village	Form
---	-------------

Date:
Facilitator(s):
Village:

Villages	Number of members per group						Total groups and members	
	Product 1		Product 2		Product 3		Interest Group	House hold
	Interest Group	House hold	Interest Group	House hold	Interest Group	House hold		
Total								

Qualities of a good entrepreneur

Form

Step 3: Create interest groups for the selected products

You will have to identify the entrepreneurs who can motivate and lead others through demonstration and extension.

The following checklist is designed to assist you in recognizing potential leading entrepreneurs.

Qualities of a good entrepreneur

A good entrepreneur:

- Takes initiative and dares to take risk
- Sees and acts on opportunities
- Learns from past experience
- Shows persistence
- Seeks information
- Is concerned about the quality of work
- Respects clauses of work contracts
- Is efficient
- Is a systematic planner
- Is a problem solver
- Is self-confident
- Is persuasive
- Knows how to influence

Successful entrepreneurs have a strong orientation towards achievement, problem solving, influence, and management/control.

Adapted from Thomas Fricke, 1993.

Reporting implementation of Phase 2

Form

Name of facilitator(s):
Village(s) name, location:

Office of facilitators:

Steps and activities	Number of days	Date	Persons involved	Location	Logistic needs	Financial needs
Preliminary planning Phase 2						
Step 1: Analyse the four areas of enterprise development						
Step 2: Select the most promising products						
Step 3: Create interest groups for the selected products						
Total						

Preliminary planning activities

Guideline

OBJECTIVES	<ul style="list-style-type: none">❑ To work out the details of the type of support that entrepreneurs can expect.❑ To review the outcomes of Phase 2 and prepare a work plan for Phase 3.
LOCATION	At the project head or field office since it is a planning exercise that should be discussed with the project staff.
POSSIBLE DURATION	One or two days according to the number of products and interest groups.
REFERENCES	Manual Booklet E pages 1 to 3.
POSSIBLE ACTIVITIES	<p>Before starting Phase 3, you will :</p> <ol style="list-style-type: none">1. Refer back to the time frame and the type of support (loans or grants for capital investments, training, linkages to other agencies, etc.) that entrepreneurs can expect during the implementation of MA&D Phase 3 and after the project is over. This was presented in Phase 1 <i>Preliminary planning activities</i>.2. Compile the information from all the information gatherers in the project area and assess how many potential products remain shortlisted, the type of support each product needs and how many products the project can support. Try to imagine the project's exit strategy when discussing support needs of products. Look for linkages between products with similar characteristics in order to use project time and resources as effectively as possible. Review the objectives of using MA&D to support enterprise development with reference to the shortlisted products.3. Based on this analysis, plan the time, human resources, logistic and financial requirements needed to conduct Phase 3 using the form <i>Action Plan for fieldwork in Phase 3</i>. Do this according to the number of interest groups, their size and location, the calendar of production of the natural resources supplying the potential enterprises, and the seasonal work loads of women and men. You can also refer back to the Phase 2 form <i>Cumulated number of interest groups</i>.4. Organize a workshop of the representatives of the interest groups for each product in order to explain Phase 3 Objectives, Steps and Outputs. Ask them to ensure they have copies of the flip charts from the Phase 2 ranking exercise (Phase 2 form <i>Comparison of the products' score</i>); the Phase 2 <i>Product assessment table (PAT)</i> prepared in the previous workshop in Phase 2; as well as copies of any graphics done on marketing channels for specific products.5. Then plan the activities needed with the representatives. Discuss with them their expectations and the realistic support that can be provided during the project and introduce the concept of Business Development Services (BDS)*.6. Explain that the training concept is to build the capacity of the representatives of each interest group with the aim that they will

then train others and eventually, once the enterprises are successfully initiated, the entrepreneurs themselves will be willing to compensate skilled local service providers and pay for certain types of services delivered by trainers from outside the community.

HINTS

* In the beginning of Phase 3 participants of workshops are excited by their products and have high expectations of receiving lots of support from the facilitators and the project or organization, especially in financial terms. It is therefore very important for facilitators to plan how to discuss clearly with villagers at this stage what can realistically be achieved and what can be provided within the time frame and human and financial resources available. Also stress the importance of linking up with other actors to ensure long-term support beyond the project. The idea of using credit for enterprise needs to be reinforced here. The concept of community level BDS can also be introduced here as one of the strategies for long-term support.

Step 1: Examine the business environment of the selected product(s)/enterprise (1)	Guideline
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OBJECTIVES	<p>Before filling in the Enterprise Development Plan (EDP)...</p> <ul style="list-style-type: none"> ❑ To raise awareness of the benefits of preparing an Enterprise Development Plan (EDP). ❑ To help the entrepreneurs assess whether they still need information in order to prepare their EDP
LOCATION	This is the first of two guidelines for Phase 3 Step 1. You will explain this in the village with each interest group for each product
POSSIBLE DURATION	One or two days, at the beginning of the first workshop in Phase 3. Steps 1 and 2 can be conducted one after the other at the same location.
REFERENCES	Manual Booklet E pages 4 to 6.
POSSIBLE ACTIVITIES	<p>To raise awareness of the benefits of preparing an EDP*, you will invite the representatives of the interest groups for the same product to a series of workshops. During the first workshop you will:</p> <ol style="list-style-type: none"> 1. Ask the participants to think about the type of support that they need to start their enterprise. 2. Ask them how they will convince the potential provider of support to provide this assistance. 3. If one participant has received a loan from a bank or other credit agency in the past, ask him/her to describe the formalities he/she had to go through to obtain the loan. 4. Facilitate a discussion on the need to prepare the Enterprise Development Plan (EDP) to include the details of the project for which they request funds, and/or managerial or technical support. 5. Divide the participants into their enterprise-based interest groups. Explain that Phase 3 is based on these results. Introduce Phase 3 Objectives, Steps and Outputs as well as the plan of activities which was developed in the Phase 3 Preliminary activities. 6. Use the games <i>Doll Making</i> or <i>Buyers and Sellers</i> (see annex 4) to introduce the importance of the EDP. Each interest group is one team. Use the games to emphasize the importance of planning. After the game ask other participants to list things which may happen if one doesn't plan and if an EDP is not prepared. 7. Distribute the form <i>Enterprise Development Plan (EDP)</i> to each interest group and explain that this will be the result of Phase 3 workshops. You can use the form <i>Components of the EDP</i> to help you introduce briefly the main questions that have to appear in the completed EDP. Explain to participants that the aim at this stage is only to assess the information needed to fill in this form. Then make clear that the detailed methods to fill in the tables of this EDP form will be presented in Step 4 when you will actually help the entrepreneurs fill in the EDP. 8. Post the flip charts of the Phase 2 ranking exercise (Phase 2 form <i>Comparison of the products' scores</i>) and the PAT (Phase 2 <i>Product assessment table</i>) prepared in the previous workshop in Phase 2. If the

villagers did not bring their own flip chart, make a new one, using participants' notes from the previous workshop. Review them. Distribute the form *What do you know about your product?* to each interest group and use it as a quick checklist for them to see if they have enough information on their enterprise idea based on the work in Phase 2. Ask them to review the list of missing information that was compiled during the PAT exercise in Phase 2.

9. Help them make a strategy and an action plan on how to collect the missing information**. At this stage the information needed will be very focused in order to help them decide between various processing and marketing options for each type of product (for example, fresh fruit, dried fruit, fruit juice, or jam). Information needs will be mostly related to technology costs, market information, and quality requirements (including labelling and standardization regulations). Usually a group representative has to be selected to make an additional visit to a targeted buyer in order to verify order volumes, prices, delivery system, payment agreements, packaging, labelling and quality requirements and to add policy information and technology information that are often still missing.
10. Once the missing information has been collected, organize another village meeting of that particular interest group in order to continue working on Phase 3 steps.

HINTS

* Be creative! The questions on the form are only indicative. As opportunities and threats differ from one enterprise to the next, you will have to adapt the questions according to the situation.

** Participants may have also come back to unanswered questions once they have gone over the exercises about identifying customer segments and analysing their needs.

Enterprise Development Plan (EDP)

Form

Facilitator:

Date Prepared:

Entrepreneur names and representatives

Enterprise name

Address

Box 1 Description of the product

Product name, production or collection area of product, type of processing (see Box 9 EDP) product presentation and packaging.

Box 2 Characteristics of the market (summary of <i>Competitor analysis form</i> and <i>Identifying opportunities and threats in the business environment form</i>)						
Similar products/competition	Competitor's selling price	Target customers	Target market (physical)	Proposed distribution and promotion strategies	Required permits	Types of strategic alliances or partnerships

Box 3 Description of the enterprise (mission and goals), payment system and organization structure, strategic alliances for marketing
<ul style="list-style-type: none"> • Time period projected in this EDP, summary of production plan and enterprise organization structure (Who are the owners? Are there any partners and strategic alliances from outside the community? What is the management structure?). • Mission: can include characteristics of the product, types of customers (summary of <i>Identifying customers and their needs form</i>), unique features and competition advantages compared to similar products (summary of <i>Competitor analysis form</i> and <i>Comparing the new idea to competitors' form</i>), objectives from marketing, environment, social/institutional and technology plans (Boxes 7 – 9 in the EDP). • Goals: can include target markets (Box 2 EDP), sales targets (as stated in Box 6 EDP), expected volume of sustainable production (as stated in Box 6) and expected incomes (Box 16 EDP).

Box 4 Required infrastructure and human resources (summary of <i>Entrepreneur's capabilities, resources and skills form</i>)				
Type of technology requirements (processing, packaging, storing, etc.)				
Required personnel	Function	Time needed	Experience needed	Salary

PHASE 3: PLAN ENTERPRISES FOR SUSTAINABLE DEVELOPMENT
Step 1: Examine the business environment of the selected product(s)/enterprise

Box 5 Production system					
Product	Total production (kg)	Period from planting to harvest	Collection period	Production risks	Risk prevention

Box 6 Sales targets			
Product	Rate/unit	Quantity	Total
1			
2			
Total			

Box 7 Resource management Plan
Objectives:

Box 8 Resource management Plan

Objectives:

Box 9 Technology plan

Objectives:

Box 10 Risks assessment (in words) and strategies to minimize risks

RISKS:

STRATEGIES:

Box 11	Fixed assets (Time period)			
	Item	Rate (Unit)	Qty (Unit)	Total
1.				
2.				
3.				
4.				
5.				
6.				
7.				
8.				
9.				
10.				
11.				
12.				
13.				
14.				
15.				
		Total		

Box 12	Depreciation (See Box 11)			
	Item	Total item cost	Life span (yrs)	Depreciation/ item/year
1.				
2.				
3.				
4.				
5.				
6.				
7.				
8.				
9.				
10.				
11.				
12.				
13.				
14.				
15.				
			Total	

Box 13	Variable costs (Specify time period – see Box 3)			
	Item	Rate/Unit	Qty	Total
1.				
2.				
3.				
4.				
5.				
6.				
7.				
8.				
9.				
		Total		

Box 14 Fixed costs (specify time period - see Box 3)				
	Item	Rate (Unit)	Qty (Unit)	Total
1.				
2.				
3.				
			Total	

Box 15		Total capital needs	
a) Fixed assets			
> Fixed assets – see Box 11			<input type="text"/>
b) Working capital for a specified period (Box 3)			
Time period:	<input type="text"/>		
> Variable costs – see Box 13			<input type="text"/>
> Fixed costs – see Box 14		+	<input type="text"/>
Total working capital:		=	<input type="text"/>
c) Total of fixed assets (a) and working capital (b)			
			<input type="text"/>

Box 16	Sources of capital	
	> Contributions from members	
	> Group capital	
	> Loan	
	> Grant	
	Total (should match Box 15c)	

Box 17	Interest			
		Monthly interest charge (%):	$\frac{\text{Annual interest}}{12 \text{ meses}}$	
			<input style="width: 100%; height: 20px;" type="text"/>	
			<hr style="width: 50%; margin: 0 auto;"/> <input style="width: 100%; height: 20px;" type="text"/>	
		=	<input style="width: 100%; height: 20px;" type="text"/>	%
Total interest expense:				
$\frac{\text{Monthly interest charge (\%)}}{100} \times$	$\text{Number of months loan is needed}$	$\times \text{Total loan amount} =$	Interest expense	
<input style="width: 100%; height: 20px;" type="text"/>	<input style="width: 100%; height: 20px;" type="text"/>	<input style="width: 100%; height: 20px;" type="text"/>	=	<input style="width: 100%; height: 20px;" type="text"/>

Box 18 Profit (or loss) in the specified period		
a) Income:		
Total income from sales – see Box 6	<input style="width: 100%; height: 30px;" type="text"/>	
b) Expenses in the specified period:		
Depreciation – see Box 12	<input style="width: 100%; height: 30px;" type="text"/>	
Variable costs – see Box 13	<input style="width: 100%; height: 30px;" type="text"/>	
Fixed costs – see Box 14	<input style="width: 100%; height: 30px;" type="text"/>	
Interest – see Box 17	<input style="width: 100%; height: 30px;" type="text"/>	
	Total Expense <input style="width: 100%; height: 30px;" type="text"/>	
c) Profit or loss (a - b):		
Income (total 18a)	less	Total expenses (total 18b)
<input style="width: 100%; height: 20px;" type="text"/>	less	<input style="width: 100%; height: 20px;" type="text"/>
	=	<input style="width: 100%; height: 20px;" type="text"/>
d) Net Profit:		
Profit (see 18c)	less	Taxes or other fees
<input style="width: 100%; height: 20px;" type="text"/>	less	<input style="width: 100%; height: 20px;" type="text"/>
	=	<input style="width: 100%; height: 20px;" type="text"/>

Box 19

Return on investment (ROI)

(%):

Net Profit (18d)

x 100

%

Total investment (15c)

(%):

x 100

%

PHASE 3: PLAN ENTERPRISES FOR SUSTAINABLE DEVELOPMENT
Step 1: Examine the business environment of the selected product(s)/enterprise

Box 20 Cash flow needs				
Time period (e.g. months)				
Item	1	2	3	4
Income				
Ready cash (see Box 15: Total Working Capital)				
Sales product 1 (see Box 6)				
Sales product 2 (see Box 6)				
Total income				
Expenses (see Boxes 11, 13 & 14)				
Total expenses				
Total income (from above)				
Income less expenses				

Box 21

Conclusion of the analysis of the enterprise's strengths

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The components of an Enterprise Development Plan (EDP)

Form

Entrepreneur names, address and representatives

Box 1 Description of the product.

Box 2 Characteristics of the market.

Box 3 Description of the enterprise (mission and goals), payment system and organization structure, including:

- Time period projected in this EDP, summary of production plan and enterprise organization structure.
- Mission: can include characteristics of the product, types of customers, unique features and competition advantages compared to similar products, objectives from marketing, environment, social/institutional and technology plans.
- Goals: can include target markets, sales targets, expected volume of sustainable production and expected incomes.

Box 4 Required infrastructure and human resources

Box 5 Production system

Box 6 Sales target

Box 7 Environmental plan

Box 8 Social/Institutional plan

Box 9 Technology plan

Box 10 Risks assessment (in words) and strategies to minimize risks

Box 11 Fixed assets

Box 12 Depreciation

Box 13 Variable costs

Box 14 Fixed costs

Box 15 Total capital needs

Box 16 Sources of capital

Box 17 Interest

Box 18 Profit (or loss) in the first year

Box 19 Return on investment (ROI)

Box 20 Cash flow needs

Box 21 Conclusion of the analysis on enterprise's strengths

What do you know about your product?	Form
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Analysing the business environment	Cross if information already known	Cross if information still needed
Questions	X	X
<p>Market/economy</p> <ul style="list-style-type: none"> • Which of the four product and market options is it? • The potential volume that can be sold is... • The number of potential buyers is... • The number of very large companies is... • What price range do you think exists for your product? • What is a reasonable volume of manufacturing for this product? • Do you know who the key actors in this sub-sector are? 		
<p>Resource management/environment</p> <ul style="list-style-type: none"> • Wild: do you know the sustainable harvest or production possible for this product? • Wild collection: The regeneration rate of the resource is ... • Cultivated: The volumes of resource are ... • Cultivated: The length of seasonal cycles of the resource is... 		
<p>Social/institutional</p> <ul style="list-style-type: none"> • Do you know all the rules and regulations related to this product and the institutions responsible for these rules? • Do you know the role of men and women in the production and marketing of this product? 		
<p>Science and technology</p> <ul style="list-style-type: none"> • What value adding technology will you use? • How much does the technology cost? • Do you know the services that exist to maintain the technology and are they accessible? 		

Step 1: Examine the business environment of the selected product(s)/enterprise (2)	Guideline
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OBJECTIVES

- ❑ To help entrepreneurs identify customers for their products and assess competitors.
- ❑ To help entrepreneurs recognise the minimum capabilities, resources and skills required by them to run their enterprise.

LOCATION This is the second of two guidelines for Phase 3 Step 1 and is explained in the villages with the interest group members for each product. This should be done while facilitating the filling in of the EDP.

POSSIBLE DURATION One or two days, at the beginning of the first workshop in Phase 3.

REFERENCES Manual Booklet E pages 4 to 6.

POSSIBLE ACTIVITIES **To identify customers and assess competitors**, in the meeting with the interest group you will:

1. Initiate a discussion to encourage participants to recognize the potential threats and opportunities arising from the business environment, by using the set of indicative questions proposed in the form *Identifying opportunities and threats in the business environment**. Tell them to look for answers in the findings from the previous exercise with the form *What do you know about your product?*
2. Review the concept of the '5 Ps' of marketing (see Manual Booklet E page 20). A role-play can also be used here (see *Marketing Mix* game, in Annex 4). However, do not go into too much detail on the '5 Ps' or on the four product market options since these subjects will come up again in Phase 3 Step 3.
3. Introduce the first 'P': People. Distribute the form *Identifying customers and their needs* and encourage the participants to think about different types of customers, about the reasons why customers buy this product and the different ways that it may be used.
4. Continue with the second 'P': Products. Explain that there are four options for products and markets, each with different levels of profit and risk (also see Manual Booklet Phase 3, Step 3, page 20).
5. Play the *Marketing Mix* game to explain profit versus risk (see annex 4).
6. Based on their conclusions about customers, discuss with them how this influences the quality and packaging of the product (size of package, type of packaging materials, labels, etc.). This can be a good place to introduce the idea of certification and sanitary requirements for certain markets.
7. Introduce the issue of competition. Distribute the forms *Competitor Analysis* and *Comparing the new enterprise's idea to competitors'*. Ask participants to assess the main features and the needs of customers of the main competitors. Participants should use the knowledge obtained from Phases 1 and 2. In addition, they may need to get information from trade publications and bulletins, trade exhibitions,

- customers feed back and/or competitors' visits.
8. Continue by introducing the next 'P': Price. Discuss the targeted price that they think they can obtain. Explain that this will be calculated carefully in Phase 3 Step 3.
 9. Introduce the following 'P': Place and distribution mechanisms. Review the information on the market channel, function/participant matrix or sub-sector analysis discussed in Phase 2 (using the same flip charts from Phase 2 if possible). Get agreement on where they think they will sell their product and how they will get it from their village to the point of sale.
 10. Introduce the last 'P': Promotion. Encourage discussion on how they can tell customers about their product and get an advantage over their competitors.

Guide the participants in checking their capabilities, resources and skills required for operating their enterprise by using the form *Entrepreneur's capabilities, resources and skills*.

HINTS

*Be creative! The questions in the form are only indicative. As opportunities and threats differ from one enterprise to another, you will have to adapt the questions according to the situation.

Identifying opportunities and threats in the business environment		Form
Analyse the business environment	<p>Adapt the list with questions relevant to your situation These are examples of questions that can help entrepreneurs reflect on the opportunities offered by the business environment of their product.</p> <p>To identify opportunities:</p> <p><i>Market</i></p> <ul style="list-style-type: none"> • Are there potential population segments with a growing interest in the product? (youth, older generations, urban, rural, wealthy, lower income etc. • Is there access to markets where the product could be offered to customers? • Can this product compete with similar products already available? How? (quality, taste, price, design, availability etc.). • What are the new potential uses for the product? <p><i>Resource management</i></p> <ul style="list-style-type: none"> • Is the raw material supply increasing? • Are there new possible resource management methods? • Is there a possibility of extending the supply areas? <p><i>Institutional</i></p> <ul style="list-style-type: none"> • Would any policy or legal changes benefit the marketing of the product? • What kind of linkages could be created with organizations that have expertise in the production and/or marketing of this product? <p><i>Technology</i></p> <ul style="list-style-type: none"> • Is the technology available to increase volumes of production? Is it affordable? • Is there information about people with expertise who could train the new entrepreneurs to improve the product features and/or productivity? • Is there any plan to improve the local infrastructure (communications, transport, energy)? <p>To identify threats:</p> <p><i>Market</i></p> <ul style="list-style-type: none"> • Is the market for the product stable or is it likely to grow or decrease? • Are the predicted economic trends good or bad for the product? • Are competitors likely to copy the product? <p><i>Resource management</i></p> <ul style="list-style-type: none"> • Are the raw materials available in sufficient quantity? • Could the marketing of this product encourage overexploitation of the resources? <p><i>Institutional</i></p> <ul style="list-style-type: none"> • Are the formalities to produce, manufacture and trade this product likely to become more complex? Are there any taxes or fees that might be introduced that will increase costs? Will subsidies be introduced to production areas elsewhere that might create unfair competition? <p><i>Technology</i></p> <ul style="list-style-type: none"> • Are the costs of new technology increasing? • Is the new technology accessible? 	

Identifying customers and their needs			Form
Uses of the product	Type of customers	Customers specific needs	Competitors

The answers to the above questions help you check whether these different types of customers (market segments) are accessible to you.

You have to assess whether:

- you can produce sufficient volumes of products to answer the needs of these different types of customers;
- you can describe the characteristics of these customers;
- you can get into contact with them by advertising and through your distribution points.

Competitor analysis	Form
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Assess the customers' needs and the main features of the major competitors by using the following criteria:

Criteria	Competitor 1	Competitor 2	Competitor 3	Competitor 4
<p>What is their market strategy?</p> <ul style="list-style-type: none"> • Product features • Price • Customer type • Place of distribution • Promotion 				
<p>Size?</p> <ul style="list-style-type: none"> • Turnover • Number of workers • Production volume 				
<p>Functions performed?</p>				
<p>Type of technology?</p>				

Use the knowledge obtained from Phases 1 and 2 and/or from your recent study tour to fill in this table.

Comparing the new enterprise's idea to competitors'

Form

List your strengths, weaknesses, opportunities and threats in the first column, and those of the competing company in the second column.

Name of the company	New enterprise's idea	Competing company(ies)'
Strengths		
Weaknesses		
Opportunities		
Threats		

Entrepreneurs' capabilities, resources and skills	Form
--	-------------

First answer the questions in the left-hand column, then compare them with the entrepreneurs' own capabilities, resources and skills, rated by circling the appropriate answer in the right-hand column.

Capabilities, resources and skills required for the new enterprise's idea	Entrepreneurs' capabilities, resources and skills <i>Circle the appropriate answer</i>
What type of management staff and system does the enterprise imply?	Are the entrepreneur capabilities, resources and skills for such management needs: poor, fair, good or excellent?
What personnel does the enterprise need?	How easy is it for the entrepreneur to find this type of personnel: very difficult, difficult, easy, or very easy to find ?
What are the standards of quality needed by the customers?	How easy it is for the entrepreneur to track the customers' preferences and needs: very difficult, difficult, easy, very easy?
What type of technology does the enterprise need and how often does it have to be renewed?	How easy is it for the entrepreneur to find this technology and replace it when technology improves: very difficult, difficult, easy, very easy?
What are the production costs?	How easy is it for the entrepreneur to keep such a level of production costs: very difficult, difficult, easy, very easy?
What market alliances does the enterprise imply?	How easy is it for the entrepreneur to create these alliances: very difficult, difficult, easy, very easy?
What are the potential distribution channels for the enterprise?	How easy is it for the entrepreneur to get to these distribution channels: very difficult, difficult, easy, very easy?
What amount of financial resources does the enterprise mobilize?	How easy is it for the entrepreneur to mobilize this amount: very difficult, difficult, easy, very easy?
What financial monitoring system does the enterprise need?	How easy is it for the entrepreneur to set up such a monitoring system: very difficult, difficult, easy, very easy?

Step 2: Define the enterprise mission, goals and objectives

Guideline

OBJECTIVES	<ul style="list-style-type: none"> □ To assist entrepreneurs in selecting their enterprise idea by exploring various options for adding value to products.
LOCATION	In the village at a workshop with the representatives of the interest groups.
POSSIBLE DURATION	Steps 2, 3 and 4 can all be done at the same time in one workshop of 2 days.
REFERENCES	Manual Booklet E pages 7 to 19.
POSSIBLE ACTIVITIES	<p>To help entrepreneurs define the enterprise mission, goals, objectives, strategies and action plans, you will:</p> <ol style="list-style-type: none"> 1. Invite the participants who took part in the information gathering during Phase 2 to share the results with the others. Use the form Product assessment table for Phase 3 EDP copied onto a large flip chart to update the Phase 2 PAT, the ranking exercise and the market channel diagrams with the results of all the forms filled in Phase 3 Step 1. The boxes titled "strategies and actions" in this form will be filled in at a later stage. 2. Review the information entered in all the forms of Phase 3 Step 1 and finalize the choice of product (see forms <i>What do you know about your product?</i>, <i>Identifying opportunities and threats</i>, <i>Identifying customers and their needs</i>, <i>Competitor analysis</i>, <i>Entrepreneurs' capabilities</i>); 3. Ask the participants to define the unit of production of the product and the time period, in order to decide how to start preparing an EDP** (i.e. an individual, a family or a group. If the latter option is chosen, interest groups will jointly conduct the exercises). Ask them to justify their choice. They should be prepared to be flexible and revisit this choice as different strategies will be discussed in later steps. 4. Enterprise name: Ask them to refer back to the form <i>Enterprise Development Plan</i>. Duplicate all the boxes on the forms onto flip charts, with one flip chart for each box. Ask them to come up with a potential name for their enterprise on the title page of the EDP (EDP form). They will fill in the names of the representatives and their address later on. 5. Enterprise mission: Ask them to create a mission statement for their new idea of enterprise using the instructions presented in form <i>What will the enterprise look like?***</i>, building on the opportunities and constraints summarized in the PAT and making sure that the mission responds to the interest and demand of the market. After discussion have them copy the finished statement onto the PAT in the appropriate box and into Box 2 of the EDP form. 6. Use the forms <i>Goals and Objectives</i> and <i>Sales targets</i>. Specify products and time period. Ask them to define marketing goals such as target markets, estimated volumes sold and estimated prices of sale. Once they have agreed, write the goals into the appropriate box of the

form *Product assessment table for Phase 3 EDP* and into Boxes 1, 3 and 6 of the EDP form.

7. Then have them formulate objectives in the other areas of enterprise development by reviewing the information on opportunities and constraints in the form *Product assessment table for Phase 3 EDP* and from the Phase 2 exercises. They have to come to an agreement about the general objectives for each area, after which they can insert their conclusions in this form and add the objectives for each of the areas of development to Box 1 (Enterprise Overview) of the EDP form and to the respective Boxes 7, 8 and 9.

HINTS

* A powerful alternative (according to the time and budget possibilities of your project) is to organize a study tour where the participants are exposed to new production, processing and/or marketing methods. For new products or new technologies unknown to the community, a demonstration processing unit will have to be introduced first so that the communities can learn enough from their own experience in order to decide if they are really interested in the idea.

** Once the goals are defined, participants will need to decide whether to form larger enterprise groups among themselves or among several villages. The same discussion may need to take place with several groups before they can all decide to join together. This may be necessary due to the large volumes demanded by a targeted market or due to the value adding technology required.

*** Invite them to include information on cultural, social and resource management or environmental measures that they want the customer to recognize, such as chemical-free quality, no child labour involved, or part of the income invested to help disadvantaged groups, and include this in their mission statement and their strategies.

Product assessment table for Phase 3 EDP	Form
---	-------------

Date:
District: **Village:**
Facilitator(s):
Product/Enterprise name:

Mission:			
Goals:			
Market/Economy	Resource management/ Environment	Social/Institutional	Science and Technology
Opportunities	Opportunities	Opportunities	Opportunities
Constraints	Constraints	Constraints	Constraints
Objective	Objective	Objective	Objective
Strategies	Strategies	Strategies	Strategies
People			
Product			
Price			
Place			
Promotion			

The Mission statement

Form

Creating a mission statement

1. Describe the details of what his/her enterprise will look like in the future:

- the number of the people involved in their group or enterprise:

- the money they would like to raise from the enterprise's activity:

- the type of customers they want to serve:

- the product(s) they want to provide:

- the ways this/these product(s) differ from those of competitors:

- the customer needs they expect their product(s) to satisfy:

2. Facilitate a discussion in which entrepreneurs will understand that the objectives and strategies of the future enterprise will always conform to this mission. Remind them to use the financial objectives they calculated earlier when they determined the financial objectives of the target group in Phase 1.

The Goals and objectives

Form

Defining the goals and objectives

Referring to the mission statement created previously, first set the goals and define the objectives that will allow entrepreneurs to progress towards their goals (also see the *Sales target* form on the next page):

- The market objectives
 - the buyers you intend to target:
Details:
 - the exact price you expect to obtain:
Details
 - the volume of production within the production period specified in the EDP:
Details:
 - the location where you want activities to take place:
Details:
 - the place where you would like to sell the product(s):
Details:
 - the ways you will attract customers:
Details:
- The resource management/environmental objectives:
Details:
- The social/institutional objectives:
 - the benefits for the people involved, both workers and management staff:
Details:

Sales targets

Form

Select with the participants the best unit of time for setting targets for product sales (daily, monthly, per season or per year):

Product:

Unit of time	Predicted number of sales (1)	Selling price per unit (2)	Projected revenue (1 x 2)
Per day			
Per month			
Per season			
Per Year			

To establish these predictions you have to look back at:

- your financial objectives (Phase 1 form);
- the sustainable harvesting or production or the carrying capacity of the environment (for example in the case of village tourism services) – see the Phase 3 form *What do you know about your product?*
- your capabilities and resources (Field form , Phase 3 form);
- the production capacity of equipment and machinery (Phase 3 form).

Note: This sales forecast is a preliminary prediction that may have to be adjusted later in the process when budgeting and planning exercises in the other areas have proved its accuracy and cost-effectiveness.

Step 3: Develop strategies in each of the four areas of enterprise development (1)

Guideline

OBJECTIVES	<ul style="list-style-type: none">□ To facilitate the preparation of the EDP.□ To facilitate the preparation of the enterprise overview.
POSSIBLE LOCATION	In the village with the representatives of the interest groups, once Steps 1 and 2 have been completed.
POSSIBLE DURATION	One and a half to two days if the processing of data in Step 2 has been done thoroughly, and depending on the complexity of the enterprise/product and the preparation of the entrepreneurs. It is common for several meetings to take place as information is gradually improved concerning the targeted market.
REFERENCES	Manual Booklet E pages 19 to 42.
POSSIBLE ACTIVITIES	<p>I. Develop strategies for each area of enterprise development</p> <p>You will:</p> <ol style="list-style-type: none">1. Remind participants at what has been done so far: the entrepreneurs have learned the benefits of preparing an EDP; they have gathered missing information; and have come up with an enterprise name, mission, goals and objectives.2. Ask the representatives of the interest groups to have preparatory discussions with their members about the details of the enterprises they want to develop. The objective of the discussions is to develop strategies for each area of enterprise development, building on their solutions proposed in the Phase 2 PAT in relation with the enterprise mission, goals and objectives. If information for developing a strategy is still lacking at this stage, a further study needs to be planned with their participation.3. Organize a workshop of the representatives of the interest groups to continue the preparation of the EDP. Ask all the participants to refer back to the Phase 3 EDP form and check whether all the participants have got the summary of the information collected so far.4. You can introduce the idea of strategy development with the <i>Strategy Development</i> game (see Annex 4). Use the form <i>Terms and concepts used in the EDP</i> to explain the main points and concepts in the EDP5. As in the previous session, for each box of the EDP form prepare one flip chart as the topic is discussed. Eventually all the flip charts referring to the EDP should be displayed together on walls or on the ground together with the PAT.
HINTS	* Be creative and manage your time: Don't spend time in going through all the detailed guidelines about each point of the EDP since many of the questions will be already clear to the participants at this stage. Use guidelines only when participants need explanations, or if you have a clear mandate (and plenty of time) to go into details for each point. Make sure all the forms are copied onto flip charts clearly displayed so that participants are constantly reminded of the information about their product idea. They should be holding the marker!

Terms and concepts used in the EDP

Form

1. Marketing Plan

Sales forecast

Quantity you plan to sell this season, this month, this year:

Price per unit:

(write clearly the unit used: kilo, poles, 650 cc bottles, etc.)

Projected revenue:

Product strategy

Describe the shape, size and qualities of the items you plan to produce. Attach an actual sample of the products and/or a drawing describing the product(s).

People strategy

Competitors

- List of major competitors (those who produce the same kind of products):
- Comparison of the product with major competitors: what makes your product better than others?
- The location of your enterprise (distance from the road, the market places, etc.):
- Is it a good location for the market? Why?
- List the potential customers to whom you plan to sell your products:
- Reasons for choosing them:

The customers

- Describe the demand for the product:
- The estimated market share (size of competitors' market, reasonable estimation of the potential share of the enterprise) based on the tentative financial objectives you set for the new activity.

Price strategy

- The prices that other businesses charge for the same or similar products:
- The price potentially paid by your target customers for this product:
- Your total production costs, management and marketing costs:
 - *Variable costs:*
 - materials for production:
 - labour in production:
 - percentage of the overhead allocated to sales of a unit:
 - *Fixed costs:*
 - utilities:
 - management costs:
 - **Total:**
- The amount of profit needed (after paying for production, management and marketing costs; how much additional money do you want?):
- The seasonal variation of prices (production/harvesting calendar against the demand calendar):

Place/distribution strategy

Where do you want to sell your product? Why?

Type of transportation you will use to get your product to the public:

The time and costs for the transportation:

Methods will you use to let the customers know about your product(s):

Promotion strategy

- The features of your product that help people recognize it as distinctive and that encourage them to buy it:

Methods used to attract customers (advertising, etc.):

Costs, if any:

Marketing alliances

- List the direct actors in the marketing channels of your product(s):
- List the indirect actors who may influence the marketing channels of your product(s):
- What direct and indirect actors will you be linked to? Why? Do they have the qualities of partners in an alliance?

Total marketing costs

List the activities implied by the implementation of the marketing activities and estimate the related costs for each activity:

2. Production plan

- Remind them of the location of the enterprise and the reasons for choosing this location (as described in the product strategy in the marketing plan):
- Attach the map of the enterprise location with the distance from the main market places and villages and district towns, as well as the main access roads or rivers (as described in the product strategy in the marketing plan):
- Describe the detailed production process for your product (Draw the sequence of steps if more explicit):
- List the fixed assets (land, buildings, machinery, equipment and tools) for the enterprise and estimate their costs. Underline the items you already have.
Remind them of the sales forecast per year, the quantity to produce per year and the production capacity of the machinery:
- Estimate the number of years you can use each type of asset before replacing it:
- Calculate the depreciation percentage and value per year by dividing the price of the assets by the number of years:
- Number of units you can produce in one day (how many hours per day), per month and/or per season (the number of days worked), per year (the number of months or seasons per year):
- The production costs associated with the production of these units per day, per month and/or season, and per year:
- Describe the technology you intend to use:
- List the technical training you may need in order to use this technology:
- Who could provide this training?

3. Organizational and management plan

The form under which your enterprise will operate:

- In the starting phase:
- In the future:
- Why? Describe both advantages and disadvantages for the suggested forms:
- Formalities for registering (in the future, if any):

Entrepreneur's Profile

- Name of the enterprise (now or in the future):
- Who are the members managing the enterprise? What is their background, their education level, their professional experience, their business and management experience?
- How did you get this enterprise idea?

Structure

- The people involved in managing the enterprise, their tasks and responsibilities:
- Draw the management structure (Who is at the top? Who are at the same levels? Who do they report to?):
- The people you will employ, their position, the number of people per position, their salaries and the cost, at the start or in the future:
- List of pre-operating activities and their cost:

Total management costs

List the activities implied by the implementation of the management activities and estimate the related costs for each activity:

4. Resource management plan

- Your land use right status (ownership, term of use, rights, etc.):
- Describe the current status of the resource used by your enterprise (the quantity of the resource base, the production yield cycle, the regeneration potential, etc.):
- The resource trend (deteriorating, stable or increasing):
- List resource management measures you will adopt:
- Table of the production calendar:
- List potential resource management partners:

Total resource management costs

List the activities implied by the implementation of the resource management activities and estimate the related costs for each activity:

5. Social development plan

- List the positive social impacts of your activities on the local community:
- List the potential negative social impacts of your new activities:
- Solutions you will adopt to mitigate or avoid the negative impacts, if any:
- Estimate the cost of these measures.
- Who will help you to adopt these measures?

Total social development costs

List the activities implied by the implementation of the social development activities and estimate the related costs for each activity:

Step 3: Develop strategies in each of the four areas of enterprise development (2)	Guideline
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OBJECTIVES	<ul style="list-style-type: none"> ❑ To facilitate the preparation of marketing plan of the EDP. ❑ To facilitate the preparation of the enterprise overview.
POSSIBLE LOCATION	In the village with the representatives of the interest groups, once Steps 1 and 2 have been completed.
POSSIBLE DURATION	One and a half to two days if the processing of data in Step 2 has been done thoroughly, and depending on the complexity of the enterprise/product and the preparation of the entrepreneurs. It is common for several meetings to take place as information about targeted market is gradually improved.
REFERENCES	Manual Booklet E pages 19 to 42.
POSSIBLE ACTIVITIES	<p>II. Preparation of the marketing plan</p> <p>Hang a flip chart of the form <i>Product assessment table for Phase 3 EDP</i> on the wall. This is the flip chart that was worked on in the previous session for Phase 3 Step 2. Every time a new strategy is agreed, write it on the flip chart of this form so that all participants can refer back to it.</p> <p>Sales forecast</p> <ol style="list-style-type: none"> 1. Hang a flip chart on the wall of the form <i>Sales targets</i> developed in the Step 2 session and check with participants that the sales forecast is realistic*. Emphasize that it is only a preliminary estimation that may need to be revised later in the process once final budget for the other plans have been worked out. 2. Once they all agree on the sales targets, they can review the information in Box 4 of the EDP form. <p>Marketing mix</p> <ol style="list-style-type: none"> 1. Explain to them the main variables in the marketing mix (Product, People, Price, Place, and Promotion). You will be reviewing all the information discussed in Phase 3 Step 1 as well as the results of the ranking exercise and the PAT from Phase 2. <p>People strategy</p> <ol style="list-style-type: none"> 1. Using the form <i>Terms and concepts used in the EDP</i>, begin by reviewing 'People', that is, the targeted customers, their interests and the price they are willing to pay, and the competitors with similar products. Check with the participants that this information matches the price estimate in the sales goal. 2. Ask participants to fill out the form <i>Marketing plan: people strategy</i>, using information from the customers' and competitors' analysis (Step 1 forms). Challenge participants on the selected customers and emphasize that there are several options**. Once they agree on the customers that they want to target, fill in the appropriate box in the PAT form and also include a <i>People Strategy</i> in the <i>Marketing Plan</i> in

Box 3 of the EDP form.

Product strategy

1. Have participants use the form *Marketing plan: product strategy* and build on the results from the form *Marketing plan: people strategy*. Also refer to the form *Terms and concepts in EDP*. Ask participants to describe the product characteristics with reference to their decision on targeted customers. Decide what kind of production, processing, quality standard and packaging is needed in order for the product to be attractive to the targeted customers and in order to satisfy the volume of demand. Fill in the appropriate box in the form *Product assessment table for Phase 3 EDP* and include a *Product Strategy* in the *Marketing Plan* in Box 3 of the EDP form.

Price strategy

1. Use the form *Marketing plan: price strategy* and facilitate a discussion on the price differences and pricing methods other producers use and show them that the selling price dictates the profit.
2. With a simple example, describe what the selling price should cover so as to ensure a fair profit. Ensure the agreed sale price still matches the sales goal, or discuss changing the goal if need be. A break-even point analysis can also be done here (see Manual Booklet E page 56). Ask them to fill in the appropriate box in the *PAT for Phase 3 EDP* form, add the *Price Strategy* to the *Marketing Plan* in Box 3 of the EDP form and also verify the Prices in Box 6 *Sales targets* of the same form.

Place/Distribution strategy

1. Refer back to the information collected in Phase 2 on the market channel for the product (draw another picture if necessary, with graphics to illustrate each stage the product goes through from production to final customer). Ask the participants to discuss the current ways they are distributing their products, referring to the checklist in the form *Terms and concepts used in the EDP*. Then fill in the form *Marketing plan: place/distribution strategy* and specify their strategy in relation to the opportunities and constraints already mentioned in the PAT. Ask them to fill in the appropriate box in the *PAT for Phase 3 EDP* form and also add a *Place/Distribution Strategy* to the *Marketing Plan* in Box 3 of the EDP form.

Promotion strategy

1. Ask the entrepreneurs to fill in the form *Marketing plan: promotion strategy* in order to select the promotion tools and methods they will adopt. Have them refer back to the Phase 3 Step 1 forms *Identifying opportunities and threats in the business environment*, *Identifying customers and their needs* and *Competitor analysis*. Help them build on the information in the form *Marketing plan: place/distribution strategy* in order to have a well-planned promotion strategy. Once the strategy is agreed upon, ask them to fill in the appropriate box in the *PAT for Phase 3 EDP* form and add a *Promotion Strategy* to the *Marketing Plan* in Box 3 of the EDP form.

HINTS

* This sales forecast is a preliminary prediction that may be adjusted later in the process when budgeting and planning exercises in the other areas have proved its accuracy and cost-effectiveness.

** The forms help you use the collected information to finalize the selection of the products and the customers. However, this decision may not be straightforward. You already know that there are several options; participants should choose the most appropriate according to their capabilities, resources and skills.

Marketing plan: people strategy

Form

People strategy Using the outcome of the Step 2 sessions, note:

Competitors

- List of major competitors:
- Comparison of the enterprise with its major competitors.
- What makes your enterprise better than others?

Targeted area

- The location of the enterprise:
- Is it a good location for the market?:
- Distance from the market places and main buyers:

Type of main customers (characteristics)

- List the potential customers to whom you plan to sell your products:
- Reasons for choosing them:

Total estimated demand

- Describe the demand for the product:
- The estimated market share (size of competitors' market, reasonable estimation of the potential share of the enterprise) based on the tentative financial objectives you set for the new activity.

Marketing Plan: Product strategy	Form
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Market segments (different groups of customers)	Needs and preferences of each market segment (marketing objectives)	Description of the product (features such as quality, packaging, labelling, etc.)

To fill in this table, summarize information discussed in relevant forms in previous steps of Phase 3.

Describe the shape, size and qualities of your product(s). Attach an actual sample of the product(s) and/or a drawing describing the product(s).

Marketing plan: price strategy

Form

Price strategy

To make decisions about pricing, consider the results from Phase 2:

- The prices that other businesses charge for the same or similar products or services:
- The potential price paid by your target customers for this product:
- Your total production costs, management and marketing costs:
- The amount of profit needed from your business (after paying for production, management and marketing costs, how much additional money do you want?):
- The seasonal variation of prices (compare the production/harvesting calendar against the demand calendar):
- Other customers' psychological characteristics:
- Work out the selling price by filling in the following:

Variable costs:

- materials for production:
- labour in production:
- a percentage of the overhead allocated to sales of a unit:

Fixed costs:

- utilities:
- management costs:

Margin:

Total:

Marketing plan: place/distribution strategy

Form

Place/ distribution strategy

Referring back to the market channels analysis in Phase 2, write down:

- the list of direct actors in the market chains:
- the functions done by the middle traders, the next direct actors in the market chain:
- the functions that you could take over yourself in order to increase your share of profits:
- a summary of your plan for distribution:
- the type of transportation required to get your product or service to the public:
- the distributors of your product (which ones are useful and which ones are useless?):
- the time and costs involved in getting your product or service to the market:
- how to link up with potential distributors:
- suggest ways to attract a distributor to buy from you and not from your competitors:

Marketing plan: promotion strategy

Form

Promotion strategy

- What is your customer description (type of customer and market segment)?
- What is unique about your product and how can you communicate that to your targeted market?
- The role of your distribution networks and promotion strategies needed for them:
- The time and costs involved in your promotion strategy:
- Strategic alliances that can help you in promotion:

Step 3: Develop strategies in each of the four areas of enterprise development (3)	Guideline
OBJECTIVES	<ul style="list-style-type: none"> ❑ To facilitate the preparation of the production plan of the EDP. ❑ To facilitate the preparation of the enterprise overview.
POSSIBLE LOCATION	In the village with the representatives of the interest groups, once Steps 1 and 2 have been completed.
POSSIBLE DURATION	One and a half to two days if the processing of data in Step 2 has been done thoroughly, and depending on the complexity of the enterprise/product and the preparation of the entrepreneurs. It is common for several meetings to take place as information about the targeted market is gradually improved.
REFERENCES	Manual Booklet E pages 19 to 42.
POSSIBLE ACTIVITIES	<p>III. Preparation of the production plan*</p> <ol style="list-style-type: none"> 1. Ask participants to use section 2 in the form <i>Terms and concepts used in the EDP</i> and explain the main components of the production plan. You may change the sequence of the preparation activities according to the needs. Some thought may be needed about the alternative technological options before deciding the production processes. 2. Ask the participants to discuss the consequences if the production location and/or cultivation areas are inadequate or if management of the resource is not sustainable. 3. Ask them to fill in the form <i>Production plan: production location and/or cultivation areas</i>. 4. Facilitate a discussion on the maps designed by the participants and displayed on the wall; emphasize that this helps to assess the best location and to change the location if necessary. 5. Invite participants to fill in the form <i>Production plan: production processes</i>, emphasizing that the processes are usually in relation with the size of the projected enterprise indicated by the sales forecast. Then ask them to fill in the <i>Production system</i> in Box 5 of the EDP form. Check that the production volumes match the sales targets in Box 6 of this form.
HINTS	* Emphasize that it is only a preliminary estimation that may need to be revised later in the process once the final budget for the other plans has been worked out.

Production plan: production location and/or cultivation areas

Form

- Describe the location of your enterprise (production site) in the market system (distance from the markets, etc.) and the natural conditions in this location (natural hazards, etc.):

- Fill in the following table:

Advantages of proposed location	Disadvantages of the proposed location

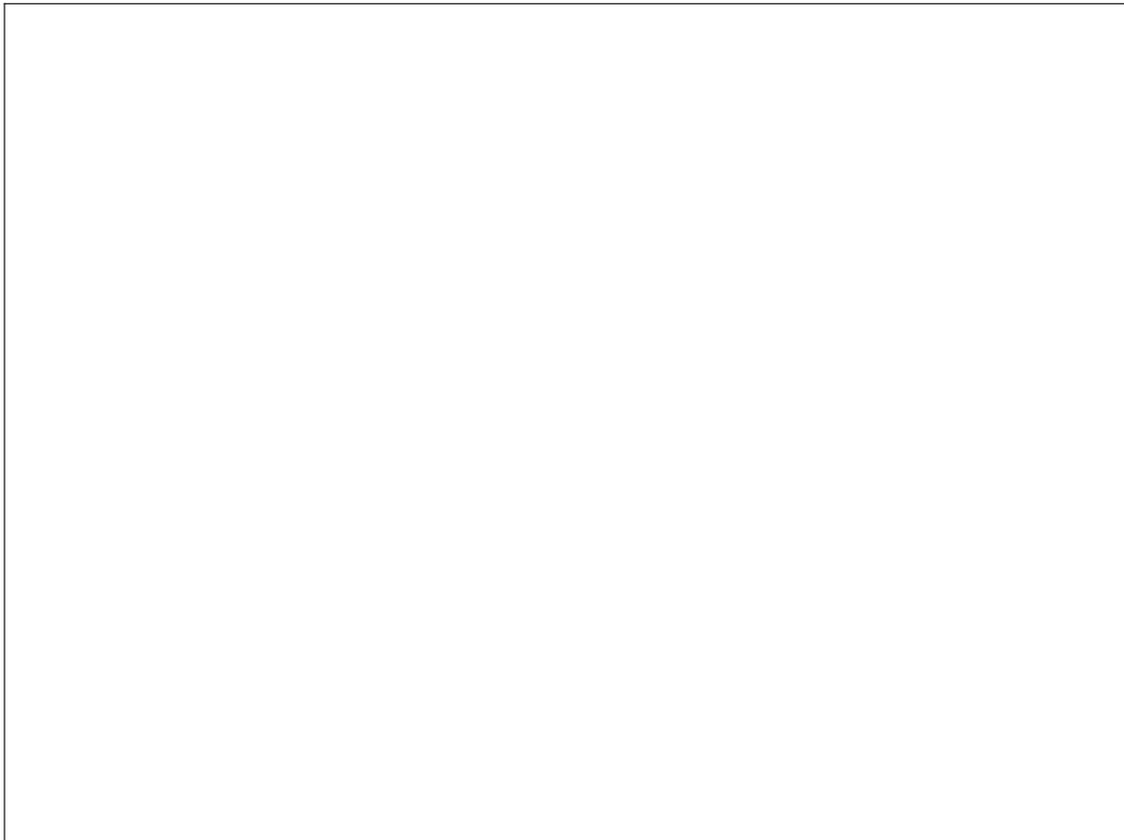
- Draw a map of the enterprise location with the distance from the main market places, villages and district towns as well as the distance from main access roads or rivers.

Production plan: production processes

Form

- Describe the detailed production process for your product:

- Draw the detailed production process, showing the sequence of steps:



Note: The sequence of preparation activities (thus of the forms) may be changed according to the needs. The production processes may have to be presented after considering the alternative technological options.

Step 3: Develop strategies in each of the four areas of enterprise development (4)	Guideline
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OBJECTIVES	<ul style="list-style-type: none"> ❑ To facilitate the preparation of the organizational and management plan of the EDP. ❑ To facilitate the preparation of the enterprise overview.
POSSIBLE LOCATION	In the village with the representatives of the interest groups, once Steps 1 and 2 have been completed.
POSSIBLE TIME	One and a half to two days if the processing of data in Step 2 has been done thoroughly, and depending on the complexity of the enterprise/product and the preparation of the entrepreneurs. It is common for several meetings to take place as information about the targeted market is gradually improved.
REFERENCES	Manual Booklet E pages 19 to 42.
POSSIBLE ACTIVITIES	<p>IV. Preparation of the organizational and management plan</p> <ol style="list-style-type: none"> 1. Refer to the form <i>Terms and concepts used in the EDP</i> and explain to participants the main components of the enterprise management plan (choosing the enterprise structure) and that the first objective of the session is to help entrepreneurs decide about the form under which their enterprise will operate. 2. Explain that these options will need to be reviewed once the financial plan has been developed since capital needs will also influence the types of partnerships needed. 3. Emphasize that the name of the enterprise should reflect the unique features of their enterprise (for example, a specific mission like 'eco-friendly' or a specific site like a mountain, etc.). 4. Ask the participants to fill in the form <i>Enterprise management plan: assessment of the potential enterprise forms</i>, while thinking about the possible structures available for enterprises. 5. Ask them to list the formalities required by each form of enterprise by filling in the form <i>Enterprise management plan: formalities for each enterprise form</i>. 6. Display the components of the management structure and ask the participants to fill in the forms <i>Enterprise management plan: enterprise identification</i> and <i>Enterprise management plan: salaries and wages</i>. 7. Finally, ask them to add information to the EDP, for example, in Boxes 3, 4 and 8.

**Enterprise management plan:
assessment of the potential enterprise forms**

Form

Possible enterprise forms	Advantages	Disadvantages

- What is the form of enterprise most appropriate for you
 - at the starting phase?
 - in the future?

- Why?

Reminder: there are two major types of enterprise forms: individual, sole proprietorship or partnerships with other people. The choice is dictated mainly by:

- financing needs: do you need partners to share the costs of the enterprise with you?
- requirements in terms of marketing and technical assistance;
- objectives for distributing profits to members and for sharing decision-making.

**Enterprise management plan:
formalities for each enterprise form**

Form

Functions of the partnerships	Possible partners	Formalities before starting operations	Formalities during operations

Enterprise management plan: enterprise identification

Form

- The enterprise form you have selected:
- The name of the enterprise:

Entrepreneur's Profile

- Write your management team profile (for each member):
 - background
 - education level
 - professional experience
 - business and management training and experience.
- Mention how the enterprise idea originated.

Structure

People managing the enterprise	Tasks and responsibilities

- Draw the management structure (Who is at the top? Who are at the same levels? Who do they report to?):

Step 3: Develop strategies in each of the four areas of enterprise development (5)	Guideline
---	------------------

OBJECTIVES

- ❑ To facilitate the preparation of the resource management and social development plans of the EDP.
- ❑ To suggest strategies for reducing risks.
- ❑ To suggest ways to identify strategic alliances.

POSSIBLE LOCATION In the village with the representatives of the interest groups, once Steps 1 and 2 have been completed.

POSSIBLE DURATION One and a half to two days if the processing of data in Step 2 has been done thoroughly, and depending on the complexity of the enterprise/product and the preparation of the entrepreneurs. It is common for several meetings to take place as information on the targeted market is gradually improved.

REFERENCES Manual Booklet E pages 19 to 42.

POSSIBLE ACTIVITIES

V. Preparation of the resource management plan

1. Explain to the participants the main components of the resource management plan.
2. Review the information already analysed by participants during Phase 2 in the Ranking exercise (Phase 2 form *Comparison of products' scores*) and the Phase 2 PAT form, and focus on overcoming identified constraints in resource management.
3. Discuss the implications of different resource management measures by using examples of resources familiar to them.
4. Ask them to fill in the form *Resource management plan: potential resource management measures* and then add their results to Box 7 in the EDP form.

VI. Preparation of the organizational and management plan

1. Explain to the participants the main components of the social development plan.
2. Invite the participants to list the social impacts of their new activities in the form *Social development plan: social measures and alliances* and to suggest ways of dealing with possible impacts and to estimate the cost for these measures.
3. Review the information already analysed by participants during Phase 2 in the Ranking exercise (Phase 2 form *Comparison of products' scores*) and the Phase 2 PAT form), and focus on overcoming identified social or institutional constraints.
4. Ask the participants to suggest possible partners that should be brought in to adopt these measures, and facilitate a discussion about the ways of contacting these partners.
5. Ask them to fill in Box 8 of the EDP form with their Organizational and management plan.

VII. Strategies for reducing risks

1. Use Box 10 in the EDP form to discuss a list of potential risks in all four areas of enterprise development and formulate strategies to diminish these risks; list them in the same box.

VIII. Strategic alliances for marketing

1. Ask participants to fill in the form *Strategic alliances* by referring back to the list of the direct actors in the market channels for this product. See the Phase 2 forms *Source of information for the survey at local level, within the province, the country and internationally* and/or the Phase 3 form *What do you know about your product?*
2. Add suggestions of strategic alliances to the marketing plan in Box 3 in the EDP form.

IX. Strategic alliances for the adoption of technological improvements

1. Explain to the participants that the technological options mentioned in the production processes may imply transferring technology, thus implying related activities and costs.
2. Ask participants to fill in the form *Strategic alliances for adopting new technology*. Ask them to consider whether the technological options implied by the production processes integrate the values and concerns of the ecological, social, market and economic areas of development.
3. Discuss the conditions that may be needed by entrepreneurs to adopt and control fully these technological options (technical training, infrastructure improvement, linkages to partners). Emphasize that this will help them recognize which options are expensive and support-demanding or cheaper and easily transferable.
4. Add suggestions of strategic alliances for the technology strategy to Box 9 of the EDP form.

Resource management plan: potential resource management measures	Form
---	-------------

Resource trend:
Put a X in the appropriate cell

Criteria	↗	→	↘
Distribution and density			
Production yield cycle			
Regeneration potential			

Which of the following scenarios (or combination of scenarios) will you adopt:

- to organize yourselves in the interest group(s) and issue harvesting management rules?
- to issue harvesting management rules and enforce them internally, but also to request legal support from the government?
- to domesticate species?

Select the appropriate resource management measures you will adopt:

- Recall from the previous form the list of management measures you want to adopt:
- What is your current situation regarding land use status (long term use rights, ownership, etc.)?
- Provide the harvesting calendar of the resource:
- Provide information on the method to domesticate it:
- Who will you link up with for resource management?

Social development plan: social measures and alliances

Form

Disadvantaged community members and gender issues:

New enterprise:

Potential social impacts of the new activities	Solutions to enhance positive impacts or mitigate negative ones	Cost of these measures

Suggest possible partners that should be brought in to help adopt these measures:

Suggest ways of getting in contact with these partners:

Strategic alliances	Form
----------------------------	-------------

- Link partners with arrows within the first column for inter-direct actor partnerships, and across columns for relations between direct and indirect actors.

Direct actors	Indirect actors			
	Market/Economy	Resource management/ Environmental	Social/ Institutional	Science and Technology

- Highlight the partners you would like to link up with.

Qualities of partners in a alliance	Partners with these characteristics

Strategic alliances for adopting new technology

Form

Technological options	Technical training needs	Infrastructure improvement needs	Technical training partners

- What options are the most appropriate for you?
- The least or most expensive:
- The least or more support-demanding:

Step 4: Formulate the action plans to implement the strategies

Guideline

OBJECTIVES	<input type="checkbox"/> To ensure all activities needed to implement the strategies in the four areas of enterprise development are listed and planned with adequate resources.
LOCATION	In the village with the representatives of the interest groups, once Step 3 has been completed.
POSSIBLE DURATION	One to two hours for each interest group.
REFERENCES	Manual Booklet E pages 43 to 45.
POSSIBLE ACTIVITIES	<ol style="list-style-type: none">1. Ask participants to use the form <i>Formulation of an Action Plan</i> to develop the proposed strategies by listing all the activities necessary, the time frame within which when they think they can be carried out, and the kind of support and funding they think necessary.2. Ensure all members of the interest group are present for this discussion.3. Make sure the seasonal cycles of production are taken into account.

Formulation of an Action Plan	Form
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Date:
District: **Village:**
Facilitator(s):
Product/Enterprise name:

Strategy	Activity	Cost estimate (if known)	Person responsible	Timing	Support needed
Market/ Economy People Product Price Place Promotion					
Resource management/ Environment					
Social/ Institutional					
Science and Technology					

Step 5: Calculate financial projections for the enterprise

Guideline

OBJECTIVES	<ul style="list-style-type: none">□ To calculate the financial plan.□ To prepare the overview of the EDP.
LOCATION	In a village workshop and then followed up by a review of financial figures by facilitators and a consultant or supporting agency with expertise in the product and in financial planning. Additional meetings can be held with the interest group in the village to review corrections or changes.
POSSIBLE DURATION	A one-day workshop in the village for the first preparation and half-day meetings for each review.
REFERENCES	Manual Booklet E pages 46 to 69.
POSSIBLE ACTIVITIES	<p>Filling out the financial plan</p> <p>Using the EDP form, explain to the participants the main components of the financial plan and what kind of financial planning is required. The financial plan is organized in boxes, each of which represents a flip chart posted on the wall so that participants can follow the process. The boxes can be adjusted depending on the level of simplicity or complexity of the enterprise. In addition, not all the financial tools need to be used if the enterprise is very simple*.</p> <p><i>Determining fixed assets</i></p> <ul style="list-style-type: none">□ Use Box 11 of the EDP form and copy the box onto a flip chart. Explain the terms fixed assets, variable costs and fixed costs. Use the same time period as that used for Box 6 (<i>Sales targets</i>). Use information gathered in the forms <i>Production plan: production location and/or cultivation areas; Production plan: production processes; Enterprise management plan: Salaries and wages; and Strategic alliances for adopting new technology</i>.□ Ask the entrepreneurs to list all the equipment needed to produce the product within that time period. The organization strategy will determine how many units of each type of equipment are needed.□ During the workshop, make estimates of the costs of equipment and explain that figures will be revised later with suppliers. Also list other investments needed that are fixed assets. <p><i>Calculating depreciation</i></p> <p>Use Box 12 of the EDP form and copy the box onto a flip chart. Explain the concept of depreciation and replacement value to the participants. Copy the list of equipment from Box 11 and ask the participants to decide how many years they can use it for before it needs to be replaced.</p> <p><i>Determining variable costs</i></p> <p>Use Box 13 of the EDP form and copy the box onto a flip chart. Remind participants of the difference between variable costs and fixed costs and give examples. Ask them to list all the variable costs within the time</p>

period specified in Box 6 (*Sales targets*).

Determining fixed costs

Use Box 14 of the EDP form and copy the box onto a flip chart. Ask participants to list all the fixed costs within the time period specified in Box 6 (*Sales targets*).

Calculating total capital needs

Use Box 15 of the EDP form and copy the box onto a flip chart. Have participants review the totals of Box 11 (fixed assets), Box 13 (variable costs) and Box 14 (fixed costs) and enter the totals into the lines in Box 15. Have them calculate the total working capital needs and explain that this is the financing that needs to be available from the first day of the enterprise. It may be necessary to work out cash flow needs in order to make a realistic estimate (see below).

Calculating sources of capital

- Use Box 16 of the EDP form and copy the box onto a flip chart. Describe with the participants the different sources of capital. Show how the total working capital needs can come from a variety of sources. Make an estimate with them of their own contribution potential and of grant possibilities and then determine the amount of the loan required.
- If there are obstacles to getting enough capital, then it might be necessary to review the estimates of costs and to try to lower them. It is also a good time to review the organization plan and decide if additional partnerships are needed in order to make more capital available.
- Tell participants that this calculation will be reviewed in Phase 3 Step 6 and will also be reviewed when the cash flow analysis is done in the following exercises.

Calculation of interest payments

Use Box 17 of the EDP form and copy the box onto a flip chart. Using the estimate of credit needs from Box 16, show them how to calculate interest costs.

Estimate of profit (or loss)

- Use Box 18 of the EDP form and copy the box onto a flip chart. Fill in the information on income and expenses using the flip charts already posted for Box 6 (*Sales targets*), Box 12 (*Depreciation*), Box 13 (*Variable costs*), Box 14 (*Fixed costs*) and Box 17 (*Interest*). Explain that the total depreciation is used in calculating profit or loss instead of using the total for fixed assets. Show how to deduct any taxes that might need to be paid on gross profits in order to calculate net profits.
- Analyse the value of net profit (or loss) once it has been calculated. Discuss the profit sharing or distribution mechanisms and ask them to revise the organization plan if necessary. Refer back to the economic expectations that were identified in Phase 1, Step 2.
- If the profit is too low, go back over all the estimates of income and expenses with the participants to review the strategies. If there is no solution, the enterprise idea might need to be abandoned or additional information might need to be collected. In that case ask the participants to prepare an action plan for a study which might

help to overcome the problem.

Calculating Return On Investment (ROI) in Box 19

Use Box 18 of the EDP form and copy the box onto a flip chart. Fill in the amount for net profit from Box 18d and total investment from Box 15c and show participants how to calculate the ROI. Compare the figure to investment earnings in a bank or in other enterprises.

Estimating cash flow needs

Use Box 20 of the EDP form and copy the box onto a flip chart. Explain the tool and the importance of cash flow analysis. Ask participants to fill in the information using the posted flip charts for Box 15 (*Total capital needs*), Box 6 (*Sales targets*), Box 11 (*Fixed assets*), Box 13 (*Variable costs*) and Box 14 (*Fixed costs*). Discuss with participants how the income and expenses can be spread out over the specified period in order to reduce the cash needs when the enterprise is starting up. Take into account production cycles and market demand trends. If working capital needs can be reduced using the cash flow estimates, then review the cash needs estimated in Box 15 or the number of months the loan is needed in Box 17.

Conclusion

Using the form *Conclusion of the analysis of the enterprise's strengths* in Box 21, ask the participants to finish the workshop with a summary of the financial strengths of the enterprise.

Explain to them that they need to go back to their groups and go over the proposed EDP in order to ensure agreement by all members. Then they will be ready to use the EDP to request support.

HINTS

* For projects targeting micro enterprises based on tree and forest products where the aim is to guide the entrepreneurs in assessing the profitability of their enterprise in a simple manner, the financial plan can be limited to sales targets, cost estimates (fixed assets, variable costs and fixed costs), the total capital needs, the source of financing these costs, the profit and loss statement, and the cash flow projection.

Conclusions of Steps 1 to 5: An enterprise overview

Form

An enterprise overview

Review the entire enterprise development plan, including the financial plan, in order to complete the following information:

The profile of the enterprise:

- Name of the enterprise or entrepreneur
- Contact address
- Enterprise address

The background of the enterprise idea:

- How did the entrepreneur get this enterprise idea?

Legal status:

- Is the enterprise registered or will it be registered?
- If yes, where and date of registration?
- Is the entrepreneur in a business contract with anyone?
- Are they or will they be partners in the enterprise? Who are they?

Mission statement: (reviewed)

Goals and objectives of the enterprise: (reviewed)

- What product will be sold?
- In what quantity per year (when running at full capacity)?
- What profit is expected from this annual sales figure?

Enterprise cost estimate:

- The total investment costs are

Expected sources of funding:

- Where will the required funds come from?
 - Your own capital (%)
 - Bank loan (%)
 - Other source (%)

Step 6: Obtain financing		Guideline
OBJECTIVES	<ul style="list-style-type: none">❑ To help entrepreneurs assess the capital they can invest in the enterprise.❑ To build their capacity to identify the options available for raising capital to finance the enterprise.	
LOCATION	In the village with the representatives of the interest groups, in a workshop	
POSSIBLE DURATION	Two to three hours (more time will be needed if a guest speaker is invited).	
REFERENCES	Manual Booklet E pages 70 to 71.	
POSSIBLE ACTIVITIES	<ol style="list-style-type: none">1. Show the forms <i>Personal contribution to the enterprise</i> and <i>Group contribution to the enterprise</i> and guide them in discussing their realistic contribution based on Box 11 (<i>Fixed assets</i>), Box 13 (<i>Variable costs</i>), and Box 14 (<i>Fixed costs</i>) in the EDP. Next review the estimate in Box 15 to finalize the amount of capital needed and the repayment time frame and Box 17 to work out the cost of interest.2. Facilitate a discussion about the amount of money that should be kept for other household needs and therefore cannot be invested in the enterprise.3. Invite a guest speaker, for example, a successful entrepreneur having received a loan in the past, or a representative of a local bank or a credit agency. Facilitate a question and answer session about the criteria and the procedures for borrowing money.4. If time is limited, an alternative is to explain the different criteria used by credit institutions and their procedures for lending money to small entrepreneurs.5. Help choose the external sources of financing by asking them to fill in the table presented in the form <i>Options for raising investment capital</i>)*.	
HINTS	* Both the criteria and the potential sources of financing listed in this table are only indicative. You should adapt the form to your criteria and to the sources of financing relevant to your case.	

Personal contribution to the enterprise	Form
--	-------------

Name of the entrepreneur:

Assets	What I own (in unit)	My share in the enterprise (in unit)	Value of my share in
<u>Assets</u>			
Land			
Buildings			
<u>Available cash</u>			
Cash at bank			
Jewellery			
<u>Animals</u>			
Cow, goat, etc.			
<u>Poultry</u>			
Cock, hen, etc.			
<u>Transport</u>			
Tractor, cart, bicycle, etc.			
<u>Other items</u>			
Generator, well, water pump, etc.			
Other ...			
Total (in ... value)			

Household needs for which money should be kept:

Net assets:

I can invest approximately

Knowing that I will have to save for

Group contribution in the enterprise

Form

Every member of the group fills in one of the columns, thus defining their share in the enterprise.

Assets	Entrepreneur 1		Entrepreneur 2		Entrepreneur 3		Total	
	Unit	Value	Unit	Value	Unit	Value	Unit	Value
Assets								
Land								
Buildings								
Available cash								
Cash at bank								
Jewellery								
Animals								
Cow, goat, etc.								
Poultry								
Cock, Hen, etc								
Transport								
Tractor, Cart, Bicycle, etc.								
Other items								
Generator, well, water pump, etc.								
Other ...								
Total (in value)								

We can invest approximately

The contribution of each one of us will be:

	Name of entrepreneur	Contribution
1.
2.
3.

Options for raising investment capital

Form

- List the sources of capital you know at the top of each column.
- Adapt or complete the criteria they would use to qualify a "good" source of financing (column 1).
- Select (highlight) the source(s) most appropriate for your case.

Criteria	(example: agricultural development bank)	(example: bank for the poor)	(example: project credit)	(example: private lenders)
Loan purpose				
Loan term				
Loan interest rate				
Collateral				

Note: Both the criteria and the potential sources of financing listed in this table are only indicative. You should adapt the form to your criteria and to the list of potential sources of financing relevant to your case.

Step 7: Initiate the pilot phase and training

Guideline

OBJECTIVES	<ul style="list-style-type: none">❑ To help entrepreneurs define the training needs.❑ To identify partners who can provide the required training or capacity-building support.❑ To organize the training activities.❑ To help entrepreneurs start operating the enterprise on a small scale during the initial period.
POSSIBLE LOCATION	In the village, in a workshop with the representatives of the interest groups.
POSSIBLE DURATION	Two to three hours for the initial presentation. A few days for the support structure to organize the actual training courses. The time required to get the market feedback of the first production.
REFERENCES	Manual Booklet E pages 72 to 74.
POSSIBLE ACTIVITIES	<p>I. Training</p> <ol style="list-style-type: none">1. Explain to the participants that the focus is about the development of the necessary human resources knowledge and skills through training.2. Ask them to write down the main activities of the plans prepared during Phase 3 Step 4 in the first column of the table in the form <i>Initial trial period</i>3. Use the <i>Training needs</i> form, and discuss training needs for each activity; the agency or individual indirect actor who may assist in the training; and the potential source of financing for this training including the eventual possibility of having the enterprise setting up its own training savings account instead of relying on subsidies.4. Analyse the training needs* expressed by the entrepreneurs, clarifying objectives and the main topics for these training courses, taking into account the goal of the enterprise and the market that it aspires to target.5. Discuss potential partners to contact in order to organize these training courses and prepare terms of reference (ToR). <p>II. Initial production</p> <ol style="list-style-type: none">1. Ask participants to discuss the possible benefits of starting the enterprise as a small-scale production**.2. Ask the participants to prepare a work plan of activities for the initial production (the time required to get the market feedback for the first production), using the form <i>Initial trial period</i>.3. Ask the entrepreneurs to think about the unexpected obstacles that may arise and the possible scenarios to mitigate their negative impact, and fill in the form <i>Potential correcting scenarios</i>.4. Explain to them that they have to keep record of everything that happens during the initial production, processing and marketing (quantities, values, customer feedback, etc.).5. At the end of the initial period (one season) organize a workshop to

review the results and prepare the work plan for the first year full-capacity production.

HINTS

* The training needs assessment can be done at different stages of the process, especially when the lack of specific skills becomes a limiting factor for continuing the preparation of the enterprise. For example, training in interview skills and doing the market survey may be needed even before the trial period; technical training for adoption of a new production process may be needed just before the trial period; while additional technical training or bookkeeping or management training can be planned after the trial period.

** For example, to upgrade the capacity of the production staff, check details on the business environment, establish operating mechanisms, finalize technical aspects, etc.

Training Needs	Form
-----------------------	-------------

Activity/Training needs	Capacity-building method	Indirect actors	Source of funding
Marketing and enterprise development			
Resource management			
Social and institutional development			
Science and technology.			

Initial trial period

Form

Planning the initial period

Activities	Person responsible	Skill & knowledge required	Partner to involve	Date and duration	Input requirement

Potential correcting scenarios

Form

Activities	Expected results	Unexpected potential results	Correcting measures

Step 8: Monitor progress and deal with change

Guideline

OBJECTIVES	<ul style="list-style-type: none">□ To help entrepreneurs establish a mechanism for monitoring the progress of the enterprise.
POSSIBLE LOCATION	In the village, in a workshop with the representatives of the interest groups.
POSSIBLE DURATION	One to two hours for the initial presentation. The time needed to actually set up monitoring systems and mechanisms.
REFERENCES	Manual Booklet E pages 75 to 81.
POSSIBLE ACTIVITIES	<ol style="list-style-type: none">1. Ask the entrepreneurs to discuss the ways they can judge the performance of their enterprise.2. Explain to them the major goals of monitoring*.3. Ask them to define indicators to monitor the activities of their enterprise. They should refer to the objectives and strategies of the enterprise in order to produce meaningful indicators. Use the checklist of possible indicators presented in the form <i>Possible indicators for monitoring progress</i> to complete the list suggested by the entrepreneurs.4. Organize information gathering according to the indicators.5. Organize a planning workshop every year in which you help the entrepreneurs:<ul style="list-style-type: none">• repeat the study of the enterprise environment that took place in Phase 3 Step 1, although not in the same depth;• discuss the results of the study;• go through the objectives and strategies developed in the previous year for each of the four areas of enterprise development;• determine whether those targets were achieved;• evaluate the four types of activities of the previous year;• identify the strengths and weaknesses within that area of enterprise development;• develop goals, objectives, strategies and action plans for the following year on the basis of these assessments.6. Conclude Phase 3 back in the office: review the implementation process of Phase 3 by filling in the reporting form <i>Reporting implementation of Phase 3</i>.
HINTS	* For example, to test the success of the activities; to learn from experience; to prevent mistakes and give an early warning of ecologically or culturally negative impacts and economically non-viable options.

Possible indicators for monitoring progress

Form

Market/Economic analysis

- Compare the financial objectives of entrepreneurs with those obtained at the end of the given period of time.
- Discuss the budget made in the first year.
- Compare sales, gross profits and expenses.
- Identify errors in judgment, because these become learning experiences that will be applied to the next cycle of planning.
- Prepare more accurate statements for the next period.

Resource management/Environmental analysis

- Understand the basic methods to be used for rapid assessment of the forest.
- Recognize the importance of regular monitoring.
- Review the impact of harvesting.
- Decide about corrective measures.

Social/Institutional analysis and policies, rules and regulations

- Assess the social impact of the enterprise against the predetermined set of indicators that was used initially to gather information during the preparation of the EDP.
- Evaluate the capacity building of the enterprise staff or members.
- Maintain a close relationship with the local forest officer in order to be able to negotiate in the case of an unclear ruling.
- Lobby as members of the national network if national policy is about to be modified in a way that is not in your favour.
- Respond rapidly if international rules that may affect your enterprise are proposed.

Science and Technology

- Keep informed about new technology that can make your product more competitive either by decreasing the production price or by improving the product.
- Lobby for infrastructure improvements, such as additional telephone lines and extensions of roads that can open up new markets for you and your products.

	Form
<h2 style="margin: 0;">Reporting implementation of Phase 3</h2>	

Name of facilitator(s):
Interest groups:
Village, district:

Office of facilitators:

Steps and activities	Number of days	Date	People involved	Location	Logistic needs	Financial needs
Preliminary planning activities						
Step 1: Examine the business environment of the selected product(s)/ enterprise						
Step 2: Define the enterprise mission, goals and objectives						
Steps 3, 4 and 5: Develop strategies in the four areas of enterprise development						
Step 6: Obtain financing						
Step 7: Initiate the pilot phase and training						
Step 8: Monitor progress and deal with change						
Total						

**Possible scenario and time frame
for conducting the MA&D process**

Annex 1

It is impossible to present the numerous possibilities offered to facilitators to plan and organize the implementation of the whole MA&D process, since each experience and context will lead to another version of the process. However, facilitators may find it useful to have an overall view of the field implementation process through an example of a possible scenario and time frame for conducting the process in one commune. The example presented in the following page is based on the experience of the author and her collaborators in Viet Nam. The first column lists all the steps of MA&D and the second column lists the activities that the facilitator should undertake. The third and fourth columns display details about the possible method and time to conduct each activity, while the last column provides the reference numbers of the guidelines and forms in this document.

Example of a possible scenario and time frame for using the MA&D Phase 1 field guidelines in one community

Example

MA&D cycle	Activities for the facilitator	Ways to conduct the activities	Possible time frame	Reference	
				Guidelines	Forms
Introduction to the field guidelines	<ul style="list-style-type: none"> Reading the manual Receiving MA&D training Receiving instructions for phase 1 Receiving refresher training in facilitating skills (optional) 	<ul style="list-style-type: none"> Personal assignment Training course Short training sessions Short training sessions 	<ul style="list-style-type: none"> 1 week 1 to 1.5 days 1 to 2 days 		
Phase 1: Assess the existing situation	<ul style="list-style-type: none"> Select the site(s) (optional) Define the products' group Formulate the work plan for phase 1 according to above decisions 	<ul style="list-style-type: none"> Meet project staff, local officers and knowledgeable people (projects, private sector) in a stakeholder workshop <p>In the office, review existing documentation on the area</p> <ul style="list-style-type: none"> As above 	2 days	1	
	<ul style="list-style-type: none"> Brief overview of the context 	Site-based	2 days		
	<ul style="list-style-type: none"> Select information gatherers (optional) Train the information gatherers in using field forms phase 1 (optional) 	Site-based training session	1 day		
Step 1: Identify the target group	<ul style="list-style-type: none"> First contact with the site in order to identify the target group members Set criteria Meet local Leaders & groups Meet recommended individuals 	<ul style="list-style-type: none"> In office with project staff and other local implementation partners Site-based Site-based 	1 day	2	
			half a day in each potential site		

ANNEX 1
MA&D Field Facilitator's Guidelines

MA&D cycle	Activities for the facilitator	Ways to conduct the activities	Possible time frame	Reference	
				Guideline	Forms
Step 2: Determine the financial objectives	<ul style="list-style-type: none"> Recognize or define criteria for wealth ranking Wealth ranking of the target group Survey financial objectives 	Village-based meetings with informants from the identified target group	2 days per community for Steps 2 and 3	5	
Step 3: List existing resources and products	<ul style="list-style-type: none"> Through visits to market places and village meetings (same meetings as in Step 2), observe, use PRA exercises and conduct interviews in order to list existing resources and products 			3	
Step 4: Identify the key constraints of the existing market system	<ul style="list-style-type: none"> Village meetings (same meetings as for Steps 2 and 3) and observation of village context Collect general information to assess the market system at the district and province levels Compile information from both district and province levels 	District survey Province survey	1 day 1 day 1 day	4	
Step 5: Shortlist a range of products	Organize a workshop to eliminate non-viable products and raise awareness of the benefits of working together			5	
Step 6: Raise awareness of the benefits of working together	Concluding phase 1	One workshop for steps 5 and 6	1 day	6	
				7	

Example of a possible scenario and time frame for using the MA&D Phase 2 field guidelines in one community			Reference		
MA&D cycle	Activities for the facilitator	Ways to conduct the activities	Possible time frame	Guidelines	Forms
				1	2
Phase 2: Identify products, markets and means of marketing	Preliminary planning for Phase 2	<ul style="list-style-type: none"> Train the team of information gatherers/target group representatives Define product selection criteria Prepare the work plan with them for the different levels of surveys 	<ul style="list-style-type: none"> Short training sessions in classroom and practising with other villagers Workshop with the target group members identified at the end of Phase 1 	1 or 1.5 days	1
	Step 1: Analyse each of the four areas of enterprise development	<ul style="list-style-type: none"> Facilitate information gathering at the local and district and/or province levels Coordinate with the project staff to get results of higher-level surveys (province and/or national and/or international) Compilation of local-level information 	<ul style="list-style-type: none"> Field-based surveys (commune/district and/or province) where necessary with contracted experts in a particular product With the information gatherers 	4 to 8 days or longer depending on the product and target market	2
	Step 2: Select the most promising products	<ul style="list-style-type: none"> Organize a workshop with the experts involved in the surveys and with the information gatherers and the producers. Present the results of the surveys and analyse the products 	<ul style="list-style-type: none"> Site-based workshop 	1 day	3
	Step 3: Create interest groups (IG) for the selected products	<ul style="list-style-type: none"> Provide instructions on how to form interest groups Facilitate the formation of the interest groups for the selected products, including the nomination of group representatives (Chairman, Secretary, Treasurer) Conclude phase 2 	<ul style="list-style-type: none"> At the end of site-based workshop for Step 2 In each of the communities through meetings with the target group members 	Half a day for each community	4

Example of a possible scenario and time frame for using the MA&D Phase 3 field guidelines in one community

Example

MA&D cycle		Activities for the facilitator	Ways to conduct the activities	Possible time frame	Reference	
					Guidelines	Forms
Phase 3: Plan enterprises for sustainable development	Preliminary planning for Phase 3	<ul style="list-style-type: none"> Review outputs of Phase 2 after the formation of interest groups Prepare the work plan according to the number of products and the number of interest groups Raise the awareness of the representatives of the interest groups concerning the benefits of preparing an EDP to request appropriate support 	<ul style="list-style-type: none"> Compile interest groups & members per product Prepare with the project management staff at the office At the beginning of the workshop for Step 1 	1 day 1 day 1 or 2 hours	1	
	Step 1: Examine the business environment of the selected product(s)/ enterprise	<ul style="list-style-type: none"> If information is lacking, facilitate a study tour to gather missing information Otherwise process the information collected so far in order to prepare the EDP In the workshop, facilitate analysis of the business environment for the new enterprise idea. 	<ul style="list-style-type: none"> Prepare study tour In workshop with the members of the IG for one product 	1 day 1-3 days 1 to 1.5 days	2	
	Step 2: Define the enterprise mission, goals and objectives	<ul style="list-style-type: none"> Organize a workshop for introduction and Step 1 Define tentatively the enterprise mission, goals and objectives Introduce the components of the EDP Assess whether IG have enough information to answer the questions of the EDP 	<ul style="list-style-type: none"> Workshop with the interest group for one product 	Half a day	3	

ANNEX 1
MA&D Field Facilitator's Guidelines

<p>Steps 3, 4 and 5: Develop strategies, formulate action plans and calculate financial projections</p>	<ul style="list-style-type: none"> Facilitate the filling in of the EDP form Facilitate preparation of the overview Collect the EDPs and compile them 	<ul style="list-style-type: none"> Workshop with the members of the IG for one product and other supporting participants with village-level accounting experience Checking the information and reviewing the calculations in the financial plan take place at the office 	<p>1-2 days</p> <p>1 day</p>	<p>4</p>	
<p>Step 6: Obtain financing</p>	<ul style="list-style-type: none"> In a workshop invite a guest speaker to increase awareness of the IG representatives about ways of obtaining capital 	<ul style="list-style-type: none"> Workshop with the members of the IG for one product 	<p>Half a day</p>	<p>5</p>	
<p>Step 7: Initiate the pilot phase and training</p>	<ul style="list-style-type: none"> Set up bank accounts and monitor the mobilization of means for starting initial production <p>Organize a workshop with the members of the IG for one product to assess support needs for the initial production (based on action plan in Step 4)</p> <ul style="list-style-type: none"> Organize training and select trainers and participants (technical, bookkeeping, managerial, group strengthening and leadership skills etc.). Prepare the ToR and contract with partners 	<ul style="list-style-type: none"> With the members of the IG for one product 	<p>2 days</p> <p>1 or 2 days</p>	<p>6</p>	
<p>Step 8: Monitor progress and deal with change</p>	<ul style="list-style-type: none"> Set monitoring indicators and mechanisms with the representatives of the IG. Review results of trial production Plan full-capacity production Define support needs for full capacity Conclude Phase 3 	<ul style="list-style-type: none"> Workshop with the members of the IG for one product 	<p>2 days</p>	<p>7</p>	

Example of an Enterprise Development Plan

Annex 2

Facilitator:

Date Prepared:

Entrepreneur names and representatives

Karumuna Benon - Chairperson
Ahimbisibwe Obedah - Secretary
Turyatunga Shadrach - Treasurer

Enterprise name

MUKONO BEEKEEPING GROUP

Address

Mukono Parish, Kayonza Sub county, Kanungu District, southwest Uganda

Box 1	Description of the product
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	The enterprise will produce and sell raw honey, filtered honey and beeswax collected by bees in hives inside and on the edge of the National Park. Honey will be packaged in jerrycans. Raw honey will be sold locally mainly to producers of banana wine and to local households. Filtered honey will be sold to local honey processors for final processing and packaging.
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Box 2 Characteristics of the market (summary of <i>Competitor analysis form and Identifying opportunities and threats in the business environment form</i>)						
Similar products/competition	Competitor's selling price	Target customers	Target market (physical)	Proposed distribution and promotion strategies	Required permits	Types of strategic alliances or partnerships
Honey from nearby communities	3 500 U Sh/l	Banana wine brewers and local households	Local trading centre	Samples of sieved honey will be shown to local processors	None	Link up with Kisoro Beekeeping and government extension services for training and technical backstopping

Box 3 Description of the enterprise (mission and goals), payment system and organization structure
<ul style="list-style-type: none"> • Time period: The EDP includes a period of one year, or two collection seasons. Beekeepers will form a marketing group and group members will each establish apiaries on land they have access to. The enterprise will be managed by a group of 23 males and 2 females, from Kanyashande and Nkwenda villages. They will deliver filtered honey and beeswax to a village collection centre, while selling unfiltered honey themselves. The collection centre will pay producers for their honey after it has been sold. The group will be registered and will open a bank account. It will have a revolving fund initiated using a project grant that will be used for making loans to members to procure beehives. • Mission: The filtered honey sold to tourists will be promoted as forest honey. Beekeeping has been practised in this area for a very long time and all the group members are familiar with traditional beekeeping. The quality of honey is good as the bees feed on a variety of flowers in and around Bwindi Impenetrable National Park (BINP). There is a large unmet local demand at household level and at tourist campsites; therefore competition is not a problem. • Goals: Each member of the group will in one year (two seasons) produce ten litres of raw honey for sale to the local consumers and five litres of sieved honey and some beeswax for sale to Kisoro and other distant markets. Volumes of production are based on adding five hives to each apiary and on improved practices and processing methods. Unfiltered honey will be sold at U Sh 3 500 per litre; sieved honey will be sold at U Sh 6 000 per litre; and beeswax will be sold at U Sh. 5 000 per kilo. The expected net income for the group is at least U Sh 700 000 or approximately U Sh 30 000 of income for each household (not including re-invested profits), in addition to the income obtained for the sale of the honey. These earnings match the income expectations of households as identified in Phase 1 Step 2. <p>Unfiltered honey will be sold at local markets to banana wine brewers and local households. Filtered honey will be sold to tourist lodges and to secondary level processors in nearby</p>

Unfiltered honey will be sold at local markets to banana wine brewers and local households. Filtered honey will be sold to tourist lodges and to secondary level processors in nearby towns. Beeswax will be sold to local handicraft groups and to handicraft manufacturers at the National Level.

Box 4 Required infrastructure and human resources				
Required personnel	Function	Time needed	Experience needed	Salary
Treasurer	Administration and bookkeeping	12 months per year part time	Bookkeeping	Volunteer (initially)
Staff	Collection centre	12 months per year part time	Processing	7 500 U Sh/month

Box 5 Production system					
Product	Total production (kg)	Period from between seasons	Collection period	Production risks	Risk prevention
Honey	10kg/year	6 months	March, September	Bees abscond	Establish and maintain clean apiaries
Beeswax	1 kg/year	6 months	March, September		

Box 6 Sales targets (one year)			
Product	Rate/unit	Quantity	Total
Raw honey	3 500/litre	200 litres	700 000
Sieved honey	6 000/litre	100 litres	600 000
Beeswax	5 000/kg	10 kg	50 000
Total			1 350 000

Box 7 Environmental plan
<p>Objectives: To produce organic honey from forest wild flowers without any negative impact on the forest.</p> <p>Each group member will manage his or her own apiary. Smokers will be used to prevent fires.</p>

Box 8 Environmental plan
<p>Objectives: Equitable enterprise involving all beekeepers in the community interested in joining.</p> <p>The enterprise will be managed by a group of 23 males and 2 females, from Kanyashande and Nkwenda villages who together will operate a collection and processing centre. Although beekeeping is traditionally a male activity, women who are interested will be trained on hive management and honey collection. Establishment of apiaries will prevent thieves from stealing the iron covers used to protect the beehives. All honey must be paid for in cash and a receipt issued for every sale. Beekeepers must bring their honey to be received at the collection centre and a coupon issued. Payment for all beekeepers' honey must be made at the end of the month, i.e. the 30th, 31st or the last weekday of the month during the marketing season.</p> <p>The group will be registered with an Executive Committee composed of an elected Chairperson, Vice Chairperson and Secretary. The group will open a bank account and will initiate a revolving fund using a project grant which will be used to make loans to members to procure beehives (the committee will purchase hives for members and members will repay with honey). There is no need for a permit to own apiaries but the group will have a trading licence at the collecting centre.</p>

Box 9 Technological plan

Objective: Efficient production, collection and processing methods that yield high volumes of good quality honey.

Each group member will initially possess at least five improved traditional beehives and one modern hive. Improved traditional beehives will be added to existing hives. They will have excluders and protective iron sheets to prevent the bees absconding. Apiaries will be created that are kept clean of vegetation in order to reduce the incidence of predators such as ants. Kenya Top Bar hives will not be introduced, as they are expensive and not appropriate for this climate.

Collection equipment such as smokers will prevent negative impact to the forest due to fires and will improve the odour and the appearance of the honey. Protective clothing will help prevent bee stings. Filtering of honey will be done using household methods with clean containers and strainer cloths. Honey will be packed in buckets and jerrycans. Clean airtight buckets will be used to prevent contamination.

Box 10 Risks assessment (in words) and strategies to minimize risks

RISKS and STRATEGIES:

The major risks are vermin, ants and excessive rain. The common vermin include chimpanzees, squirrels, a bee-eating bird, a honey-eating moth and ants whose body scent drives bees out of the hive. Excess rain leads to moisture entering the hive thus lowering the inside temperatures.

- Loss of honey during heavy rain periods – Use beehives with Queen-Excluder
- Severe sunshine and lack of water – Provide water in pots/drums near apiaries; brew banana juice and place it in pots near apiaries.
- Shattering of beehives (due to various reasons) leading to spillage of honey – Regularly inspect and maintain all beehives.
- Theft of honey from hives – Build thick and strong fences around apiaries.
- Brown ants – Control through cleanliness of the apiary ground.
- Moths – Construct beehives with small holes for entrance and prevent entry of the moth.
- Small black ants sucking honey – Clean the apiary ground and burn the ants when seen below the beehives.
- Bee-eating bird – Very rare but scare away with sling.
- Lizards – Scare away
- Price fluctuation – Store honey till price improves; produce better quality honey

ANNEX 2
MA&D Field Facilitator's Guidelines

Box 11	Fixed assets (One year)			
	Item	Rate (Unit)	Qty (Unit)	Total
	Beehives	4 000	75	300 000
	Hive tying wire	20 000	1	20 000
	Axes	5 000	3	15 000
	Scoop	5 000	5	25 000
	Diggers	2 000	10	20 000
	Buckets	3 000	25	75 000
	Saucepans	10 000	25	250 000
	Protective Clothing	70 000	5	350 000
	Smokers	25 000	5	125 000
	Candle moulds	2 000	5	10 000
	Iron sheets	8 500	75	637 500
	Jerrycans (3 litres)	500	50	25 000
			Total	1 852 500

Box 12	Depreciation (See Box 11)			
	Item	Total cost	Life span (yrs)	Depreciation / item/year
	Beehives	300 000	20	15 000
	Hive tying wire	20 000	10	2 000
	Axes	15 000	5	3 000
	Scoop	25 000	5	5 000
	Hoes	20 000	5	4 000
	Buckets	75 000	5	15 000
	Saucepans	250 000	10	25 000
	Protective Clothing	350 000	5	70 000
	Smokers	125 000	5	25 000
	Candle moulds	10 000	5	2 000
	Iron sheets	637 500	10	63 750
	Jerrycans (3 litres)	25 000	5	5 000
			Total	234 750

Box 13		Variable costs (One year)		
	Item	Rate/Unit	Qty	Total
	Paraffin	25 000 (Jerrycans)	2	50 000
	Soap	600 (bars)	1	600
	Sieves	2 000 (metres)	40	80 000
	Match boxes	5 000 (dozen)	1	5 000
	stationery	10 000	1	10 000
			Total	145 600

Box 14		Fixed costs (One year)		
	Item	Rate (Unit)	Qty (Unit)	Total
	Taxes/trading licence (year)	10 000	1	10 000
	Hired staff (monthly rate/staff)	15 000	12	180 000
	Hire of store (monthly rate)	20 000	6	120 000
			Total	310 000

Box 15 Total capital needs

a) Fixed assets

>> Fixed assets – see Box 11

1 832 500

b) Working capital for a specified period

Time period:

One year

> Variable costs – see Box 13

145 600

> Fixed costs – see Box 14

+

310 000

Total working capital :

=

455 600

c)

Total of fixed assets (a) and working capital (b)

2 308 100

Box 16 Sources of capital

> Contributions from members	100 000
> Group capital	100 000
> Loan	200 000
> Grant	1 908 100
Total (should match No. 15c)	2 308 100

Box 17 Interest

Monthly interest charge (%):	$\frac{\text{Annual interest}}{12 \text{ months}}$
	<div style="border: 1px solid black; width: 100px; height: 20px; margin: 0 auto; text-align: center;">9</div> <hr style="width: 100%; border: 0.5px solid black;"/>
	<div style="border: 1px solid black; width: 100px; height: 20px; margin: 0 auto; text-align: center;">12</div>
	= <div style="border: 1px solid black; width: 100px; height: 20px; margin: 0 auto; text-align: center;">0.75</div> %

Total interest expense:

Monthly interest charge (%)		X	Number of months loan is needed		X	Total loan amount	=	Interest expense
$\frac{\quad}{100}$								
<div style="border: 1px solid black; width: 100px; height: 20px; margin: 0 auto; text-align: center;">0.0075</div>		X	<div style="border: 1px solid black; width: 50px; height: 20px; margin: 0 auto; text-align: center;">6</div>		X	<div style="border: 1px solid black; width: 100px; height: 20px; margin: 0 auto; text-align: center;">200 000</div>	=	<div style="border: 1px solid black; width: 50px; height: 20px; margin: 0 auto; text-align: center;">9 000</div>

Box 18 Profit (or loss) of the first year

a) Income:

Total income from sales – see Box N°:	6	1 350 000
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b) Annual expenses:

Depreciation – see Box N°:	12	234 750
Variable costs – see Box N°:	13	145 600
Fixed costs – see Box N°:	14	310 000
Interest – see Box N°:	17	9 000
	Total Expense	699 350

c) Profit or loss (a - b):

Income (total 18a)	less	Total expenses (total 18b)	
1 350 000	less	699 350	
		=	650 650

d) Net Profit:

Profit (see 18c)	Less	Taxes or other fees	
650 650	Less	0	
		=	650 650

Box 19 Return on investment (ROI)

ROI (%):

Profit (18c)

x 100

%

Total investment (15c)

ROI (%):

650 650

x 100

28.2 %

2 308 100

Box 20										
Cash flow needs: time period is 10 months (numbers in brackets refer to box numbers in the EDP)										
Items	1	2	3	4	5	6	7	8	9	
Item	Total as projected in EDP									
Income										
Ready cash		1 289 850	814 100	488 350	757 600	786 850	756 100	735 350	714 600	
Contributions (16)	100 000									
Group (16)	100 000									
Loan (16)	200 000									
Grant (16)	1 908 100									
Sales of unfiltered honey (6)	700 000			175 000	175 000				175 000	
Sales of sieved honey (6)	600 000			150 000	150 000				150 000	
Sales beeswax (6)	50 000				25 000					
Total	3 258 100	1 289 850	814 100	813 350	1 107 600	786 850	756 100	735 350	1 039 600	
Expenses										
Fixed assets (11)										
Beehives	300 000									
Hive tying wire	20 000									
Axes	15 000									
Scoops	25 000									
Hoes	20 000									
Buckets	75 000		75 000							
Saucepans	250 000		250 000							
Protective clothing	350 000	350 000								
Smokers	125 000	125 000								
Candle moulds	10 000			10 000						
Iron sheets	637 500									

Box 21 Conclusion of the analysis of the enterprise's strengths

This enterprise has a reasonable return on investment and profit expectations that match similar types of enterprises. Capital needs can be managed as long as a loan can be obtained. Cash flow is healthy throughout the time period planned. Although cash reserves by the end of the tenth month are less than in the first month, all the equipment will have been purchased and running costs will not be as high in the second year. Once cash reserves are sufficient, the enterprise will be able to pay producers for filtered honey as soon as it is delivered to the collection centre. Risks are mostly within the control of producers and can be prevented or minimized. Income matches the expectations of the entrepreneurs. The enterprise will have no negative environmental or social impacts. The revolving fund ensures that even the poorest community members will have access to new hives.

Skills training for primary data collection

Annex 3

Prerequisite skills

Objectives

- To define carefully the purpose of the information.
- To make sure that it is valid and reliable, and that you can use it for planning and developing solutions.

Observation

1. Ensure that interviews are conducted on the spot and relate to what is seen; avoid sitting and discussing without physically observing things.
2. Walk through the village area to get information on the land use, local economy, division of labour (who does what?), seasonal activities, etc.
3. Walk through a factory to get information on technology, labour, quality of products, storage, etc.
4. Walk through a marketplace to get information on the number of sellers, quality of products, infrastructure, etc.
5. Link what is seen with the questions asked during the interviews. Here are some examples:
 - Point to a product and ask where it came from, how long it will last, etc.
 - If there are trees around the house that produce products that are marketed, ask about the products, their uses, quantities sold (general estimates) or consumed; ask who planted the tree, who manages it, etc.
 - If there are products being processed, ask if they are for home consumption or for sale; ask who processes, who sells, etc.
 - When in a forest, point to trees and ask when (or if) they were planted, how old they are, what their uses are, etc.; ask about forest products (mushrooms, animals, medicinal plants, etc.); ask how the forest is used (grazing, timber, construction material, etc.)
 - When in a shop or at a market stall, ask where the products came from; whether the trader bought them directly from the producer or from a trader; how much of the product will be sold that day; who will buy it and in what quantities; ask whether the transactions are in cash or credit, etc.

Interview skills

1. Use triangulation: ask about the same information using different informants in order to complete and crosscheck information.
2. Judge the reliability of the responses and react to them immediately.
3. The collected information needs to be classified in one of these categories:
 - *Fact*: a commonly agreed time- and place-specific truth;
 - *Opinion*: a person or group's view on a topic;
 - *Rumour*: unsubstantiated information from an unknown source.
4. Crosscheck all information that falls into the *opinion* and *rumour* categories.

What's wrong with this question?

Avoid using ambiguous or leading questions during interviews. Leading questions illicit a yes or no response, whereas an open-ended question that uses *what, when, where, who, why* or *how* opens up the conversation. There is no absolutely correct or incorrect question. The way questions are framed will depend on the topic and the context of the interview – but it is important to be aware of the need to word questions carefully.

"But why?" An interview tool

1. Probe in order to obtain clear and reliable information. Probing is like peeling away the layers of an onion; the objective is to get to the centre – or in this case, to the point. Examples of a few good probing questions are: *"But why?"*, or *"Please tell me more about that"*, or *"Anything else?"*
2. Use the six helpers: *who, what, where, when, why* and *how*.

(Based on: Pretty *et al.*, Exercises for semi-structured interviewing (p.231), Participatory Learning and Action: A Trainer's Guideline, IIED Participatory Methodology Series, 1995.)

Games guidelines	Annex 4
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Game name	Reference in text		Other possible places to use it
	Phase	Step	
Buyers and Sellers	1	1	Phase 3 Step 1
Leaking Water Bottle	1	2	Phase 3 Step 1
Concentric Circles	1	2	
Doll Making	3	1	Phase 2 Step 3
Marketing Mix	3	1	
Profit versus Risk	3	1	
Strategy Development	3	3	
The Longest Line			This game can be used at several points when talking about the need to be organized and to plan for a successful enterprise.

Buyers and Sellers

Objective To raise awareness of strategies for pricing and of positive and negative aspects of competition.

Time 30 minutes

Materials

1. Fake money (photocopies of local currency) in bills of 100 and 20. If the group consists of 3 buyers and 12 sellers, prepare a total of 1 500 (currency) for each buyer with a combination of money with 10 bills x 100 currency = 1 000 (currency), and 25 bills x 20 = 500 (currency).
2. For each seller, prepare cards where each card represents 1 kg, and give 5 kg to each participant. Fix the approximate price of 1 kg at 80-100.
3. Two prizes.

Method

1. For a group of 15 participants, select 3 buyers and 12 sellers. If there are men and women, make sure that at least one woman is a buyer. If there are traders amongst the participants, then make sure that they are all playing the game as sellers, not as buyers.
2. The maximum playing time is 10 minutes. Explain that the object of the game is for the sellers to earn as much income as possible with their product, and the buyers have to buy as much product as possible within the time limit. The winning seller is the one who has earned the most cash, while the winning buyer is the one who has bought the most kilos of the product.
3. Before the game begins you can separate the buyers and sellers and facilitate a discussion with each group in order to encourage them to try to work out a strategy to meet their objectives.
4. Then start the game. Have the 3 buyers set up their booths separately from each other. When time is beginning to run out call out 5 minutes, 3 minutes and then 1 minute, in order to speed up transactions and introduce an element of last-minute closing of deals.
5. After the game, ask the buyers how much they sold and determine who is the winner. Similarly ask the sellers who got the most cash. Hand over a prize to both winners.
6. Then ask the winners what strategy they used. Also ask other participants about their strategies. Make sure you also ask some of the women about their methods.
7. Finally wrap up the game by testing the understanding of participants by encouraging them to talk about how competition can result in higher prices in some cases and in lower prices in other cases.

Notes:

40 participants: 35 sellers and 5 buyers

Product is worth US\$ 1/kg

35 participants x 10 kg = 350 kg

350 kg x 1\$ = \$350 or for each buyer: \$350/5buyers = \$70

(5 x 30\$ in \$5 bills = \$150, 1 x 40 = 40\$)

Buyers and Sellers

Hints

This game can be used in Phase 3 Step 1 when explain the meaning of an enterprise plan or it can be used at the very beginning of MA&D in Phase 1 Step 1 as an awareness-raising game to illustrate the difference between selling and marketing.

This game can be played with participants of any level of education. It can be used with village collectors or facilitators of higher level programme staff.

The Leaking Water Bottle¹

Objective	To demonstrate the need to be organized and to plan for a successful enterprise
Time	30 minutes
Materials	<ul style="list-style-type: none">• 1 plastic water bottle with holes punched in the bottom• 1 bottle with water (to pour the water)• 1 bucket (to catch the spilled water)
Method	<ol style="list-style-type: none">1. Have two people act out the following funny drama.<ul style="list-style-type: none">• One person asks the other for water to drink and holds up a plastic bottle that has a perforated bottom full of small holes.• The other friend tries to give him or her water, but every time he or she tries to drink from the bottle, it becomes empty because of the leak.• Still the other friend keeps trying to give more water. Do this a few times.2. Reflect with the participants in the workshop on the drama by asking the following questions.<ul style="list-style-type: none">• What happened? Why did it happen? How could it have been prevented?• How does this drama relate to your household economy?
Hints	<p>Examples of comments from participants:</p> <ul style="list-style-type: none">• When you do something you should prepare well for it.• Learn carefully before starting something.• If we don't put into practice what we learn then it's wasted (male respondent).• A family works so hard and whatever they do they can never fill the bottle because their expenditures are higher than their income (female respondent).• People work but they haven't yet planned properly (female respondent).• It's like putting things in your pocket but it has holes in it (male respondent).• It's like when you spend your money on things that aren't useful (male respondent).• We spend whatever money we have and then it's gone like a granary that is full and then we give it away to everybody (male respondent).• The two people in the drama should have stopped pouring and tried to figure out how to stop the water from leaking out (male respondent).• The holes are the problem that you can't control. There are too many holes (female respondent).

¹ Based on IGA Selection, Planning and Management: A training course for the participants of CARE Uganda's Jenga project. Revised May 1998

Concentric Circles

Objective	To facilitate discussion on current and expected improvements in household economies.
Time	30-45 minutes
Materials	<ul style="list-style-type: none">• Flip charts with concentric circles• Two or more sets of pictures of typical household spending (food shopping, agricultural inputs, house bills, house maintenance and improvement, health, education, transport, leisure, etc.)
Method	<ol style="list-style-type: none">1. Prepare two flip charts each with several concentric circles.2. Divide the participants into groups according to their economic status in the community.3. Show the graphic representations of household spending to the groups. Explain that they are going to be asked to do two exercises and give each group two similar sets of pictures and two flip charts with concentric circles drawn on them.4. First, with one flip chart they will discuss their current expenses and place the graphics of the expenses they prioritize near the middle of the circle, with the least important expenses in rings further away from the centre. If they are receptive, encourage them gradually to put some actual figures representing the amounts of expenses in a specific time period such as a week or a month.5. Next, they will prepare a second flip chart with similar concentric rings and discuss their expectations of improved incomes and will change the position of the graphics representing an improved situation with additional income. Also encourage them to put figures representing their expected increased incomes for a specific time period such as a week or a month.6. When they have finished, compare the two flip charts of actual and expected situations and also compare the results of groups in different economic positions. Use this to gain greater understanding of the strategies and types of enterprise that could help participants achieve their economic expectations.
Hints	There is always a lot of suspicion anytime the subject of an economic analysis of a household is brought up. This exercise is a non-intrusive way for participants to begin discussing their expenses without having to put an actual figure on the cost until their confidence increases.

Doll Making

Objective	To raise awareness of the importance for entrepreneurs to plan and to be organized as a team.
Time	30 minutes
Materials	<ul style="list-style-type: none">• Prepare a simple doll made out of locally available raw materials such as flowers, branches, leaves, etc., found growing near the meeting site.• A prize for the winning group.
Method	<ol style="list-style-type: none">1. Divide the participants into several groups of about five people per group.2. Show the sample doll to all the groups and tell them that they have to copy it exactly and look for all the materials around the site.3. Stop the game as soon as one group says they have finished. Examine and judge all the dolls. Criteria for judging are accuracy and the state of completion. Give a prize to the group with the best doll.4. Reflect on the game by asking the following questions:<ul style="list-style-type: none">• Why did the group with the best doll win?• How did the winning group organize themselves? How did they start? Did they plan? Did they divide roles?• Would the first to finish always be the winner?• How does this relate to marketing?5. Summarize the game by explaining that groups that finished first may have made mistakes in copying the sample and explain that speed is necessary in order to exploit a market opportunity and beat the competition. On the other hand one also has to follow the needs of the buyer (especially in handicrafts production or in packaging). Stress that organization and planning is important in each group so that they coordinate with each other about which group member will look for which raw materials; otherwise they duplicate their efforts.
Hints	<p>Prepare the doll sample on a big white flip chart and do it indoors where it is not windy. Have participants do the same on flip charts placed either on the floor or on tables.</p> <p>Look for some materials that are easy to find and a few others that are more difficult to find. Try to make sure participants will not damage the local environment when looking for their raw materials!</p>

Marketing Mix

Objective	<ul style="list-style-type: none">• To introduce the key concepts of each of the 5Ps.• To explain the importance of including the 5Ps in the planning of the enterprises so as to reduce risks.• To introduce ways in which villagers can obtain information about the 5Ps.
Time	30–45 minutes
Materials	Traditional farmer's clothing and signs representing each of the 5Ps (people, product, place, price, promotion).
Method	<ol style="list-style-type: none">1. Choose five participants or five pairs, one for each of the 5Ps, and give each pair a sign to indicate which P they represent.2. The pair representing products has to choose a few products that are appropriate for the local conditions.3. Two people play the part of local small-scale farmers that grow a traditional monoculture crop (e.g. coffee) and are suffering from dropping prices. They are looking for alternative income-generating possibilities. During the role play they go together to each of the pairs representing one of the 5Ps and ask them for advice on how to identify a good enterprise and obtain information to develop the strategy. They also ask advice on what kinds of organizations can support them in this and where they can get financing.4. At the end of the role play, ask the participants what they learnt from this role play by asking them the following questions:<ul style="list-style-type: none">• Why did the farmers ask all these questions to the pairs?• How did it help them in planning their enterprise?• Where would you go to collect information about the 5Ps for your product?5. Summarize the role play by stressing that the 5Ps are important in planning their enterprise so as to reduce risks.
Hints	Identify the people who will play the part of farmers giving suggestions, and tell them to use local examples that everyone would be familiar with.

Profit versus Risk

Objective	To raise awareness of the need for risk in order to generate a profit.
Time	45 minutes
Materials	Circles drawn on the ground, stones and a flip chart for keeping score.
Method	<ol style="list-style-type: none">1. Prepare a playing site as follows:<ul style="list-style-type: none">• Draw four parallel lines of 3m each with about 1m between each line. On each line draw four small circles (about 20cm diameter) about 50cm apart from each other. Each of the 4 lines also has a value written on the ground. For example, the line furthest from the thrower is valued at 10, the next one is 5, and the third line is 2; 1 is the line nearest to the thrower.• Then draw three more parallel lines about 3-5 m away from the other lines. These are the starting lines for throwing the stones. Each line has a different value weight such as 0, 2 and 4. The starting line valued 0 is closest to the target lines already drawn on the ground; the next furthest away line is valued at 2 and the furthest away line is valued at 4.2. Explain to participants that they will try to throw stones into the circles drawn on the ground from a determined starting point.3. Divide the participants into small teams of about 3-4 people per team. Each team takes turns to place one of their members on the starting lines and throws the stones to try to get them to land in the circles. If the thrower is standing on the line of value 0 and puts a stone into a circle on a line worth 10, then the team scores 10 points. But if the thrower is standing further away on a line of value 4 and scores the same circle, then the team gets 40 points. The game finishes when the first team reaches a final score, such as 100.4. After the game facilitate a discussion by asking the following questions:<ul style="list-style-type: none">• How did the group winning group win? What did they do differently from the other groups? (<i>They probably took more risks.</i>)• What happens by standing further away? (<i>Increases their score by standing further way but also increases the risk of missing a circle altogether.</i>)• How does this relate to marketing? (<i>The need for risk in order to generate a profit.</i>)
Hints	The game can be made more challenging by introducing another rule: if a player misses a circle altogether they lose a certain number of points corresponding to the line they started from. For example, if they started throwing from the line valued 4 but miss the circles completely, then they lose 4 points from their existing score.

Strategy Development

Objectives	To realize that if you choose strategies quickly there is a greater tendency to make mistakes.
Materials	<p>Prepare 15 cards (about 10 x 30cm) of two colours: one colour for constraints and one colour for the solutions. For example, red cards for constraints and yellow cards for solutions. Write one constraint on each red card and the solution to that constraint on a yellow card. Use examples as per below in the four areas of development:</p> <ul style="list-style-type: none">• Constraint: Many scattered producers / Solution: Collection centre and group enterprise• Constraint: Only one buyer – monopoly / Solution: Encourage more buyers• Constraint: No bargaining power / Solution: More price information• Constraint: Expensive transportation / Solution: Choose high value low volume products• Constraint: Lack of inputs for production / Solution: Organize mechanisms to guarantee inputs• Constraint: Several grades of quality and price / Solution: Give training on grading• Constraint: Spoilage / Solution: Improved post-harvest techniques• Constraint: Illiteracy / Solution: Simple visual training materials• Constraint: Seasonal price fluctuations / Solution: Storage and capital• Constraint: Women are overburdened / Solution: Gender analysis in the selection of products• Constraint: Poorest of the poor have no income / Solution: Choose products which benefit the poorest• Constraint: Lack of manufacturing skills / Solution: Training on skill development• Constraint: Over-harvesting / Solution: Training on harvesting• Constraint: Shortage of resource in the forest / Solution: Domestication
Time	30 minutes

Strategy Development

Steps

1. Ask participants to split up into two teams of equal numbers and ask each team to line up facing each other in two straight lines parallel to each other. Go down the line of one team giving each person on one team a number. The same number is then given to the person from the other team facing the person from the first team. Therefore numbers 1 from each team will be facing each other.
2. Explain the game to the players.
3. The two teams are then asked to turn around so that they are facing towards the outside (away from each other).
4. Place the cards down on the ground in the space between the two lines. Ask the players to turn around so that they are again facing each other and can look at the cards.
5. Call out a number that is no higher than the highest number of players in one team. If the number called out is five, then both players with the number five from each team quickly have to pick up two matching cards of different colours. One should have a constraint and the other should have the solution to that constraint. Once they have picked up both cards they need to run up to the end of the line and give the two cards to the facilitator. The first one to deliver the cards wins. If the wrong answer is given with the constraint, that team loses one point. The other team then gets a chance to bring their correct card and can win a point.
6. The game finishes when all the cards have been picked up. The team with the most points wins.
7. At the end of the game ask the players what they have learned. They should realise that if they rush to choose a strategy, they might choose the wrong one! On the other hand if they move too slowly they may lose opportunities.

Hints

Make sure that each of the constraints has only one clear and well-defined solution.

The Longest Line

Objective	To raise awareness that all local resources have a value.
Time	15 minutes
Materials	None
Method	<ol style="list-style-type: none">1. Divide the participants into two large groups. Have each group make a line parallel to the other group's line by stretching out their arms sideways and grabbing the hand of the person in their group next to them. Each team has to use whatever is available on hand to make their line as long as possible. The game ends after a predetermined time such as ten minutes.2. After the game facilitate a discussion by asking the following questions:<ul style="list-style-type: none">• How did the winning group win?• What did they do different or better?• What did they use to make the line longer?• How does this relate to our enterprises?3. Summarize the game by stressing that all available resources have a value.4. Use this as an introduction to the Phase 1 Step 3 inventory of resources for a potential enterprise.
Hints	<p>It usually takes each team a few moments before they understand the trick. Then they start to take off their scarves or articles of clothing to make their line longer by holding them between outstretched hands. Then some people will start to look for other resources such as branches and long sticks.</p> <p>This game can also be used in moments when talking about the need to be organized and to plan for a successful enterprise.</p>

