

GUIDE 104



HOW TO IMPLEMENT AN INCOME-GENERATING ACTIVITY IN THE FRAMEWORK OF AN INTERNATIONAL SOLIDARITY MICROPROJECT



Agence Micro Projets

30 ans de microprojets

Incubateur d'initiatives solidaires

This guide is an initiative of the Agence des Micro Projets (AMP) [Micro Projects Agency]. It follows on from:

- a survey of eight French international solidarity associations that have implemented projects to create and strengthen income-generating activities (IGAs) or entrepreneurship projects. The majority of these associations were financially supported by the AMP;
- a bibliographical analysis of reference actors who have designed adapted guides and tools.

This guide proposes to support associations in setting up IGAs in the framework of international solidarity micro-projects by working through key stages. Practical advice and testimonials are given and examples illustrate the multitude of possible initiatives.

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The Agence des Micro Projets (AMP) is a programme of La Guilde Européenne du Raid, an association recognised as being of public utility, with financial support from the Agence Française de Développement. The objective of the AMP is to promote the micro-project approach. It is the national resource centre for support and funding for small and medium-sized French associations.



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ANTENNA FRANCE - <http://antenna-france.org/>

Antenna France is an international solidarity association committed to the fight against malnutrition and extreme poverty. Antenna France's mission is to set up self-sustaining and financially viable local farms for the production and distribution of spirulina (micro algae rich in micro nutrients) in Africa, Madagascar and South East Asia. Antenna France is part of the network of the Swiss Antenna Foundation, which is committed to the research and dissemination of technologies adapted to the essential needs of developing countries.

ARCANNE

The Arcanne association was created in 1996 with the aim of working towards the emergence of an awareness based on respect for the environment, particularly in the field of construction in France and Madagascar. The association carries out international development projects in the fields of housing, culture, environment and solidarity economy.

ASSOCIATION DE CRÉATION DE VALEURS POUR UN DÉVELOPPEMENT ÉQUITABLE ET DURABLE
<http://afcvded-assoc.blogspot.fr>

The Association for Value Creation for Fair and Sustainable Development (the AFCVDED) and the local partner structure were created in 2008 to build a non-formal basic education centre in Tougouzagué in Burkina Faso. In parallel with this project and still in this village, the association proposes literacy activities for women, market gardening and training in the production of moringa.

ARUTAM - <http://arutam.free.fr>

Present in Ecuador and Peru, the Arutam association supports indigenous peoples in the process of integration and confrontation with modernity, by promoting their traditions and know-how, while contributing to the preservation of natural areas.

BATIK INTERNATIONAL - www.batik-international.org

Founded in 1998, BATIK International designs and implements international projects in the fields of employment, vocational training and the creation of economic activities. Through the actions (training, studies, evaluations, technical assistance) that it develops in partnership with local actors (NGOs, local authorities, companies), the association works to create privileged links between Europe, East Asia and the Mediterranean where these projects take place.

DIIN LAMA FRANCE - www.diinlamafrance.org

The association Diin Lama France supports the local association Diin Lama and the village of Tangassogo in Burkina Faso. The association aims to safeguard cultural heritage and community development. Its actions are determined according to the needs analysed by Diin-Lama Burkina, and carried out according to local priorities.

KAOSSANGA

The association helps people in difficulty in towns and villages in developing countries. The actions aim to enable the villagers to improve their living conditions by developing economic activities as well as promoting cultural and commercial exchanges. The association also promotes environmentally friendly energy sources.

MANO A MANO FRANCE - www.manoamanoperou.org/fr/activitesfrance.html

The association has been working for over 20 years with Mano a Mano Peru in the Ensenada shantytown north of Lima and has continued to evolve according to the needs of the communities. With a view to improving the living conditions of the inhabitants and their children, it works to set up several activities in which the inhabitants are both actors and beneficiaries.

RIVAGES NDIWANE - www.facebook.com/people/Rivages-Tekane-Ndiawane/100005673047644

The Rivages Ndiawane association was created in February 2002 in Limoges by Mauritanian nationals living in France and French friends. The main objective of the association is to support the economic, social and cultural development of the village of Tekane, particularly in the areas of education, agriculture and cultural activities.

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► FOREWORD

The establishment of an income-generating activity on the scale of an international solidarity micro-project represents a guarantee of financial sustainability.

Many project leaders therefore set out to create or strengthen profit-making activities to contribute to the financial viability of a social structure or to strengthen the income of disadvantaged populations.

However, these activities are complex to implement on the ground and to sustain, as shown by the difficulties frequently reported by the associations: poor market outlets, overestimation of profits at the start of the project, the need to respect quality standards, difficulties in managing stocks and cash flow, etc.

To ensure the success of such a project, it is necessary to follow an approach similar to that of a micro-entrepreneur and to have the appropriate skills. This guide is a generic but comprehensive methodological support adapted to micro-project leaders. It includes practical and accessible advice to enable associations to anticipate bottlenecks and implement a sustainable income-generating activity in line with the requirements of the micro-project approach.



INTRODUCTION

WHAT IS AN
INCOME-GENERATING
ACTIVITY?

IGAs in microprojects

"An income-generating activity (IGA) is a business activity that consists of selling goods and/or market services for the benefit of an entity or group of individuals. Its implementation requires organised human, financial and material resources."

At the micro-project level, an IGA can correspond to an activity that generates regular income for individuals or a group of individuals (agricultural cooperative, women artisans, etc.) but also for a social structure (school, health centre, library, etc.).

The sectors of activity of IGAs within the framework of international solidarity micro-projects are varied: processing of agro-forestry products, livestock, market gardening, handicrafts, trade, hotels and restaurants, etc.

Why set up an IGA?

Implementing an income-generating activity as part of a micro-project has several objectives:

- To cover all or part of the **operating costs of a social structure** (school, health centre, training centre etc.);
- To contribute to **the financial autonomy of a micro-project**;
- To enable **enhancement of the means** of beneficiaries over the long term;
- To **create jobs** and promote economic dynamism in the area;
- **To train a group of beneficiaries in a trade** and in the management of an activity;
- To promote **equal opportunities between women and men**.

Typology of IGAs

There are different types of income-generating activities, which reflect a more or less strong entrepreneurial logic:



TRAINING OF WOMEN IN MARKET GARDENING AND SALE OF PART OF THE PRODUCTION, SHUKALI ASSOCIATION, SENEGAL.

Social projects that can themselves generate income.

In the framework of international solidarity micro-projects with a social objective of production of a good or service by the beneficiaries, part of the production can be allocated to sale in order to generate financial resources.



AN AGRICULTURAL TRAINING CENTRE OFFERS ORGANISED VISITS AND DISCOVERY CLASSES ON ITS WEBSITE, ASSOCIATION EAU DE COCO, MADAGASCAR.

Making certain project activities a source of income.

In a micro-project, the investments and equipment acquired can be used to carry out an activity that generates income.



CONSTRUCTION OF A PIGSTY TO COVER THE RUNNING COSTS OF A SCHOOL, SOS POUR L'AFRIQUE ASSOCIATION, BURKINA FASO.

Ex nihilo creation of an IGA to support the financial viability of a project or social structure.

At this stage, this is a real micro-business project. The activity that will generate income has nothing to do with the social activity and requires special means and organisation.



SUPPORT FOR THE MODERNISATION AND DEVELOPMENT OF BEEKEEPING, NORMANDIE GUINÉE ASSOCIATION, GUINEA.

Entrepreneurship project, creation or reinforcement of an economic activity for a micro enterprise or a group of individuals.

All the activities of the microproject concern the creation or strengthening of lucrative economic activities.

CHAPTER 1

PREREQUISITES FOR STARTING AN IGA

- ✓ THE PROPOSED AREA OF ACTION MEETS THE NECESSARY CONDITIONS: CLIMATE, NATURAL RESOURCES, ACCESS TO PRODUCTIVE ASSETS
- ✓ THE NECESSARY TECHNICAL CAPACITY EXISTS OR CAN BE CREATED
- ✓ THE ACTIVITIES DO NOT LEAD TO SOCIAL OR CULTURAL PROBLEMS
- ✓ BUSINESS OPPORTUNITIES EXIST AND HAVE BEEN VERIFIED
- ✓ THE PROJECTED FINANCIAL PROFITABILITY IS SATISFACTORY

You should not rush into a first idea, but study carefully whether it meets the needs, whether it is adapted to the context and whether it is the best possible solution.

Preliminary diagnosis

First and foremost, it is important to define precisely the IGA that you wish to develop and to be certain that the activity, if carried out, provides a relevant response to the needs expressed. It is necessary to analyse the real needs upstream and then think about the purpose of the action and the nature of the beneficiaries.

► **IMPORTANT :** A project that does not involve local stakeholders in the identification phase may not have the support and buy-in of the local population during its implementation, and may even create strong opposition.

In this respect, the selection of the partner is delicate because, although he/she fulfils a social mission, he/she is generally neither an entrepreneur nor a salesperson. It is a good idea, in the diagnostic phase and throughout the activity, to seek the advice of people with knowledge of the business world.

A suitable activity

When choosing an activity, think about carrying out a diagnosis of the means (geography, natural resources, techniques) required to implement it. The activity needs to be adapted to the area of action or it will face multiple difficulties after the launch. Consider in particular the impact that the following elements may have on the success of your project: degree of isolation and density of the road network in the area, climate, relief, seasons, availability of raw materials, presence of an electricity network, quality requirements for the selected product, available production resources, etc.



THE ARUTAM ASSOCIATION, AS PART OF A PROJECT TO PRODUCE ESSENTIAL OILS IN PERU, HAD TO ADAPT TO THE LOCAL CONDITIONS FOR FRUIT DRYING, STORAGE AND PRODUCTION IN A TROPICAL ENVIRONMENT.



A PROJECT FOR A GROUP OF WOMEN



PROJECT KICK-OFF MEETING

The choice of a participatory approach

The needs assessment stage can only be carried out with the involvement of all the stakeholders in the micro-project and requires a realistic view of the field. Adopting a participatory approach is especially important because setting up an IGA for a targeted group of beneficiaries can create tensions. Ask project stakeholders about the opportunities they see in the IGA, and also about the difficulties they might face. Understanding the issues at stake will ensure that you do not expect too much from the project. Feedback from associations highlights that the time between the idea of the activity and the actual generation of income is long and often underestimated. In some cases, it is prudent to warn beneficiaries in advance that immediate gains will be limited, and to adapt the project in cases where short-term needs are important.

The local partner: between entrepreneurship and social development

An IGA project often navigates between the social and entrepreneurial spheres. For example, the transition from a traditional activity to a more significant production requires the development of a commercial strategy. This may be a new approach for some beneficiaries and therefore an aspect to consider for the cultural sustainability of the project.

► **IMPORTANT:** Strengthening traditional activities.

It is often best to start with activities where people have cultural knowledge and previous experience. In many cases, people are already developing income-generating activities. The best direction for a microproject is to support these existing IGAs, helping the population to reduce the barriers they face.

THE ESSENTIAL PRELIMINARY QUESTIONS

1. WHERE IS THE PROJECT LOCATED?
WHAT IS THE SOCIO-ECONOMIC CONTEXT?
2. WHAT ARE THE IDENTIFIED NEEDS? WHAT PROBLEMS NEED TO BE SOLVED?
3. WHAT DO YOU HOPE TO PRODUCE? WHAT IS THE PURPOSE OF THE IGA?
4. WHO ARE THE BENEFICIARIES OF THE PROJECT?
WHO ARE THE STAKEHOLDERS OF THE PROJECT?
5. DOES THE PROPOSED ACTIVITY CORRESPOND TO THE NEEDS?
WHAT IS THE ADDED VALUE OF THIS ACTIVITY?
6. IS THE ACTIVITY ADAPTED TO THE LOCAL CONTEXT
(CLIMATE, RESOURCES, CULTURE)?
7. DOES THE PROJECT BENEFIT FROM THE SUPPORT OF THE INHABITANTS?

Market opportunities should guide the implementation of an IGA. It is essential to meet producers and potential buyers before starting an activity.

What is a market study?

A market study is a way of verifying the existence of market opportunities, regardless of the size of the project. The objective is to gather information in order to validate or correct hypotheses concerning:

- **demand** (example: "the urban middle classes have a high demand for quality market garden produce," «the bags produced will be sold entirely to tourists and expatriates in the capital"),
- **supply** ("very few producers or cooperatives in the area produce green coal", "there are no pig sellers in this area"),
- **the market environment** ("it is a growing market due to the spread of solar technologies", "it is easy to get organic certification from the government").

► **IMPORTANT :** The term "market study" can be intimidating for those who do not feel sufficiently competent tend to avoid or neglect this stage. However, market research is above all a matter of method and common sense!



SALE OF PRODUCTS IN A STORE ANNEXED TO A TRAINING CENTER OF A TRAINING CENTER, ASSOCIATION PEUPLE SOLIDAIRES SAINT-LÔ, BURKINA FASO

Why a market study?

To check the opportunities and the appropriateness of starting the business.

- Gather sufficient information to **establish assumptions about future turnover** and provide concrete elements to be used in drawing up the provisional budget,
- **Set the most coherent selling price possible**, choose the means of distribution for your product and consider appropriate means of communication,
- **Be aware of the weaknesses** of your activity.

KEY QUESTIONS IN MARKET RESEARCH

TOOLBOX #1: HOW TO CARRY OUT A MARKET STUDY?

- WHAT WILL BE SOLD AND WHY?
- WHAT TO SELL? WHERE TO SELL?
- DOES THE PRODUCT MEET AN UNMET NEED IN THE MARKET?
- AT WHAT PRICE WILL YOU BE ABLE TO SELL THE PRODUCT?
- ARE THERE ANY REGULATORY CONSTRAINTS?

How do you get this information?

It is necessary to conduct a **field survey** of potential customers, vendors and producers. You can also watch the competitors. Relevant information, such as price and quality of products, can be obtained in this way. Information on production costs, sources of supply and profit margins is more difficult to obtain: merchants do not like to give this data to potential competitors! The field part of the market research can also be delegated to professionals.

For information on the national market, if you want to market your production on a larger scale, contact chambers of commerce and industry, chambers of trade, professional bodies and unions. Remember also to consult specialised websites.

FOCUS : The global market

In the case of positioning on an international market, change your analysis accordingly: analyse the prices imposed in the target country, the dynamics of demand for this product in the country, export regulations and product quality control, as well as all the costs and delays associated with exporting.

FOCUS : Agricultural products: some specific questions

- Is there any seasonality in the production of the product?
What is the harvesting and selling period on the markets?
At what time of year do households buy this product?
- Are there alternative possibilities for transformation?
- What should the storage conditions be?
- How does the selling price of the product fluctuate throughout the year?

The definition of a business strategy refers to the adaptation of the goods and/or services to be produced in order to satisfy the needs of identified customers. In other words, these are the decisions to be made to achieve sales targets.

Important decisions

The knowledge of the market, the customers and the competition gained from the market research allows the **definition of a commercial strategy**. The aim is to offer a product that satisfies its customers and to sell enough to make a profit. This is a delicate stage which requires reflection, logic and creativity as choices have to be made about:

- **The product** (image or drawing): definition of the characteristics of the product and its best suitability to the needs (functionality, packaging, quality, etc.)
- **The clientele:** target clientele and range of the product (high-end, general public, etc.)
- **Distribution:** choice of distribution channel and areas (place of sale, direct sale or via intermediaries, sales network, etc.). Distribution can take place through traditional commercial channels but also through more informal, local or international solidarity networks.
- **Communication:** actions to be taken to publicise and inform consumers of the qualities and benefits of the product (advertising, promotion, sponsorship, etc.)



"Analyse the whole distribution chain for your product, from production to retail, and clearly target which activity you want to position yourself in. You should not try to do everything but rather consider leaving some aspects to more competent people."

"Start by producing little for a targeted clientele and increase your production over time. Focus on derived and processed products and retail sales."

"In the case of new products, raise awareness and test the market beforehand."

THE FIVE GOLDEN RULES OF MARKETING OR THE "5 P'S"

1. PRODUCT:

The product must be of good quality, readily available, well stored, well packaged and attractive.

2. PLACE:

The place where the product is offered for sale should be central, easy to find and clean, and the product should be well presented and stored.

3. PRICE:

The price of the product should be reasonable, competitive and clearly displayed. Consider special prices to attract customers and offer favourable payment terms.

4. PROMOTION:

The product should be promoted with good slogans, good names, distinctive brands and a good presentation of the product.

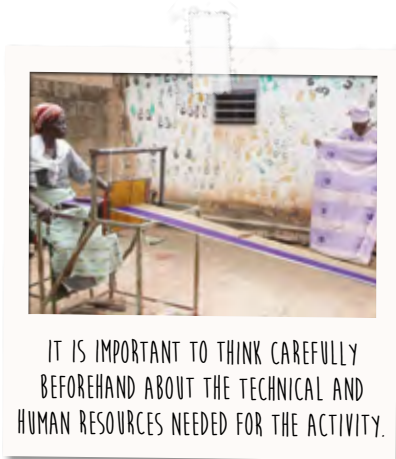
5. PEOPLE:

Salespeople must be polite, honest, motivated and provide good customer service.

When starting an IGA, it is important to size the project properly, taking into account not only the opportunities but also the technical and human resources available.

Key points to consider

Before starting the business, it is useful to draw up a precise and exhaustive list of the investments and expenses to be made in order to start your IGA. You can go and meet similar structures, ask for quotes, advice, meet your potential suppliers. Also consider the training needs of the people working on the project.



› **Construction:** Is it necessary to build a warehouse for production? For storage? For sale?

› **Equipment and supplies:** What is needed in terms of equipment (machinery, packaging, tools, etc.) and supplies (electricity, water, etc.)? Are they available locally? Need to import?

› **Raw materials:** What raw materials are needed? How much, where and how to get them?

› **Transport :** What type of transport is needed? When and how can it be organised?

› **Work Force:** Is it necessary to employ staff? How much time? Who will do what?

› **Training:** What do you need to know? Is training necessary? How can it be organised? How long will it take?

Sample list of resources needed to implement the activity

Headings	We need	We have already	What to buy and where
Construction			
Equipment/Supplies			
Raw materials			
Transport			
Work force			
Training			
Advertising/Promotion			

The financing plan for capital and start-up expenditure

Then estimate the cost of the start-up expenses for the activity using the table below. In the context of an international development microproject, these expenses are often financed by public grants, the French association's own funds or private funds. Estimate the expenditure for an entire production cycle (i.e. the time needed to produce a batch or series of products).

Sample list for estimating start-up costs

Headings	What we need to buy	Quantity	Costs
Construction			
Equipment/Supplies			
Raw materials			
Transport			
Work force			
Training			
Advertising/Promotion			

Before embarking on an IGA, the project leader should consider whether the activity is likely to be profitable in the medium term, and whether the activity will generate more money than it spends.

A projected operating account: why?

The projected operating account is a table that summarises, by week, month or year, the expected income from the activity and all operating costs.

In order to draw up a provisional operating account, it is necessary to be able to estimate the quantities sold, the selling price, the variable costs and the fixed costs before the project begins quantities sold, the selling price, variable costs and fixed charges

► **IMPORTANT :** A lessor will not finance your project if you do not give him or her evidence of economic sustainability in the medium to long term.

A multi-annual vision

The projected operating account is usually presented over at least 3 years of operation. To facilitate the preparation of the annual operating account, it is advisable to prepare it first by month or even week. Take into account the seasonality of your business when you switch from monthly to annual accounts (e.g. some fresh market garden produce can only be sold at a certain time of the year).

Start-up and operating costs

The operating account shows only the revenues and costs once the activity has started. In the framework of international solidarity microprojects, the investments and start-up costs (year 0) will generally not be covered by the income from sales (operating income) but by dedicated funding (a grant from the Microprojects Agency, various co-financing, the association's own funds). Investment expenditures are therefore not shown as real costs on the operating account, but can nevertheless be valued.

"Don't be too optimistic! Revenue forecasts are often based on optimistic projections (strong and high market) but it is important to take into account cycles and fluctuations. As a general rule, do not make very large investments or be too greedy about expected profits. It's better to be realistic about the scale of your activity and make it evolve according to the results."

THE ELEMENTS OF AN OPERATING ACCOUNT

TOOLBOX #2: HOW TO MAKE A PROJECTED OPERATING ACCOUNT?

THE OPERATING ACCOUNT IS A SUMMARY TABLE OF THE VARIOUS REVENUES AND EXPENSES OF THE ACTIVITY DURING A GIVEN PERIOD.

► Sale of goods/services

► **Variable costs:** purchase of raw materials, purchase of supplies, energy, transport costs, other marketing, communication and promotion costs

► **Fixed costs:** rent, maintenance and repairs, advertising costs, wages and labour

► Provision for depreciation

The following calculation shows whether the forecast result of your activity is positive or negative, i.e. whether the activity will result in a loss or a profit:

$$\text{RESULT} = \text{SALES} - \text{EXPENSES} - \text{DEPRECIATION}$$

Setting your selling price

Think about the price that consumers are willing to pay and calculate the expected result for that price. If this corresponds to a negative or insufficient result, change the strategy: reconsider the selling price, change the target customers, consider what costs could be reduced.



THE PROFITS FROM THIS INTEGRATION RESTAURANT PAY THE SALARY OF THREE EMPLOYEES.

"Limit the costs of starting the business as much as possible. You have to make investments in line with the activity, think about the quality of the product and do not make unnecessary expenses."

► IMPORTANT :

Depreciation: the key to the sustainability of equipment

For your project to last over time, the equipment you have acquired as part of the project must be able to be renewed when it becomes too worn. To do this, it is necessary to set aside money, which is known as provisions for depreciation. Example: If a computer was bought for 500 euros and it is estimated that a new one will be needed in 5 years, 100 euros per year should be set aside to allow for wear and tear. The 100 euros will be recorded as expenditure but will still be in the bank account. After 5 years, there will be 500 euros in the account to buy a new computer.



CHAPTER 2

MANAGEMENT AND MONITORING OF THE IGA

The success of an IGA depends as much on the activity chosen as on the skills and knowledge of the group conducting it.

Assessing the needs

To run an IGA, project leaders must be able to work in a group and master various tasks: project management, technical monitoring, negotiation, accounting, management, marketing, communication, etc. For better management of the activity, it is necessary to assess the weak points and **to organise training sessions**. Think in particular about these various components:

- › **Technical support:** all the beneficiaries must master production techniques. Offer practical training to the beneficiaries!
- › **Business management:** accounting and stock management require rigour and specific knowledge!
- › **Communication:** don't neglect marketing! Being a good salesperson cannot be improvised, and the people involved in the communication and marketing aspects must be competent.

Organisational support

Supporting a grouping in the creation of a sustainable economic project implies developing the members' skills in self-organisation. Support for community management includes:

- **Defining a common goal:** The members of the group must share a vision, values, mission and agree on the objectives of their action.
- **The choice of the legal status of the structure:** In the framework of micro-projects, the management of the activity is usually carried out locally by an association, an economic interest group (EIG) or a cooperative. But there are multiple statuses. Be sure to find out the conditions under which an association can sell. And check whether, in the context of its commercial activities, the structure is subject to VAT and tax.
- To be legally recognised, the statutes must be well defined.

TOOLBOX #3: COMPARATIVE TABLE OF STRUCTURES: ASSOCIATION, EIG AND COOPERATIVE.

- **Defining the functioning of the group.** The members of the structure must:
 - Know the role and composition of the various bodies that make up the group (e.g. general assembly, executive board, management committee, president, treasurer, etc.)
 - Be able to precisely define the roles and responsibilities of each person in the activity (work organisation, cashier, supervisor, controller, etc.).
 - Mastering communication and organisation techniques (leading meetings, managing conflicts, etc.)
 - Defining the rules and procedures for the functioning of the organisation (membership fees, membership procedure, board, etc.)



THE DIIN LAMA ASSOCIATION CHOSE TO SET UP A CATTLE BREEDING PROJECT IN PARTNERSHIP WITH A WOMEN'S GROUP THAT HAD BEEN ESTABLISHED IN THE COMMUNE FOR A LONG TIME.



TRAINING IN THE SHADE.

"We found a problem of organisation within the association itself: the role of the members was not always respected and the technical people sometimes took decisions without consulting the other members. Therefore, we set up training courses on group management so that the articles of association can be referred to and the objectives of an association clearly explained."

FOCUS: Practicing within the law: Formalisation of your activity.

Does the group have the right to sell? Under what status? Within what volume limit? Is the activity subject to payroll and tax? Formalisation consists of approaching the competent institutions and declaring one's activity through a registration that authorises you to conduct business. Seek information, for example, from chambers of commerce and industry or craft chambers.

The time of the training

It is important to bear in mind that people involved in a development project on the ground often have other activities and will not be available at all times. In rural areas, for example, think of the periods of agricultural work that often keep men and women busy for much of the day. Ask yourself questions and adapt: When is the best time to organise training? Will all members have time to attend?

In addition, training must be planned over several years and adapted to the difficulties and bottlenecks observed on the ground (technical, activity management, organisational problems)

Focus on group work

Working in groups, rather than individually, allows beneficiaries to combine their skills and resources and make the best use of them. They can exchange their points of view and ideas and choose the best solutions, and a group is in a better position than individuals in negotiations.

The project leaders should plan the various activities and avoid improvising.

Planning

The timeline, which clearly describes the main steps in relation to the planned objectives, should be kept in mind throughout the start-up phase of the activity. Carry out very close monitoring of the investments necessary for the operation of the activity (construction, purchase of operating equipment, etc.).

► **IMPORTANT :** “The management of the IGA must be controlled and transparent. It is necessary to define early on how the benefits of the activity will be affected.”

TOOLBOX #4: TIMELINE AND CASH FLOW MONITORING

Monitoring the production phase

Monitoring is the periodic review of the progress of activities to determine the extent to which inputs and timelines are on track. It is important to keep the plan in mind but also to be able to adapt: changes are always necessary. It is important to put in place comprehensive but simple monitoring tools that can be used by the people in charge of the project.

► **Cash book:** A tool in which all cash movements in and out of the cashbox are recorded. This book can be kept on paper or in a computerized form and it allows to know at any time the balance available in the cashbox.

► **Bank journal:** A tool that tracks all banking transactions (deposits and withdrawals from the bank) and thus allows you to know at any time the balance of money available in the bank. This journal can be kept in paper and/or computerised form.

► **Production and stock monitoring book:** the production and stock monitoring sheets make it possible to monitor the quantity produced, the use of raw materials, the volume of raw material and finished product stocks.

These sheets can be used for control purposes (quantity of stocks, volume of purchases, etc.) but also for analytical purposes: to analyse over time whether production management is appropriate and to make forecasts of future sales volumes.

TOOLBOXES #4 AND #5: MONITORING SHEETS (CASH, BANK, PRODUCTION, STOCKS)

- ✓ MONITORING OF RAW MATERIAL PURCHASES
- ✓ MONITORING THE PRODUCTION OF FINISHED PRODUCTS
- ✓ MONITORING OF RAW MATERIAL STOCKS
- ✓ MONITORING OF STOCKS OF FINISHED PRODUCTS AND MARKET VALUE OF STOCKS

“Monitoring of disbursements and cash flow is essential”

“Check regularly that the activity does not raise new problems: jealousies, rivalries between beneficiaries and non-beneficiaries, quarrels over the use of the profits, etc.”

“Review purchases and sales on a weekly basis”

“The distribution of profits must be defined well in advance”

“Organise regular updates and meetings with project stakeholders to discuss difficulties encountered, project progress and identify potential bottlenecks”

► **IMPORTANT :** For various reasons, the market may change. Throughout the economic activity, it is necessary to be pro-active and commercial and to remain attentive to one's current clients and to continue to prospect for new ones. Even once the business has started, continue to allocate resources to the marketing process.

FOCUS : An IGA to finance a social structure: In what order?

The establishment of an IGA is often a specific component of a larger project, where the IGA is intended to contribute to the financing and sustainability of a social structure. In this case, it is advisable to start working on setting up the IGA in parallel with the social component to ensure the capacity of the activity to generate income.

Every project has unforeseen events. Risk analysis aims to reduce the probability of failure or uncertainty of factors that may affect your project.

Discuss the risks

The first step is to make an exhaustive list of all the events that could represent a risk for the smooth running of the project. Some risks are associated with the group itself (internal risk) while other risks are beyond the control of the group (external risk). Once identified, analyse in some detail their causes and potential impacts.

“We have encountered difficulties that we did not foresee related to the political environment in Burkina Faso, which has discouraged foreign tourists from visiting the country and has greatly reduced the expected revenue from our tourist accommodation centre.”

Strategic risk monitoring

Risk analysis should be carried out at the start of a project but also throughout its life. Monitoring is a continuous activity of active oversight of the project environment in order to anticipate its changes.

THE PRINCIPAL RISKS

EXTERNAL RISKS

Political and economic risks

- Conflict, war
- Regulatory and policy changes
- New tax, new duty
- Economic crisis, inflation
- Change in exchange rate
- Changes in technical regulations, product quality standards

Market risks

- New competition
- Difficulty in obtaining a licence, patent.
- Mistaken perception of need
- Change in demand and sales price

Supplier risk

- Failure of a key supplier
- Rising raw material prices

Environmental risks

- Climate, weather risk
- Pandemic

INTERNAL RISKS

Project management

- Unrealistic target (insufficient time or budget)
- Unavailability of certain technologies
- Poor design choices
- Poor project coordination

“If staff are to be hired, include in the contracts the solutions to be adopted in case the activity does not roll out as expected.”

“Think about the possible reuse of the production structure in case of a drop in demand, or the possibility of offering derivative products. Can another activity be set up?”

“Plan for possible contingencies in the budget. Anticipate different scenarios and think concretely about the impacts that the identified risks could have on the project.”

“When analysing risk, take a view of the whole chain: knowing the whole production chain allows you to identify potential weak links.”

EXAMPLES OF INITIATIVES

A world map showing the distribution of 30 countries, each assigned a unique number from 1 to 30. The map uses a blue color scheme with varying shades to distinguish between different regions. The countries are labeled with their names in English, and some are also labeled with their corresponding numbers. The map is oriented with North at the top.

The countries and their corresponding numbers are:

- 1. Ireland
- 2. France
- 3. Italy
- 4. Spain
- 5. Portugal
- 6. Poland
- 7. Ukraine
- 8. Belarus
- 9. Kazakhstan
- 10. Mongolia
- 11. North Korea
- 12. South Korea
- 13. China
- 14. Taiwan
- 15. Philippines
- 16. Malaysia
- 17. Indonesia
- 18. India
- 19. Pakistan
- 20. Afghanistan
- 21. Iran
- 22. Iraq
- 23. Syria
- 24. Turkey
- 25. Georgia
- 26. Armenia
- 27. Azerbaijan
- 28. Uzbekistan
- 29. Turkmenistan
- 30. Tajikistan

The map also shows several other countries without numbers, including:

- Algeria
- Libya
- Egypt
- Saudi Arabia
- Yemen
- Sudan
- Chad
- Niger
- Mali
- Morocco
- Tunisia
- Libia
- Ghana
- Nigeria
- Cameroon
- Congo
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THEME: AGRICULTURE - LIVESTOCK

Association: Diin Lama France

Country: Burkina Faso

Project title: Sheep production for women's groups

Total estimated budget: €15,564

PRESENTATION OF THE PROJECT: To provide 20 women with an individual sheep production unit to enable them to become economically independent.

PRINCIPAL ACTIVITIES: Construction of individual sheepfolds for 20 women; provision of one ram and two ewes to each woman, technical training (animal feed, hygiene, care, etc.), entrepreneurial training, veterinary monitoring.

TESTIMONY OF THE ASSOCIATION: «At the beginning, we had thought of setting up a processing and marketing activity for shea nut products. We abandoned this idea because of the geographical remoteness of the village, the lack of electrification and the high quality requirements in this market. We then turned



to the traditional activity of breeding with a view to making it more professional and profitable.

DIFFICULTIES ENCOUNTERED: "We were confronted with a plague outbreak that resulted in the death of 18 animals. The drop in the number of animals in the herd has an impact on the whole project: lower sales, lower births, lower income. It is necessary to anticipate the risks in the budget."

ADVICE: "In the framework of such a project, it is important to carry out two types of training for the beneficiaries: on the economic aspects but also on the activity itself and the rules for carrying them out in good conditions."

THEME: AGRICULTURE - AGRONOMY

Association: Africa and New Interdependencies

Country: Cameroon

Project title: Strengthening the marketing capacities of women food producers

Total estimated budget: €66,129

PRESENTATION OF THE PROJECT:

To propose solutions to limit the difficulties encountered by an agricultural cooperative in marketing their production on local markets. The project aims to strengthen the production-processing-marketing cycle and ensure economic stability for the beneficiaries.

PRINCIPAL ACTIVITIES: Definition of a strategy based on market needs, training in marketing techniques, support for



the implementation of accounting and financial management techniques, purchase of a van and training of the driver, implementation of a schedule for collective transport and for individual rental.

TESTIMONY OF THE ASSOCIATION: "The union of women farmers has enabled them to achieve significant economies of scale and to sell the products from their fields on the markets of Yaoundé. In fact, the size of the van has given them the opportunity to sell such a large quantity of products that transport costs have become negligible."

DIFFICULTIES ENCOUNTERED: "The project envisaged the use of the van for travel by villagers in order to generate small financial resources for the association. These trips did not take place because they prefer to hire a more comfortable minibus."

ADVICE: "Awareness raising and mobilisation of women farmers who are beneficiaries and stakeholders in the project, during training, talks and cultural events are very important for group cohesion."

THEME: URBAN DEVELOPMENT - COMMUNITY SPACE

Association: Rivage N'Diawane

Country: Mauritania

Project title: Construction of a market with rented spaces for the Tékane women's cooperative

Total estimated budget: €38,000

PRESENTATION OF THE PROJECT: To provide the women's cooperative of Tékane and the inhabitants of the commune with a place dedicated to commercial activities with the construction of a covered and organised rental market. The money generated by the market will be used primarily for the upkeep and maintenance of the market and the project will enable the women to increase their sales and therefore their income.

PRINCIPAL ACTIVITIES: Ensuring the availability of building land, defining the functional organisation of the market, drawing up the plans and carrying out the construction, setting up the rental management process.



TESTIMONY OF THE ASSOCIATION: "The rents received allow the structure to be self-financing and also to seriously consider its improvement. Thanks to the material and sanitary progress that this covered market brings, we can hope for a better frequentation of the market and an improvement in the quality of the products sold."

DIFFICULTIES ENCOUNTERED: "The success of the project will depend on the success of the various study phases. The problems to be solved for the association are: availability of building land, drawing up of quotations and definition of the rental management process."

ADVICE: "Ensure that the project is based on a collective demand that has been expressed on several occasions and rely on local actors, both for construction and management."

THEME: EDUCATION - BASIC EDUCATION

Association: Apiflordev

Country: Burkina Faso

Title: 150 beehives for the children of Sindou

Total estimated budget: €13,515

PRESENTATION OF THE PROJECT: Creation of a school apiary with 150 beehives in order to generate resources to finance the schooling of disadvantaged young people.

PRINCIPAL ACTIVITIES: Extension of the apiary, training of about 15 young people in modern beekeeping.

TESTIMONY OF THE ASSOCIATION: "The person in charge of the association's cultural activities comes from a family where beekeeping is traditionally developed. So he has some knowledge of bees and how to attract them and this is a guarantee of success in the transition to modern beekeeping."

DIFFICULTIES ENCOUNTERED: "Beekeeping is dependent on hazards, especially health risks. In the context of this project, the first major honeyflow in March/April was particularly bad due to the weather conditions (persistent fog, poor sunlight which compromised the flowering of the trees)."

ADVICE: « Il est important de mettre en place des mesures de surveillance et de prévention contre les risques sanitaires et météorologiques. »



THEME: EDUCATION - VOCATIONAL TRAINING

Association: AFCVDED

Country: Burkina Faso

Title: Non-Formal Basic Education Centre in Tougozague

Total estimated budget: €27,600

PRESENTATION OF THE PROJECT: Creation of an accommodation centre and a restaurant to help finance the running costs of the local association and a non-formal basic education centre.

PRINCIPAL ACTIVITIES: Construction and fitting out of the training centre and the accommodation/restaurant centre, start of training.

TESTIMONY OF THE ASSOCIATION: "The creation of a tourist accommodation centre was decided because the association's land is located on a road much used by foreign tourists to go to the Dogon Country (Mali), in a very restful place that could also attract Burkinabés for weekends."

DIFFICULTIES ENCOUNTERED: "The political situation in Burkina Faso has limited the number of tourists."

ADVICE: "The calculation of the investment to be made must be exhaustive and precise and financially and technically feasible."



THEME: ENTREPRENEURSHIP - SERVICE

Association: Mano a Mano

Country: Peru

Title: Setting up a solidarity restaurant

PRESENTATION OF THE PROJECT: To develop and structure the activities of a small informal restaurant into a micro-enterprise for integration.

PRINCIPAL ACTIVITIES: Adapting the menu, reinforcing hygiene measures, structuring the restaurant as a micro-enterprise, communicating about the restaurant and canvassing for new customers.

TESTIMONY OF THE ASSOCIATION: "In 2014, the restaurant acquired the status of a micro-enterprise. Taxes are paid monthly and the company has been registered with the Comas municipality. Currently the restaurant operates 6 days a week with an average of 50 meals served and the profits cover three salaries."

DIFFICULTIES ENCOUNTERED: "At the end of the year sales were down because of the opening of another restaurant two houses away from ours with all the comforts for the customers."

ADVICE: "You have to become financially autonomous before you can finance other activities. Moreover, you must not be discouraged and you must be persistent."



THEME: ENTREPRENEURSHIP - CRAFTS

Association: Afrika Tiss

Country: Burkina Faso

Title: Creation of a sewing training centre

Total estimated budget: €23,350

PRESENTATION OF THE PROJECT: At the end of the programme, the young seamstresses can join a cooperative and are able to receive a regular income from their activities. A percentage of the orders placed is deducted to cover the registration fees of future beneficiaries of the programme.

PRINCIPAL ACTIVITIES: Fitting out and equipping a room, in-depth training in cutting, assembly and tailoring, carrying out a test production and providing socio-professional support for the beneficiaries.

TESTIMONY OF THE ASSOCIATION: "While young women are generally left to fend for themselves after their training, the aim of the programme is to integrate the learners into the workforce on leaving the programme through the development of partnerships with local and international creators."

DIFFICULTIES ENCOUNTERED: "The market is constantly evolving and needs to be monitored, especially the competition."

ADVICE: "The inclusion of an entrepreneurship module in the training programme helps to develop a taste for private initiative in project implementation."



THEME: NATURAL RESOURCE MANAGEMENT

Association: Arutam
Country: Peru
Title: Aguaje oil production in Peru
Total estimated budget: €181,916

PRESENTATION OF THE PROJECT: Project to produce and market aguaje oil and its by-products in order to find a forestry activity that provides an alternative source of income to deforestation.

PRINCIPAL ACTIVITIES: Construction and equipping of an aguaje processing plant, creation of a producers' association, training of employees and start of production.

TESTIMONY OF THE ASSOCIATION: "The project started with a series of obstacles (irregular production volume and inconsistent quality, high production costs, difficult marketing). We changed the scale of our project to a more local dimension and strengthened the work organisation and the commercial strategy (promotion, packaging). Sales increased considerably."

DIFFICULTIES ENCOUNTERED: "The conditions for fruit drying, storage and production in a tropical environment were poorly understood at the start of the project."

ADVICE: "Favour regional and then national marketing networks: do not go international immediately, especially for new or little-known products, favour products that can be sold at retail and locally."



THEME: HEALTH - NUTRITION

Association: Antenna
Country: Burundi
Title: Combating malnutrition in Burundi
Total estimated budget: €116,174

PRESENTATION OF THE PROJECT: Launch a 600 m² spirulina production and distribution farm to meet the growing demand for spirulina in Burundi. The sale of 2/3 of the production on the local market covers all the running costs of the farm while subsidising 1/3 for the poorest people.

PRINCIPAL ACTIVITIES: Realization of the production farm facilities, recruitment and training of the operating team, nutrition and spirulina awareness actions, humanitarian and social distribution and setting up of the commercial network, promotion and marketing.

TESTIMONY OF THE ASSOCIATION: "Antenna generally chooses to entrust the marketing of the product (spirulina) to a person outside of the project, specialised in this field."

DIFFICULTIES ENCOUNTERED: "A frequent difficulty in the field of social enterprise creation is the overestimation of the revenues generated, in addition it takes time to make a new product known and often the promotion and communication budgets are not very high."

ADVICE: "Entrust the marketing to a structure outside of the project, test the product upstream and set up partnerships with companies."



THEME: HEALTH - ACCESS TO PRIMARY HEALTH CARE

Association: Kibouj
Country: Madagascar
Title: An ambulance boat for isolated populations
Total estimated budget: €25,200

PRESENTATION OF THE PROJECT: To improve the health conditions of the local population of the Farankarina primary forest by providing an ambulance boat that will allow the direct evacuation of patients to a hospital. The dugout canoe will also be offered for hire for tourist trips, thus enabling part of the operating costs to be financed.

PRINCIPAL ACTIVITIES: Installation of the engine on the boat and training in mechanical maintenance, parallel rehabilitation of two health centres.



TESTIMONY OF THE ASSOCIATION: "The idea of the «ambulance boat» was suggested to us by various partners. The utopian idea, at first sight, slowly germinated in our heads over the successive missions. There was no solution through the forest: so if there was no helicopter, there was the ocean and the boat..."

DIFFICULTIES ENCOUNTERED: "It is difficult in the case of this project to estimate in advance how many trips the boat will be able to make per year for tourists and private events, and thus to design a reliable provisional operating plan."

ADVICE: "Build on its successes to continue new projects and leave technical projects (e.g. solar energy) to specialised associations."

THEME: WATER - ACCESS TO WATER

Association: ISSAMA
Country: Mali
Title: Access to drinking water for young detainees at the Bollé detention and rehabilitation centre in Mali
Total estimated budget: €29,270

PRESENTATION OF THE PROJECT: Implementation and management of a drinking water supply system in a detention centre for minors in Bamako managed by a steering committee comprising the prison administration, a representative of the inmates and a local association. Creation of an activity of bagging and selling drinking water allowing willing prisoners to access professional apprenticeship. The sale of the bags helps to pay the workers and to cover the costs of maintaining the equipment.

PRINCIPAL ACTIVITIES: Drilling, installation of the steering committee, training in sanitation and bagging, evaluation and mutualisation.

TESTIMONY OF THE ASSOCIATION: "Bagging is an activity that will generate income. It therefore has a high added value in terms of integrating young people and maintaining the well autonomously."

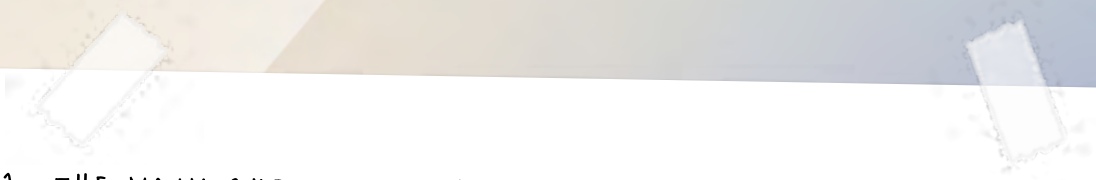
ADVICE: "It is important to act in a multi-stakeholder context by soliciting and partnering with relevant entities."





ANNEXES

THE TOOLBOX

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- #1: THE MAIN QUESTIONS FOR A MARKET STUDY
 - #2: THE PROJECTED OPERATING ACCOUNT
 - #3: COMPARATIVE TABLE OF STRUCTURES:
ASSOCIATION, EIG AND COOPERATIVE
 - #4: THE TIMETABLE AND CASH FLOW MONITORING SHEETS
 - #5: MONITORING OF PRODUCTION AND STOCKS
 - #6: GLOSSARY

DEFINE THE TRENDS AND REGULATIONS ON THE MARKET

The purpose of this first step is to specify the market in which the good or service will be sold:

- At what scale should you position yourself: local, regional, national or international market?
- Is the market expanding, stagnating or declining?
- How important is the sector to the country's economy?
- Where do you want to sell your products?
- Are special permits required to conduct the activity and sell the product/service?
- Do I need to have any particular qualifications to conduct the activity?
- Does the launch of the business require significant investment?

DEFINE THE DEMAND

Studying the demand makes it possible to define your potential customers, until a typical portrait of your clientele can be drawn up.

- Who are the potential buyers and consumers (men, women, children, age, education)?
- Where do they live?
- What are their consumption habits?
- How much can they afford to pay for the good/service?
- When do they need the good/service?
- What are the expectations of future customers regarding the product (quality, packaging, hygiene, etc.)?
- What do they think of the offer from competitors? What could be improved?

DEFINE THE COMPETITION

It is important to know your direct competitors, i.e. those offering an identical product or service, and your indirect competitors, i.e. those offering a different product or service but meeting the same need. The objective is to define the position that will be adopted vis-à-vis the competition (differentiation by quality, price, range, packaging, collaboration, etc.). The study of the offer should lead to answers to these questions:

- Are there already people selling this product/service?
- Where does the competition sell?
- What is the competition selling and to whom?
- What price is charged?
- What payment terms are offered (cash, credit, barter)?

CONCLUSION: IS THERE ROOM ON THE MARKET FOR MY PRODUCT?

Conduct an analysis of the positive and negative points that emerge from your market study as well as the threats and opportunities that may come into play in the future (market dynamics, uncertainty, risk, positive opportunity, expected development, etc.). This is known as the SWOT method (Strengths, Weaknesses, Opportunities, Threats). See also the section on Anticipation and Management of Risk in Chapter 2.

	INTERNAL	EXTERNAL
STRONG POINTS	STRENGTHS <ul style="list-style-type: none"> – Cooperative already known in the neighbourhood – Guaranteed low prices with the supplier – Low competition in the area 	OPPORTUNITIES <ul style="list-style-type: none"> – Increasing demand from young people – Potential for expansion as the product is consumed nationally – Reduction in raw material costs
WEAK POINTS	WEAKNESSES <ul style="list-style-type: none"> – Distant from the market (20 kilometers) – Significant advance investment 	MENACES <ul style="list-style-type: none"> – Possible loss of demand due to the effect of fashion – Certification difficult to obtain

MONTHLY PROJECTED OPERATING ACCOUNT

	Monthly Unit Cost	Number of Units	Monthly total
COSTS			
Purchase of materials			
Other purchases			
Premises			
Energy (water, electricity)			
Other expenses (maintenance, upkeep, etc.)			
Advertising/communication			
Transport/marketing			
Salaries			
Depreciation and amortization			
Taxes and duties			
TOTAL COSTS			

	Monthly Unit Cost	Number of Units	Monthly total
REVENUE			
Sales of merchandise			
Other revenue			
TOTAL REVENUE			

RESULT (TOTAL REVENUE - TOTAL COSTS)	
---	--

3-YEAR PROJECTED OPERATING ACCOUNT

	Year 1	Year 2	Year 3
	Total	Total	Total
COSTS			
Purchase of materials			
Other purchases			
Premises			
Energy (water, electricity)			
Other expenses (maintenance, upkeep, etc.)			
Advertising/communication			
Transport / marketing			
Salaries			
Depreciation and amortization			
Taxes and duties			
TOTAL COSTS			

	Year 1	Year 2	Year 3
	Total	Total	Total
REVENUE			
Sales of merchandise			
Other revenue			
TOTAL REVENUE			

RESULT (TOTAL REVENUE - TOTAL COSTS)	
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This table is indicative but does not represent the specific cases for each country.

Source: Agriculteurs Français et Développement International, File No. 7

	ASSOCIATION	ECONOMIC INTEREST GROUPING	COOPERATIVE
OBJECTIVES	An association is based on an agreement by which two or more persons permanently pool their knowledge or activities for a purpose other than to share profits.	In an EIG, the purpose is to facilitate and develop the economic activity of the members and to improve the results of that activity. The objective must be an extension of the economic activity of the members but cannot constitute the entire activity as such.	A cooperative unites people who have come together to achieve a common goal through the formation of a collectively managed enterprise. Its purpose is to act as an agent of its members to carry out economic and social functions that meet their common needs.
INCORPORATION FORMALITIES	Registration with the Region.	Registration with the Registry of Trade and Companies.	Registration with the Registry Service.
MANAGEMENT BODIES	No mandatory bodies. The bodies defined by each association must be defined in the articles of association.	General Assembly Administration by a natural person (President) or legal entity (Board of Directors). Each member may have a different number of votes - to be determined in the articles of association.	General Assembly Board of Directors. 1 member = 1 vote.
COMMERCE	Not specified in the law, but an association cannot share profits between members (see below).	The EIG may undertake the sale of its members' products, provided that trading is not the main activity of the members.	Cooperatives may have as their object to facilitate the sale of the products of its members, whether agricultural, craft, industrial or mining. It may also carry out distribution, supply, consumption and collection activities for its members.
PROFITS	The funds of the association may only be used for the performance of the activities of the association. Under no circumstances may they be distributed among the members.	An EIG does not in itself give rise to the realisation and sharing of profits. However, if it did, these would automatically be considered as those of its members in proportion to their rights in the group.	The amount of surplus remaining after replenishment of the legal and statutory reserve funds may be distributed to the members as decided by the General Assembly.

1) THE TIMELINE

Heading	Schedule				
	January	February	March	April	May
Construction of production unit					
Purchase of equipment					
Purchase of raw materials					
Production					
Sales of the products					
Replenishment of raw material stocks					
Production					
Sales of the products					
Replenishment of raw material stocks					

Source : Grdr

2) CASH BOOK

Establish a monthly cash book. The carry forward is the balance of the journal at the end of the previous month. You may also mention the name of the person who made the payment in the comment column.

Date	Description	Item No.	Inputs	Outputs	Cash balance	Comments
01/01/2016	Carry forward		5000		5000	
02/01/2016	Buy mangoes			500	4500	
03/01/2016	Buy jars			500	4000	
04/01/2016	Delivery invoice (cash payment)			200	3800	
15/01/2016	Sale of jam		1000		4800	
16/01/2016	Sale of syrup		1000		5800	
17/01/2016	Cash withdrawal - Bank deposit			4000	1800	
...						

Source : Grdr

3) BANK JOURNAL

A tool that tracks all banking transactions (deposits and withdrawals from the bank) and defines at the same time the balance available in the bank.

Date	Description	Document	Inputs	Outputs	Cash balance
17/01/2016	Cash withdrawal - Payment		4000		4000
18/01/2016	Rent charges	Cheque no. 1		1000	3000
...					

Source : Grdr

PRODUCTION MONITORING SHEET

Record the day-to-day movement of raw materials and finished goods

MONITORING OF RAW MATERIAL PURCHASES

Date	Raw	Quantity	Unit price	Total Price	Comments
02/01/2016	Buy mangoes	500	1	500	
03/01/2016	Buy jars	1000	0,5	500	
...					

Source : Grdr

MONITORING OF FINISHED PRODUCTS

Please note that this is production that has been completed, but not necessarily sold. The production is valued at the expected selling price. This table calculates, for a selected period, the total number of goods produced.

Date	Product	Quantity	Unit price	Total Price	Comments
10/01/2016	Mango Jam	150	10	1500	
10/01/2016	Mango Syrup	300	5	1500	
...					

Source : Grdr

MONITORING OF RAW MATERIAL STOCKS: MANGO SHEET

Attention: Make a sheet for each raw material

Date	Description	Quantity			Comments
		Inputs	Outputs	Balance	
02/01/2016	Buy mangoes	500		500	
04/01/2016	Mango use		400	100	
...					

Source : Grdr

MONITORING OF STOCKS OF FINISHED PRODUCTS: JAM SHEET

Attention: make a sheet for each finished product

Date	Description	Quantity			Value		Comments
		Inputs	Outputs	Balance	Unit price	Total Price	
10/01/2016	Production (jam)	150		150	10	1500	
15/01/2016	Sale (jam)		100	50	10	1000	
...							

Source : Grdr

Amortisation of equipment

The accounting depreciation of a capital asset consists of recording in the company's (or association's) accounts the unavoidable loss of value of this asset during its lifetime, due to wear and tear or obsolescence. The amount of accounting depreciation is usually calculated by dividing its purchase value by its useful life defined according to physical, technical or legal criteria. This is known as straight-line depreciation.

Costs

Expenses incurred to achieve the turnover.

- Variable expenses, or variable costs, are connected with the achievement of turnover. They are proportional to the volume of sales made (cost of raw materials, transport costs on purchases or sales, taxes connected with the products sold, etc.)
- Fixed costs are expenses that have to be made anyway, almost independently of the level of sales (rent, advertising, salaries, etc.)

Turnover

The amount of sales, including all taxes, made during a given period.

Chronogram

A tool that enables the various actions to be planned over time in accordance with the objectives.

Projected operating account

An accounting tool that forecasts, based on realistic information, the resources that the project will have and the expenses the project will incur over a certain period of time. It serves to demonstrate the viability of the economic activity.

Stock management

Recording by operation and by material the inputs and outputs of raw materials and finished products intended for sale.

Taxation

The set of legal rules relating to taxes; taxation governs the taxation of the economic activity of individuals and companies.

Marketing

This is a process of analysing the opportunities that exist in a market and choosing a positioning, action plans and a monitoring system that allow the company to fulfil its mission and achieve its objectives.

Net result of the activity

The difference between turnover and the sum of fixed and variable costs.

Risk

Risk is a hazard, an undesirable event which is not certain to occur, and which have the consequence that the project will not succeed in accordance with the objectives.

Treasury

Money that the company or organisation has at its disposal at a given time to meet its commitments.

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► SUMMARY

The establishment or strengthening of an income-generating activity (IGA) is often envisaged at the level of an international solidarity micro-project. This is a real opportunity to enable the long-term strengthening of the livelihoods of a target population or to contribute to the financial sustainability of social structures.

On the borderline between a social project and an economic project, the long-term success of an IGA will depend on the capacity of the stakeholders to adopt an entrepreneurial approach. Through this guide, the Microprojects Agency wishes to provide methodological assistance to associations which have a project and which are not familiar with this approach.

Illustrated with testimonies from associations, this guide summarises the key steps to follow and offers many practical tips for successfully setting up activities that generate sustainable and fair income as part of an international solidarity project.



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