



MSME Business Training and Coaching Loop (MSME Loop)

KULIMA More Income and Employment in Rural Areas of Malawi (KULIMA MIERA)
Green Innovation Centre for the Agriculture and Food Sector (GIAE)

Background

Rural micro and small scale economic activities play a vital role in Malawi's economy, as they account for nearly two thirds of overall business turn-over. Many enterprises have untapped entrepreneurial potential, but have limited capacity to develop their businesses, lack access to finance and Business Development Services (BDS).

The MSME Loop Objective and Approach

The aim of the **MSME Business Training and Coaching Loop (MSME Loop)** is therefore to enhance entrepreneurial competencies of business owners of existing micro, small and medium enterprises (MSME) to increase employment and income opportunities for poor people in rural and peri-urban areas. The MSME Loop also aims at facilitating business linkages as well as access to services including finance. It is a comprehensive adult learning approach that was developed and tested by GIZ in 2014 in Sierra Leone. In 2015 the approach was transferred to Benin and it is now being adapted to the Malawian context by the KULIMA More Income and Employment in Rural Areas of Malawi (MIERA) and the Green Innovation Centre for the Agriculture and Food Sector (GIAE) programmes and will be piloted in 2018.

The MSME Loop is an individualised acceleration programme adapted to informal enterprises in rural and peri-urban areas that leads to visible results already during implementation. The approach involves:

- An individual assessment of the enterprise and the entrepreneur to specifically refine the training and coaching contents to the needs and potentials.
- A synthesised alternation between training, coaching and peer-to-peer learning to bring the entrepreneurs into active utilisation of knowledge.
- Training contents consist of the best from proven entrepreneurship approaches.
- An individual business coaching as the centrepiece of the loop leads to a high uptake of lessons learnt and allows for the entrepreneurs to work on personal challenges.
- Financial literacy and access to financial services and business linkages are closely incorporated into loop.
- It contains a set of exercises and templates to flexibly adapt the MSME Loop to the context and realities in each country including low literacy rates.

Pilot Implementation in Malawi

In 2018, the MSME Loop will target 375 MSMEs through 15 classes in five districts: Lilongwe, Salima, Nkhosakota, Kasungu, and Mchinji. Each class targets 25 MSMEs. The time span for pilot implementation of the MSME Loop is 6 months, up to December 2018.

Methodology of the MSME Loop

The MSME Loop involves elements of various proven training and coaching approaches. The training will focus on the three adult learning levels of mind-set/ attitude, skills, and knowledge development. Coaching and mentoring aim at supporting participants in applying and implementing new skills to their own businesses, take ownership, and link up with business partners and relevant service providers. A whole loop consists of 6 phases:

1) Assessment

Each enterprise that has been selected will undergo an assessment, which covers 3 areas, namely

- A self-evaluation of the MSME
- An assessment of training needs and capacities including business diagnostics
- An Assessment of the profile of the enterprise to formulate classes within the districts.

2) First Training

The MSME Loop consists of two modularised trainings in 3-days. Training contents are based on materials from ILO (Improve Your Business – IYB) and CEFE

Implemented by

(Competency-based Economies through Formation of Entrepreneurs) as well as from GIZ Programmes. The modules for the first training are:

- What makes a successful entrepreneur;
- Record keeping and costing;
- Setting and achieving goals;
- Introduction to enterprise analysis;
- Introduction to business planning;
- Financial planning and banking and business formalization.

3) Coaching Phase 1

Coaching will be offered for a period of 2 months at the work place of the entrepreneur in a one-on-one setting. The coach enables the coachee to self-reliantly solve problems as well as develop his/her enterprise and personality by using questions and guidance. The needs, priorities and capacities of the coachee determine content and methodology of coaching

4) Second Training

The trainer and coach go through coaching reports and the assessment of the enterprises to select the modules

and contents of the second training (3 days). The modules of the second training are:

- Markets and marketing;
- Good relations and communication;
- Purchase, production and selling;
- Risk management;
- Access to finance;
- Visioning and planning.

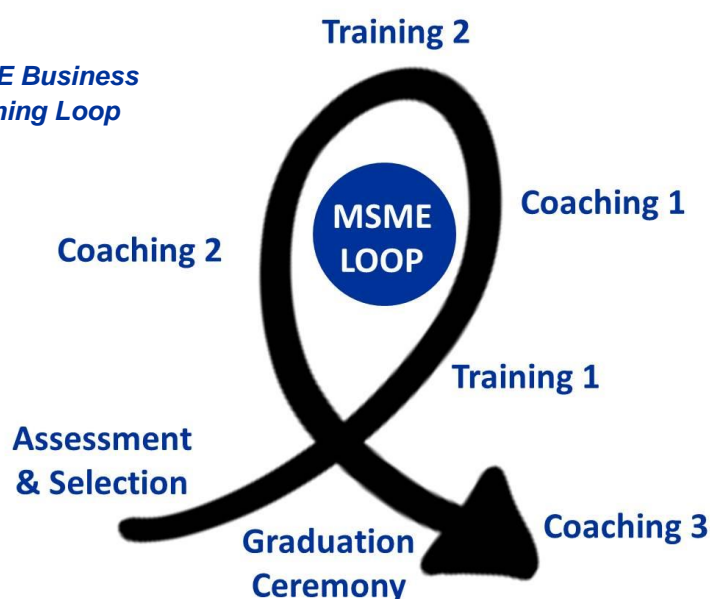
5) Coaching Phases 2 / 3

The second coaching phase involves 2 coaching sessions per month for 3 months. Coachee and coach will continue to work on issues of the first coaching phase. The development of an entrepreneurial vision and long-term plan are key issues.

6) Graduation Ceremony

The graduation ceremony marks the official end of the MSME Loop. It involves a self-evaluation, exchange of experiences and planning of future networking among the participants.

Figure 1: The MSME Business Training and Coaching Loop



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