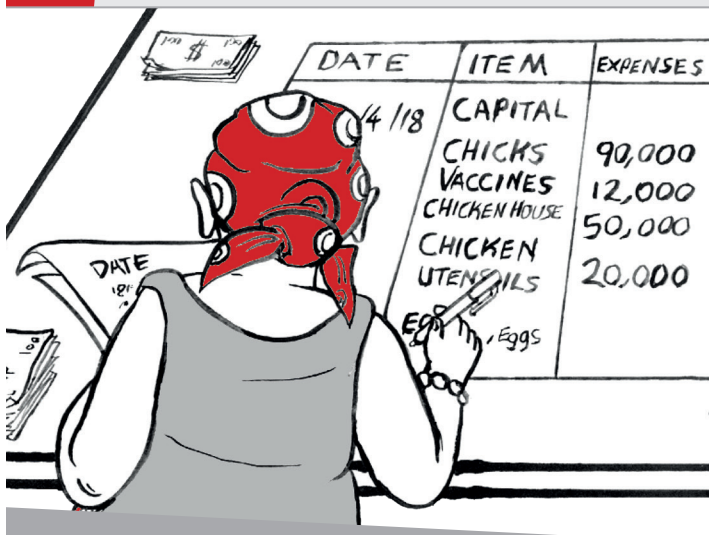


BASIC ECONOMIC SKILLS

FOR SMALLHOLDER FARMERS



Trainer's Manual

GIZ Promoting Rural Development Programme (PRUDEV)

As a federally owned enterprise,
GIZ supports the German Government in achieving its objectives
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The manual includes experience drawn from other initiatives implementing similar projects such as the GIZ's Food Security and Development of Agriculture Markets (FSDAM) Programme in South Sudan. The manual also incorporates valuable experience gained from previous activities by FINASP.

The principal aim of producing the manual is to enable the trainers to support fellow smallholder farmers in building basic economic skills. In due course, the manual might be reviewed and complemented, considering experiences gained during the implementation phase.

This manual should not be viewed as a standard reference with correct terminology. The team deliberately decided to compromise on technical language or terms to ensure easy understanding and application of basic business and economic skills among the targeted audience.

We thank all contributors who volunteered their time and expertise to develop this manual. Special thanks go to Patrick Engoru, Nathan Emuron, and Geoffrey Obaa from GIZ Promoting Rural Development (PRUDEV) Programme and Hudson Ogwal from FINASP.

TABLE OF CONTENTS

LIST OF ANNEXES AND SYMBOLS	5
ABOUT THIS MANUAL	6
TRAINING SCHEDULE	7
TRAINING METHODOLOGY AND PREPARATION	8
MODULE 1: PLANNING FOR A SUCCESSFUL FARMING BUSINESS	10
Topic 1: Basic Understanding of Farming as a Business	12
Topic 2: Understanding Entrepreneurship and the Farm Business Cycle	17
Topic 3: Understanding Farm Business/Enterprise Profitability	22
Topic 4: Developing an Enterprise Budget	27
Topic 5: Selecting a Profitable Enterprise	34
Topic 6: Measuring and Dealing with Farm Business Risks	37
Topic 7: Developing a Business Plan	41
MODULE 2: RECORDS AND RECORD KEEPING FOR FARMING BUSINESSES	46
Topic 1: Understanding the Importance of Records and Record Keeping	48
Topic 2: Basic Records for Farming Business	53
MODULE 3: BASIC FINANCIAL MANAGEMENT	58
Topic 1: Family Financial Management	60
Topic 2: Family Financial Budgeting	64
Topic 3: Savings and Investment	67
Topic 4: Sources of Money to Pay for the Farming Enterprises	73
MODULE 4: MARKETS AND MARKETING	78
Topic 1: Introduction to Markets and Marketing	82
Topic 2: Understanding Supply and Demand	84
Topic 3: The 5 Ps of Marketing	94
Topic 4: Group Marketing	99
ANNEXES: 1-19	104-128

LIST OF ANNEXES AND SYMBOLS

Annex 1:	Changes in Farming Practices in Uganda	104
Annex 2:	Business-Oriented Mindset	105
Annex 3:	Characteristics of Successful Entrepreneurs	106
Annex 4:	The Farm Business Cycle	107
Annex 5:	Farm Enterprise and Farm Business	108
Annex 6 :	Standard Land Measurements	109
Annex 7a:	Enterprise Budget Template	110
Annex 7b:	Example Practice of Joseph's Enterprise Budget	111
Annex 8:	Farm Business Plan Templates	112
Annex 9:	Acheng and Opio's Role play on Record Keeping	116
Annex 10:	Mr and Mrs Okwang Monitor Their Farm Business Profit	117
Annex 11:	Farm Business Record Templates	118
Annex 12:	Seasonal Calendar for Groundnuts	120
Annex 13:	Okello and Abalo's Experience with family financial management	121
Annex 14 :	Example of Family Financial Budget	122
Annex 15:	The Loan Process	123
Annex 16:	Other Market Options Available to Farmers	125
Annex 17:	How Demand and Supply Affect Prices	126
Annex 18:	The 5 Ps of Marketing	127
Annex 19:	Miriam Sells Honey in Record Time	128

SYMBOLS



Objectives



Story or
Role play



Plenary
Lecture



Materials



Plenary
Discussion



Game



Time
Allocated



Big Group
Discussion



Individual
Work

ABOUT THIS MANUAL

This training manual takes a practical and shared approach. It is designed to actively involve participants all throughout the training. The manual emphasizes the use of adult learning by using different activities that allow local trainers to help farmers learn by doing. Farmers should work through the modules with the help of a facilitator and both are expected to learn from each other's experiences.

This manual is made up of four modules:

1. Planning for a Successful Farming Business,
2. Records and Record Keeping,
3. Basic Financial Management and
4. Markets and Marketing.

Each module divides further into a series of topics. These vary in length and the time required for their completion.

- Within a topic, there are several activities that a trainer can use to pass on knowledge to their audiences in a practical way.
- Within the activities, there are several methods of learning used. These include: Plenary Discussions, Group Discussions, Plenary Lectures, Stories, Role Plays and Individual Work. Each one is explained further in the Training Methodology section below.
- Facilitator's notes within each activity provide additional information that can be used when conducting activities and to respond to questions or concerns or elaborate any missed information.
- At the end of every topic, there are key messages that can be used to summarize the topic's main messages and introduce the next topic.

Facilitators should relate the training methods to real-life situations by using practical examples from their own/ or the participant's experiences. To ensure that learning happens, a number of Annexes have been designed in the last part of the manual to use with the farmers during and after the trainings. Look at the Annexes list page to know where to find them.

TRAINING SCHEDULE

The training will require several days of time. Some topics can be conducted in a single training day while others will stretch over multiple days. It is important to be flexible with farmers so they do not have to attend a full day of training, since they often have other commitments on their farms. When you begin training, inform the farmers that training will be continuous so there is need for their continuous attendance. Work out a schedule with them that fits their availability. Use the table below to plan the training schedule based on the number of hours each activity/topic requires.

	MODULE TOTAL TIME	TOPIC TITLE	ACTIVITY TOTAL TIME
MODULE 1: Planning for a Successful Farming Business	15.5 Hours	1. Basic Understanding of Farming as a Business	1.5 Hours
		2. Understanding Entrepreneurship and the Farm Business Cycle	1.5 Hours
		3. Understanding Farm Business and Enterprise Profitability	1 Hour
		4. Developing an Enterprise Budget	4 Hour
		5. Selecting a Profitable Enterprise	1.5 Hours
		6. Measuring and Dealing with Farm Business Risks	2 Hours
		7. Developing a Business Plan	4 Hours
MODULE 2: Records and Record Keeping for Farming Businesses	3.5 Hours	1. Understanding the Importance of Records and Record Keeping	1 Hour
		2. Basic Records for Every Farming Business	2.5 Hours
MODULE 3: Basic Financial Management	8 Hours	1. Family Financial Management	1.5 Hours
		2. Family Financial Budgeting	2 Hours
		3. Savings and Investment	2.5 Hours
		4. Sources of Money to Pay for the Farming Enterprises	2 Hours
MODULE 4: Markets and Marketing	6.5 Hours	1. Introduction to Markets and Marketing	1.5 Hours
		2. Understanding Supply and Demand	2 Hours
		3. The 5 Ps of Marketing	1 Hour
		4. Group Marketing	2 Hours

TRAINING METHODOLOGY AND PREPARATION

Within each activity, you will find different training methodologies to be used, so it is important to become familiar with them to ensure a successful training. Each of the training methodologies used is explained here.

Plenary Discussion

1. Leave the participants in one big group.
2. Give clear instructions on what they have to do, according to the step-by-step instructions in the manual.
3. If the instructions tell you to ask participants questions, take a few volunteers to answer. You do not need to hear everyone's answer.

Group Discussion

1. Divide the group into smaller groups of 3-5 people.
2. Give clear instructions on what groups have to do, according to the step-by-step instructions in the manual.
3. Check with the groups before they start working. Are the instructions clear? Does everyone get it?
4. As groups are working, walk around and offer help or repeat instructions if necessary.

Story

1. Give participants a copy of the story from the Annex. These can be given out to groups if there are not enough copies. You can also show participants the pictures from your copy of the story as you go along if there are not enough copies to give to participants.
2. Read the story slowly and clearly aloud while participants follow along on their copies. Encourage those who cannot read to look at the pictures as you read.
3. Give participants some time to understand the story. Read the story again if participants ask for a repeat.
4. Ask participants the questions about the story that are listed in the manual. Take different volunteers to answer each question so several people have a chance to contribute. Use the Facilitator's Notes to check their answers.
5. Wrap-up the story and repeat the important information from the story.

Role Play

1. Request for participants to volunteer and act out the role play.
2. Give the volunteers the script from the Annex to read. After a few minutes, ask them to act out the role play script in front of the whole group.
3. Ask the audience to pay attention and watch the role play.
4. After the role play is finished, ask the questions in the manual and discuss the role play, using the Facilitator's Notes to guide the discussion.

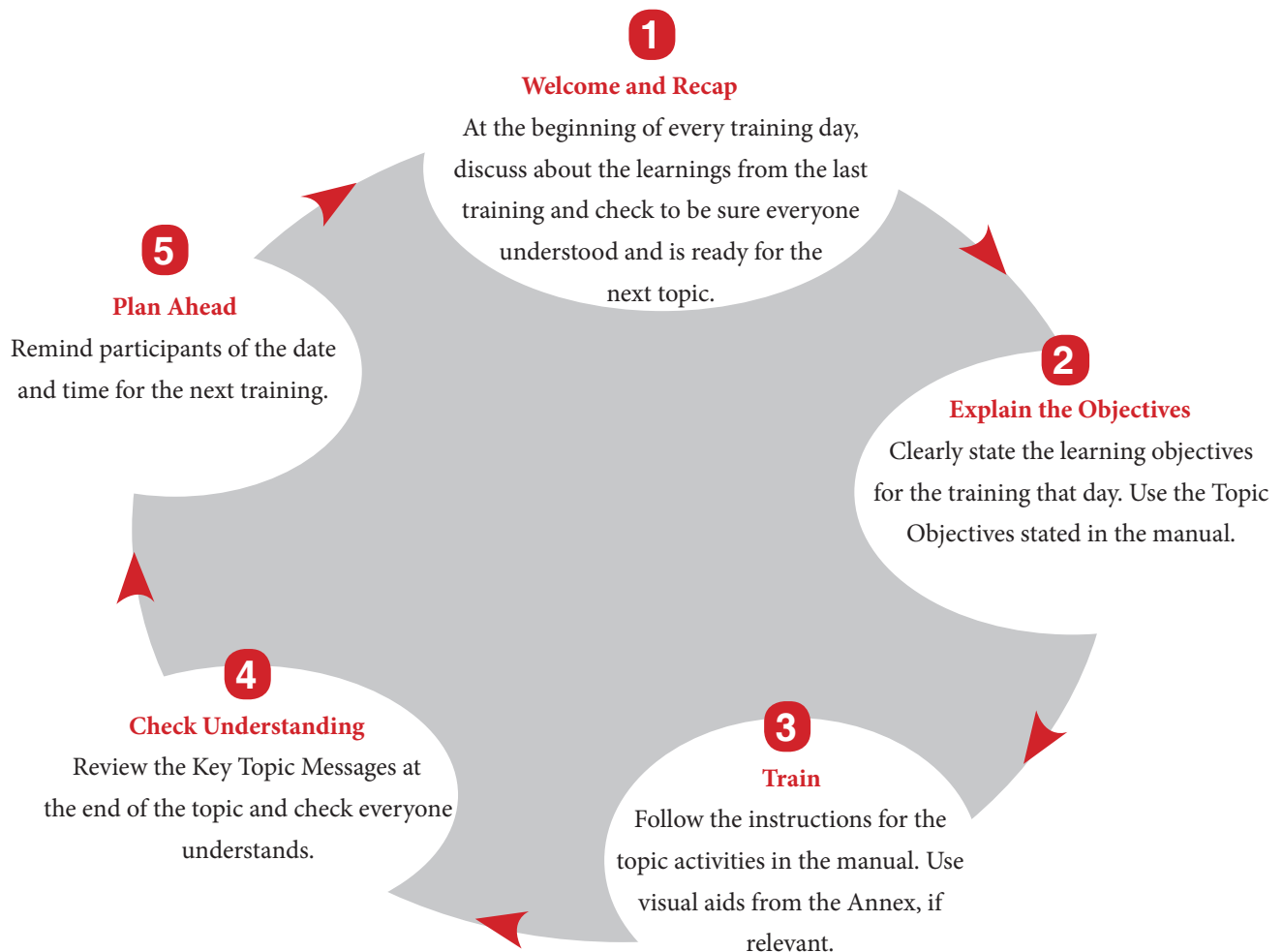
Plenary Lectures

1. Leave the participants in one big group.
2. Explain concepts and facts using the Facilitator's Notes.
3. As you go along with the explanation, check in to be sure participants understand. Encourage participants to ask questions if they do not understand.
4. At the end of the explanation, summarise the important information from the lecture.

Individual Work

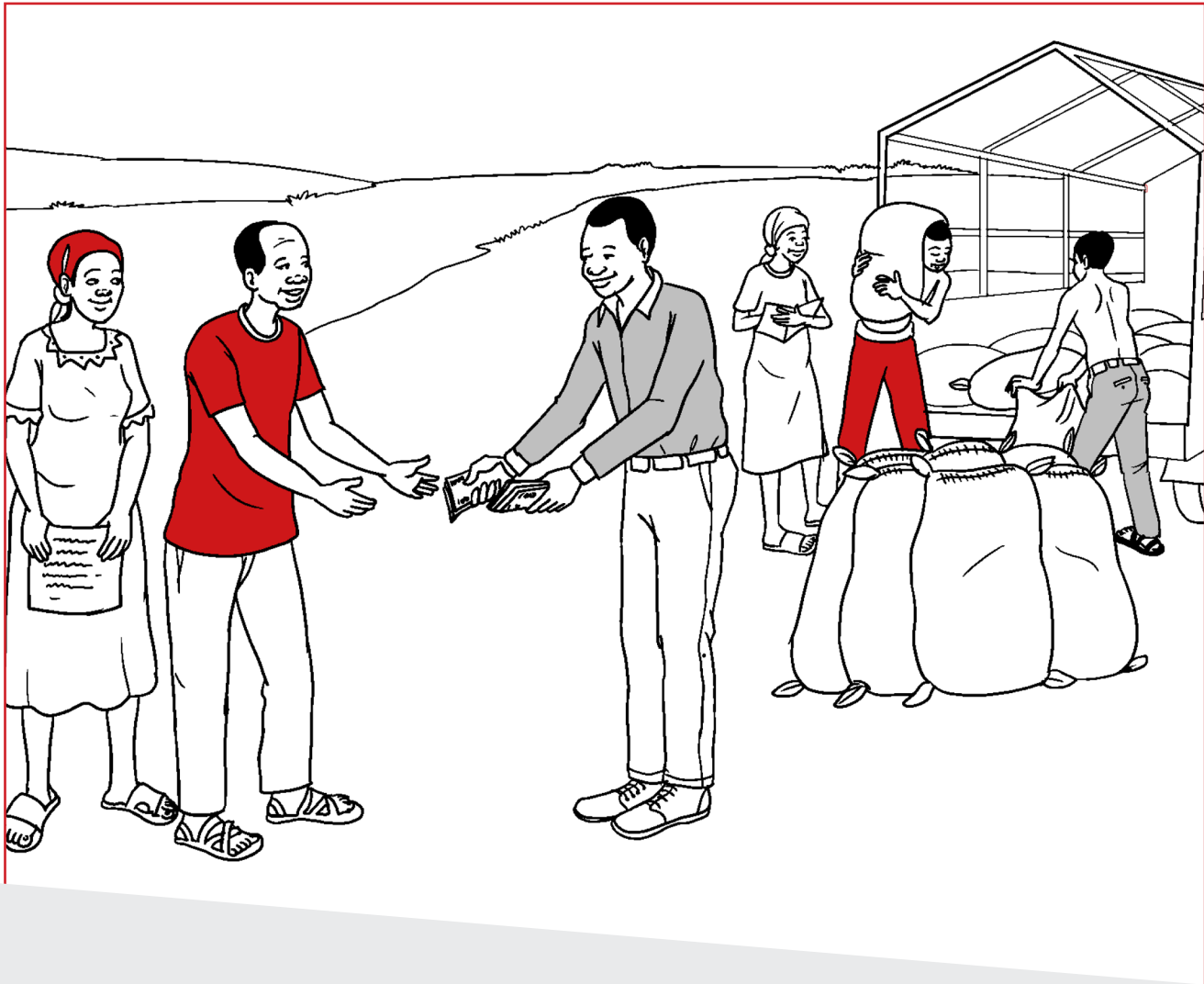
1. Ask participants to work on their own.
2. Give clear instructions on what they have to do, according to the step-by-step instructions in the manual.
3. Check with the participants before they start working. Are the instructions clear? Does everyone get it?
4. Allow participants to consult their neighbors as they are working for help, but encourage them to mostly work on their own. If someone is illiterate (unable to read or write well), allow them to work with a literate partner.
5. As individuals are working, walk around and offer help or repeat instructions if necessary.

Consider Using the Training Circle Methodology for a Successful Training



Module 1:

PLANNING FOR A SUCCESSFUL FARMING BUSINESS



Introduction:

Smallholder farmers in Uganda have always found it difficult to make their farm into a business. This is because most of them grow crops for home use first and only sell the little surplus. However, farming practices are changing in Uganda and more farmers are farming for cash than just for home use. In order to be competitive and take advantage of the new opportunities that are arising, farmers increasingly have to adapt their farm business to changes in the market and to improve efficiency, profitability and income. This module on Planning for a Successful Farming Business helps smallholder farmers in Northern Uganda start thinking and acting like business people and entrepreneurs with a focus on profitability, making decisions based on better information and an intention of improving their businesses financially.

Module Outline:

- Topic 1:** Basic Understanding of Farming as a Business
- Topic 2:** Understanding Entrepreneurship and the Farm Business Cycle
- Topic 3:** Understanding Farm Business and Enterprise Profitability
- Topic 4:** Developing an Enterprise Budget
- Topic 5:** Selecting a profitable enterprise
- Topic 6:** Assessing and Managing Farm Business Risks
- Topic 7:** Developing a Business Plan



Module Objectives:

By the end of this module, participants should be able to:

- Understand the basics of farming as a business
- Understand the concept of entrepreneurship and the characteristics of entrepreneurs
- Understand farm/enterprise profitability
- Develop an enterprise budget and select a profitable enterprise
- Understand how to assess and manage farm business risks
- Practicing how to develop a business plan



Training Materials Needed:

- Flipchart paper, Marker pens, Masking Tape, Notebooks and pens
- Visual aids (Annexes 1-8)



15.5 Hours

TOPIC 1:

Basic Understanding of Farming as a Business



Objectives:

- To understand how farming practices in Uganda have changed over time
- To understand the importance of having a business-oriented mindset



Materials:

Flipchart paper, markers, Annex 1 and 2

ACTIVITY 1: How Farming Has Changed Over the Years









Plenary Discussion

1. Ask participants to introduce themselves by mentioning their names and the kind of farming they are involved in.
2. Once everyone has had a go, write the following questions on the flipchart:
 - Why are you a farmer?
 - What are some of the good things that you get from farming?
3. Read the questions out loud. Ask participants to turn to their neighbor and tell them their answers.



Group Discussion

1. Get participants to discuss changes in farming over the years and write key points on a flipchart. Use the following questions to start the discussion:
 - Is farming today the same as it was 10 or 20 years ago?
 - Why or why not?
2. Show participants Annex 1: Changes in Farming Practices in Uganda. Ask 3-4 volunteers to briefly speak about what they think is happening in the pictures.

Time	Farming for food	Farming for money	Why this change?
20 YEARS AGO			
10 YEARS AGO			
TODAY			

Facilitator's Notes

Farmers have been growing food for only themselves and their families for a long time. This is called **subsistence farming**. However, these days more farmers are growing crops for both food and for sale. This is called **farming as a business**. There are various reasons why this is the case:

- Farmers depend on farming to get money to be able to pay for other things they need.
- Farmers need to produce food for Ugandans that are not involved in farming.
- With new technologies in farming, farmers are able to produce more than they need for food and therefore they can sell the surplus.
- Farmers are benefiting from value addition opportunities which help them make more profits.
- Farmers want to create wealth and invest in other businesses to spread the business risk.
- Farming is a source of jobs. Most people in Uganda now work in agro-based activities such as farming, input supply, transportation, agricultural lending and processing, among others.



Group Discussion

Take time to introduce some farm business terms. Tell participants that these terms will come again and again in the next topics and activities. That is why it is helpful to introduce them.

Facilitator's Notes

Profit: It is the amount left over after all expenses, costs and taxes have been paid for. Profits are made when a business' expenses, costs, and taxes are less than revenue. Profit is the opposite of loss.

Business: A business is an activity that buys and sells products or services to make money. To have a successful business, one should aim to make a profit.

Agri-business: This is a business that contributes to producing, selling, and/or distributing farm products, especially on a large scale. It includes players such as:

- Input traders who sell seeds, hoes, fertilisers and other input supplies;
- Farmers who produce and sell to traders or consumers;
- Traders who buy produce from farmers and sell directly to consumers or add value to the produce.
- Transporters who provide transport services to producers and buyers; and
- Those who provide money lending services or extension/advisory services at a fee.

Subsistence farming: This is a low-input, low-risk and low return farming practice where farmers use indigenous knowledge and technologies; earn low yields per unit of production used; use their harvest mainly for food consumption; and sell only small surplus yield for income.

Commercial farming: This is the opposite of subsistence farming. It is a high-input, high-risk, and high-return farming practice where farmers are profit-oriented. They focus on:

- Large-scale production (large land sizes of one crop enterprise, for instance);
- Advanced technologies and innovations rather than human labour (such as tractors); and
- Demand for and supply of the product to achieve high profits.

Farming as a business: This is a farming approach aimed at sustainably improving farmers' profits. It involves a whole process from planning to production to marketing. It has the following four characteristics:

1. Reducing costs
2. Reducing risks
3. Increasing income
4. Encouraging reinvestment

ACTIVITY 2: Developing a Business Mind-Set



Story

1. Divide participants into groups and give them a copy of Annex 2: Story A.
2. Read the story along with them in their groups.
3. Ask groups to discuss what happened in the story using the following questions.
 - a. What business is Akello carrying out?
 - b. How much money must Akello spend to carry out this business?
 - c. How much profit did Akello make this year?
 - d. How much money would Okello make?
 - e. Why did Mary want to stop Okello from cutting down a shea tree?
 - f. What are the advantages and disadvantages of the two business ideas?
 - g. Who has a more business-oriented mindset: Akello or Okello? Why?



Akello and Okello Collect Shea Nuts

For many years, Akello has collected and processed shea nuts to produce shea butter for her family. Two years ago, she heard about someone buying shea nuts and bringing them to a factory to produce shea butter on a large scale. Akello decided to start collecting more nuts so she could sell the ones she did not need. When the shea nuts were ripe, each morning she went to ten shea trees around her home to collect the fallen nuts. At home, she removed the pulp, crushed the shells and dried the shea nuts in the sun.

In total, she collected 100 kilo grams of shea nuts for sale. She sold the shea nuts for 800 UGX per kilo gram, earning her a total of 80,000 UGX. At first, she was disappointed because she had expected more money, but then she realised that the shea nuts were a blessing for her because she does not have any other costs to conduct this business. She does not need to buy seeds or pesticides or pay labourers to help her prepare a field because the trees are already there and have been there since she was a small girl. She figures that the more nuts she collects, the more profit she can make.

The next season, Okello, wanted to cut the two biggest shea trees in their compound to make charcoal. He estimated that he could make 20 bags of charcoal, which he would sell for 10,000 UGX per bag. In total, he would make 200,000 UGX. That would be a lot of money all at once for Akello's family. However, with the good experiences from the last shea season, Akello was thinking differently about the trees in her compound. Akello explained to her son that instead of having one-time money, they can collect more nuts and get an income each year. After two years, she estimated that they can earn 160,000 UGX. She told him that if they both collect the nuts, they can even collect and earn more. After their talk, Okello started thinking differently and promised to help collect the nuts the next year to also make money.

Facilitator's Notes

- a. Akello collects shea nuts.
- b. Akello does not need to spend any money to carry out this business.
- c. This year, Akello made 80,000 UGX profit.
- d. Okello would have made 200,000 UGX, but only one time.
- e. By cutting the trees, Okello would make money only once. However, keeping the trees ensures that the family will get an income every year. Akello wanted to stop Okello from destroying a business that could be done every year for a long time.
- f. The advantage of Akello's business is that it provides profit every season. It does not do any harm to the tree and does not include any other costs. The only disadvantage is that it does not make a lot of money all at once. The advantage of Okello's idea is that the family could make a lot of money at one time. The disadvantage is that the idea makes money only once and then the trees are destroyed.
- g. Akello has a more business-oriented mindset because she is aiming to make money over many years. Okello is not business-oriented because he is just looking for quick money without thinking about the future.

Key Messages

- Farming has changed in Uganda. Many farmers now use their farms to make money, not just food.
- Farmers need to have a business-mindset and make a profit so their farms can make money to support the family.
- Having a business mindset means looking for opportunities, making long-term plans and focusing on making a profit.

The next topic will look at who an entrepreneur is and how successful farm businesses operate.

TOPIC 2:

Understanding Entrepreneurship and the Farm Business Cycle



Objectives:

- To understand the characteristics of a successful entrepreneur
- To understand how to use the Farm Business Cycle to run a successful farm business



Materials:

- Flipchart, markers, pens, masking tape, Annex 3 and 4

ACTIVITY 1: Characteristics of a Successful Entrepreneur



Plenary Discussion

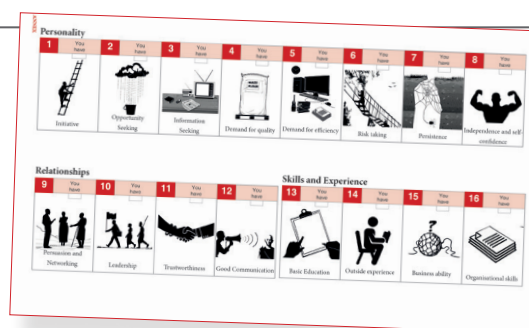
1. Ask participants to close their eyes and think about a successful farmer in their community who practices farming as a business. What has made them successful?
2. After a few minutes, participants should share their thoughts with the group. Record their responses on a flipchart and have an open discussion about the characteristics of a successful business farmer. Use the Facilitator's Notes below to explain further.
3. Show the participants Annex 3: Characteristics of Successful Entrepreneurs. Ask them to tick off the characteristics that they possess.

Facilitator's Notes

An **entrepreneur** is a person who sets up a business with the aim of making a profit. They must find and organise the required resources to run a business. They take both the risks and rewards associated with owning a business.

Most successful entrepreneurs have these characteristics in them:

- **Personality:** They should be confident, optimistic, interested, eager to learn, and willing to take reasonable risks, but disciplined enough to make sure things happen. Some personality characteristics to look for in business people include:
 - **Positive attitude:** Optimistic to be able to see the bright side of things and motivate others.
 - **Outward looking:** Be able to seek out new market opportunities, see the possibilities in a situation and find ways to make the most out of them.
 - **Risk-taking:** Be willing to take risks by trying out new products and markets. This is different from recklessness; the person should be able to assess the risks and decide whether they are worth taking.
- **Relationships:** They must be good leaders who work well with other people. Some characteristics include:
 - **Leadership:** Good at working with other people as well as good at motivating and organising them.
 - **Communication:** Good at communicating ideas and negotiating agreements with others.
 - **Trustworthiness:** Others should see the person as trustworthy. He/she should take responsibility for decisions, have a good reputation and be respected by others.
- **Skills and Experience:** In addition, entrepreneurs should also have certain types of skills and experience. These include:
 - **A basic education:** Should at least be able to read, write, and do arithmetic. Additional education may be helpful, but even people who did not achieve much formal education can be successful entrepreneurs.
 - **Outside experience:** Should have broad experiences and connections beyond their immediate community. For example, he or she may have lived outside the village or have traveled frequently.
 - **Business ability:** Should be able to see where it is possible to make a profit and should be able to calculate the costs, income and profits of a potential business. He/she should also be a careful, thoughtful planner.
 - **Organisational skills:** Should be organised, including being able to bring together information and ideas in a systematic way.



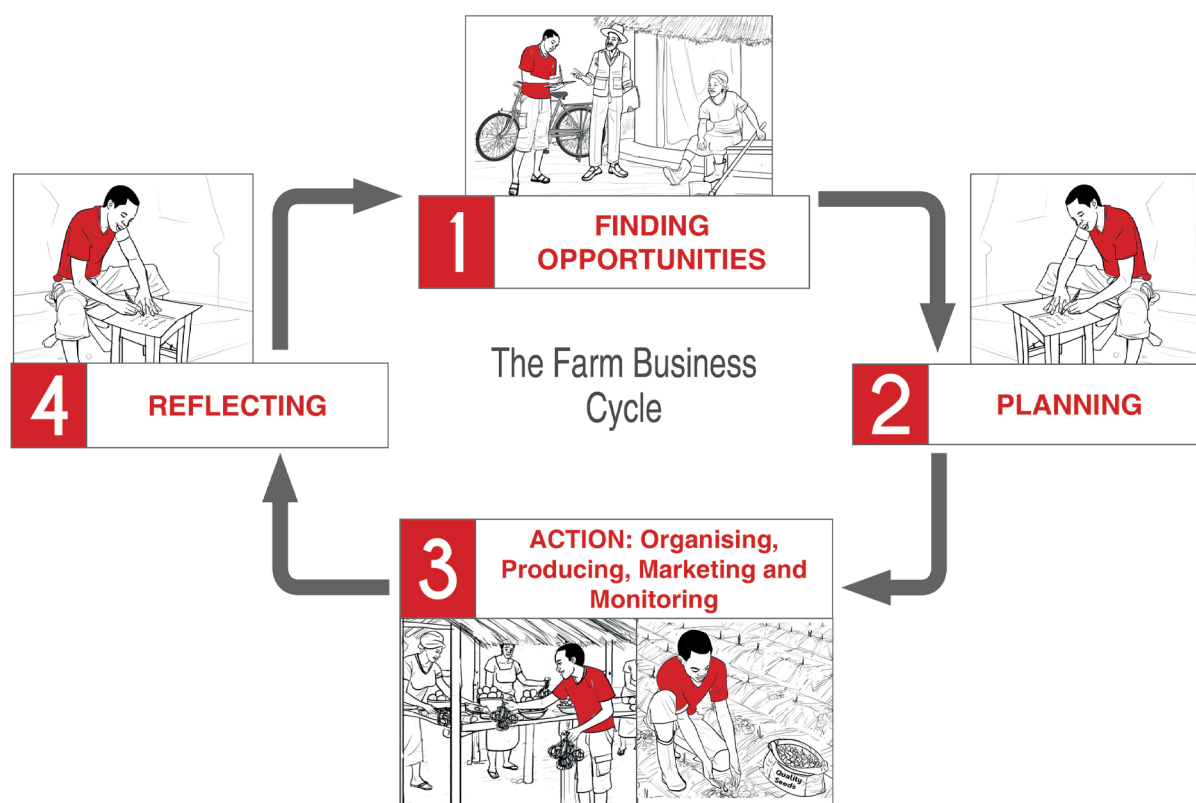
Wrap up the discussion by explaining that we can all be successful entrepreneurs if we adopt characteristics of successful entrepreneurs and learn to think like business people. Tell participants that we will continue to learn how successful businesses operate with the help of the Farm Business Cycle.

ACTIVITY 2: Exploring the Farm Business Cycle



Group Discussion

1. Divide participants into groups and give them a copy of Annex 4: The Farm Business Cycle.
2. Explain that the Farm Business Cycle is a useful way to explore the practices of successful businesses.
3. Ask groups to talk about what they think the different parts of the Farm Business Cycle mean. Use the Facilitator's Notes to help explain.



Facilitator's Notes

Step 1: Finding Opportunities: Thinking about the challenges that are limiting the farm business (finding out what is wrong), and what can be done to improve the business.

Step 2: Planning: Thinking of the steps you need to follow to achieve the business goal. Explore some of the decisions that you may have to make and make a plan.

Step 3: Action: Try out the plan. This involves organising, producing, monitoring and marketing. Organising involves arranging the resources and people needed to carry out the plan. Producing includes all the things a farmer does to produce his crop or product. Monitoring involves tracking progress and checking to see if things are going as planned.

Step 4: Reflecting: Deciding whether or not the plan worked and if the goals were achieved.

Successful entrepreneurs make decisions based on useful information and planning. They constantly monitor their business ideas and make changes where the business is failing or scale up parts of the business that are working well. The Farm Business Cycle helps farmers think scientifically and rationally, rather than just doing practices they have always done without any evidence that they are working well.



Story

1. Read Story B from the manual aloud, one part at a time, to help better explain the Farm Business Cycle. Tell participants to follow along by looking at the pictures about the story in Annex 4.
2. After reading the story, ask groups to discuss what happened in the story using the following questions.
 - a. What did Akena do first? Why is this important?
 - b. What were the main parts of Akena's plan to grow garlic?
 - c. What happened after Akena planted his garlic? What did he do about it? Why?
 - d. After Akena sold all his garlic and went home, what did he do? Why?
 - e. Did Akena make a profit? How did he know?

John Akena's Farming Experience

PART 1: Finding Opportunities

Akena decided to venture into farming as a business. He wanted to make sure that he would be earning enough to support his family. He spoke to neighbouring farmers to find out the most frequently grown crops. He realised they farm beans, maize and onions. Akena wanted to farm a crop that is less available in his area. Akena went to the nearest town

where he talked to shopkeepers and traders. He found out that there was a high demand for garlic. Three shopkeepers said that they would buy garlic from him, if it was of good quality, at 15,000 UGX per kilogram.

PART 2: Planning

An extension worker guided him to start farming garlic on 1/4 of an acre. He expected that he could harvest 250kg of garlic and if he could sell each kilo for 15,000 UGX, he could make a sales income of 3,750,000 UGX. In order to calculate the profit he could make, he first needed to know the costs of the inputs that would be used to grow and sell the crop. He listed the inputs he would need to grow the garlic plus transport and other hidden costs. He got a total of 800,000 UGX. That means he expected a profit of 2,950,000 UGX. He decided to go ahead with his plan.



PART 3: ACTION: Organising, Producing, Monitoring and Marketing

Akena organised all the inputs and then prepared his land and planted the garlic seeds. Within a month, however, Akena realised that the germination was poor and the growth of the garlic was not as expected. He went to the extension worker for advice, who told him to replant using a different variety of seed. Even though this was an extra cost for Akena, he obtained new seeds for planting, knowing that he had made a promise to several buyers in the market to supply good quality garlic. He did quick calculations and knew that he would still make a profit. A few weeks later, Akena's garlic was almost ready and it was looking good. He purchased bags for packing and harvested shortly thereafter.



As the garlic was harvested from the field, it was checked, cleaned and packed. The bad cloves were thrown away, while the rest was packed into the net bags. Akena discovered that he had 200kg. It was a less than expected, but Akena knew that he would still make a profit. Akena took his garlic to the three shopkeepers. They were pleased with the quality of the produce.

PART 4: Reflecting

Akena came back home a very happy man! However, he realised that his task was not complete. He still had to reflect on his garlic business by comparing what he planned to happen with what actually happened. He sold all 200kg of garlic at 15,000 UGX per kilo, making his total income 3,000,000 UGX. His costs were 900,000 UGX, including the 100,000 UGX for the additional seeds. His total profit was 2,100,000 UGX. This was the first time Akena had been responsible for the family farm and it had made more money than the previous year.



Key Messages

- Entrepreneurs should have a positive attitude, the ability to take calculated risks, good leadership abilities, good relationships with others, and the education, skills and life experience to be successful.
- Successful entrepreneurs use the Farm Business Cycle. They carefully look for opportunities, plan well, and monitor their businesses for successes and failures. The Farm Business Cycle helps farmers to develop a business mindset, rather than just doing practices they have always done.
- To run a successful business, you must be prepared to listen to and learn from others.

The Farm Business Cycle leads into the next topic which looks at the most important things that farmers need to do to make their farm businesses profitable.

TOPIC 3:

Understanding Farm Business and Enterprise Profitability



1 Hour



Objectives:

- To understand the difference between individual farm enterprises and the whole farm business
- To understand what can affect farm profits and how to calculate profit
- To understand the importance of separating farm and household income and expenses



Materials:

Flipchart paper, markers, notebooks, pens, blank papers, Annex 5

ACTIVITY 1: The Difference between Farm Enterprise and Farm Business



Plenary Discussion

1. Hold up Annex 5. Ask participants to identify which of the two pictures (A or B) is a farm enterprise and which one is a farm business. Have a few participants share their thoughts. Use the Facilitator's Notes to explain.
2. Introduce competitive enterprises, supplementary enterprises and complementary enterprises using the Facilitator's Notes to explain. Ask participants to think how these can affect profitability and have an open discussion about it.

Facilitator's Notes

Picture A: Farm Enterprises

Farm enterprises are the individual businesses of the farm. Each crop or kind of livestock produced is an enterprise. A farmer may produce chicken, cassava or milk. Each of these is an enterprise.

Picture B: Farm Business

Farm business refers to the combination of all of the enterprises on the farm. Together all the enterprises make up the farm business as a whole.

There are three categories of farm enterprises: competitive enterprises, supplementary enterprises and complementary enterprises.

Competitive Enterprises: Enterprises that “compete” when they use the same resources.

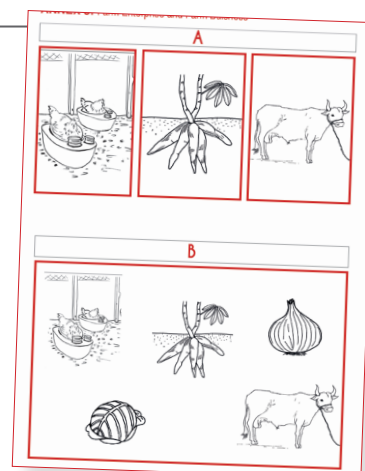
Supplementary Enterprises: Enterprises that “supplement” each other when they use resources that might otherwise not be used.

Complementary Enterprises: Enterprises that “complement” each other when they interact in a supportive, two-way process.

How Enterprises Can Affect Profitability:

- Competitive enterprises could decrease profits while supplementary and complementary enterprises could increase profits by saving money on inputs. For example, using manure from your poultry enterprise could save you money on fertiliser for your maize enterprise.
- If you have many business enterprises on the farm, it is important to know how each enterprise affects the other. For example, if you realise that enterprises supplement each other, this will reduce on the costs of some inputs needed for the other.

NOTE: A successful business farmer will target using the least costs as possible but maintain the quality to raise a high profit. Remind the participants the meaning of profit from Topic 1 Activity 1.

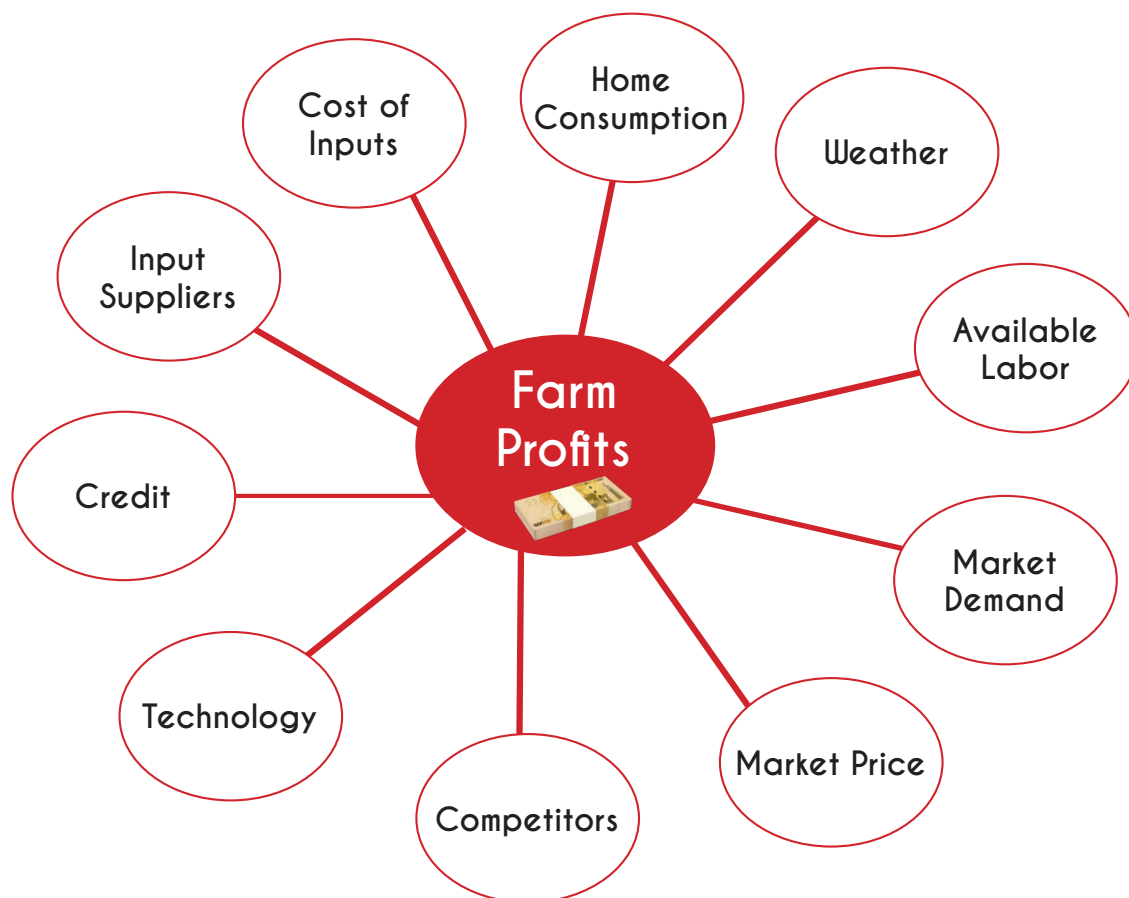


ACTIVITY 2: What Affects Business Profitability?



Plenary Discussion

1. Make a small circle in the middle of a flipchart and write the word “farm profit”.
2. Remind participants that profit is the amount left over after all expenses, costs and taxes have been paid. Profit is the opposite of loss.
3. Ask participants to mention some of the things that may affect farm profit. Record responses on the flipchart around the word at the centre. Use the Facilitator's Notes to highlight other issues that may affect profit.



Facilitator's Notes

- **Competitors:** If more competitors enter the market, supply will be high and selling prices will go down. This can decrease profit.
- **Technology:** This can help you produce in a shorter time with less costs and human labour. This can help to increase your profit.
- **Market price:** The current market price at the time of selling is what your produce will be sold at. If the market price is lower than the predicted minimum selling price, then you will make a loss. If the market price is higher, you will make a greater profit.
- **Market demand:** The higher the market demand, the higher the price and the higher the profit. If the market demand is low, the selling price will go down and will lower the profit.
- **Costs of inputs:** If the costs of the inputs are high, the profit may be lower.
- **Home consumption:** Whatever food you consume at home is not part of your profit. If the consumption is high, the profit will be low.
- **Weather factor:** Each enterprise requires a balance between rainfall and sunshine. Any excess or scarcity of rainfall can affect the output and profit coming out of that business.

Profit is important because people farm not only for food, but also for money. When farming for money, it is important to make a profit so you can keep the farm business going and also be able to meet your family's needs.

When selecting which enterprises to pursue, farmers need to look at which ones are likely to make more profit. Enterprises that do not earn a profit should be discontinued because they affect the profitability of the whole farm business.



Plenary Discussion

1. Explain that calculating profit can be done by subtracting the costs from the income.
2. Write the following example on a flipchart and explain how to calculate profit.
3. Use the Facilitator's Notes to help explain the answer and other key concepts related to profit.

Farmer A

Farm Income = 1,000,000 UGX

Farm Costs = 400,000 UGX

Did the farmer make a profit? What was it?

Profit = Income - Costs

1,000,000 - 400,000

Profit = 600,000 UGX

Farmer B

Farm Income = 3,200,000 UGX

Farm Costs = 3,300,000 UGX

Did the farmer make a profit? What was it?

Profit = Income - Costs

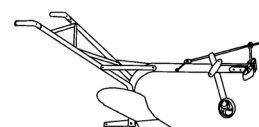
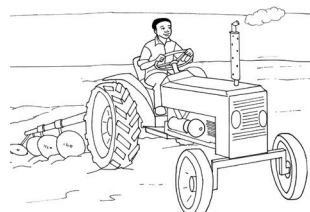
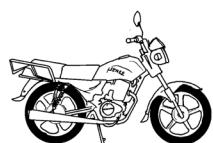
3,200,000 - 3,300,000

Loss = 100,000 UGX

Facilitator's Notes

Concepts that relate to profit:

- **Farm Income:** Money received from selling products and the value of produce consumed. (Note that farm income comes from the value of all the products produced on the farm).
- **Farm costs:** Money spent to produce and market products; the value of all the things used to produce products on the farm. There are 2 type of costs involved in a farm business:
 - **Variable Costs** – These are the costs of actual production. They apply to specific enterprises on the farm. These costs occur only if something is produced and vary as output changes. They do not occur if nothing is produced. Variable costs can be allocated to specific enterprises and they include seeds, fertilizers, labour hire, livestock feed and veterinary services.
 - **Fixed Costs** – These costs apply to the farm as a whole. Fixed costs are costs that do not vary when there are changes in production output of a specific product. Fixed costs remain the same regardless of the output. Even if there is no output, there will still be fixed costs. They include full time employees, farm equipment, storage facilities, and security.





Plenary Discussion

1. Explain that household incomes and expenses must be separated from the business income and expenses in order to get a clear picture of how the business is performing. Use the Facilitator's Notes to explain further.

Facilitator's Notes

- Farm business expenses and income must be separated from the household's expenses and income.
- Although households rely on income from the farm, it is important to keep them separate in order to know if a farm is profitable or not.
- This can be done by keeping all farm costs and income separate and calculating if the farm is making a profit (**Farm Income – Farm Costs = Profit**). After calculating that the farm made a profit, farmers can then take a 'salary' out of their profit to meet their household needs.
- If farm and household expenses/income are mixed up, it becomes hard to tell if the farm is making a profit and therefore harder to make decisions that can increase the profit.

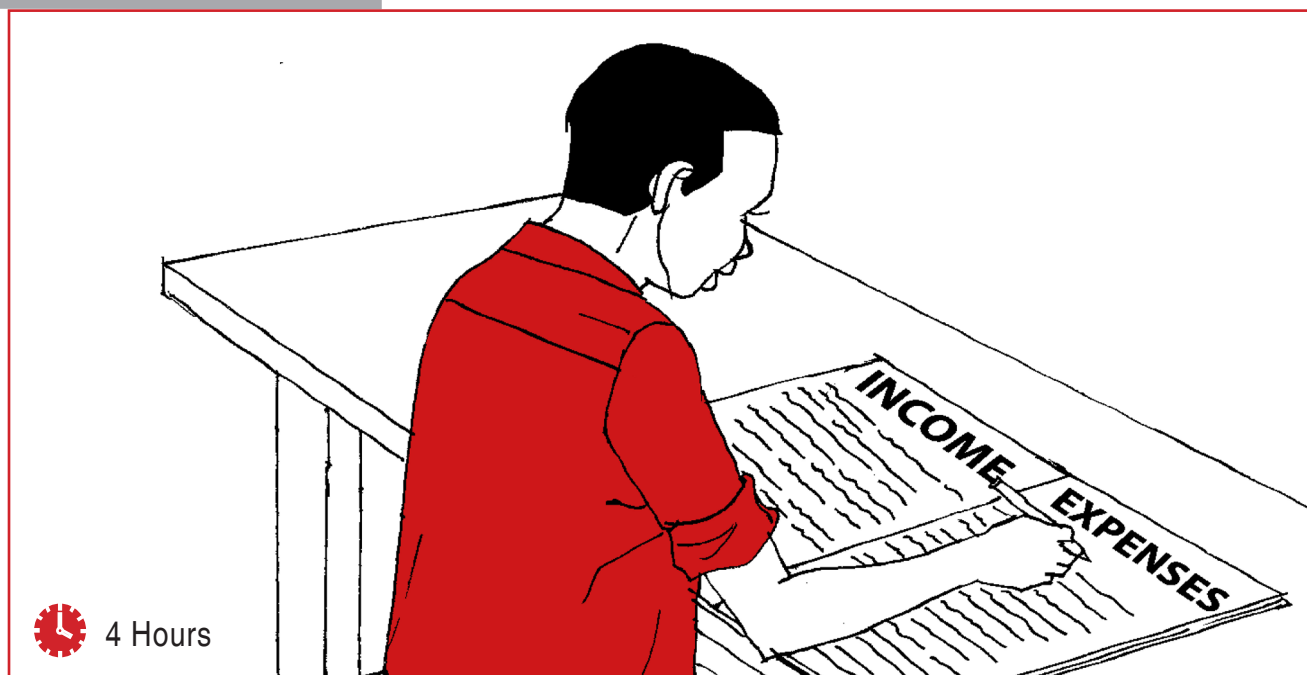
Tell participants that later in module 2, they will explore and practice how to keep all farm costs and incomes separate. Household income and expenses must be separated from farm income and expenses so farmers can tell if their farm enterprises are making a profit.

Key Messages

- A farm enterprise is a single crop or livestock activity while a farm business is a combination of all of the enterprises on one farm.
- Farm enterprises can be competitive, supplementary or complementary. Supplementary and complementary enterprises can increase profit while competitive enterprises can decrease profit.
- Many factors, such as competitors, technology and market demand, can affect farm profits.
- Profit is calculated by subtracting costs from income.
- There are two types of costs: variable costs and fixed costs. Variable costs apply to specific enterprises and may increase or decrease depending on production. Fixed costs apply to the whole farm business and do not increase or decrease depending on production.
- Household income and expenses must be separated from farm income and expenses so farmers can tell if their farm enterprises are making a profit.

TOPIC 4:

Developing an Enterprise Budget



Objectives:

- To understand enterprise budgeting and develop enterprise budgets to determine profitability of different enterprises
- To understand the factors, other than profitability, that should be considered when choosing an enterprise



Materials:

Flipchart paper, markers, Annex 6, 7a, 7b

ACTIVITY 1: Understanding Farm Enterprise Budgeting



Plenary Discussion

1. Tell participants that budgeting is at the heart of success for farm businesses. It is therefore important that all participants learn to apply it in their farm businesses. Have a short brainstorm on the following questions. Use the Facilitator's Notes to support the discussion.
 - What is a budget?
 - What is an enterprise budget?
 - When should an enterprise budget be developed?
 - Who should develop an enterprise budget?
2. Explain that enterprise budgets are usually developed per acre of land, so it is important to for farmers to know how to use their available farm tools to measure in acres. Give farmers a chance to mention hectares and acres in their local names. Then use the Facilitator's Notes and Annex 6 to explain the practical meaning of acres and hectares in a way that farmers can understand.

Facilitator's Notes

- A **budget** is a writing that is done to estimate income and expenditures for a certain period of time.
- An **enterprise budget** (sometimes called a crop budget) is a business tool that shows the money that will be spent on production (expected costs), the money expected from selling the products (expected income), and what will be left for the farmer after subtracting the costs from the income (profit).
- An enterprise budget should be developed before production, to help a farmer decide whether to proceed with the enterprise or not. If the budget shows that the enterprise will not make a profit, the farmer should not do it.
- All farmers should develop enterprise budgets for each of their enterprises.

Note: When developing an enterprise budget:

- Use the lowest expected income and the highest expected cost in order to account for price changes in the market.
- Use standard unit measurements such as an acre of land or head of livestock, for one year or one production period.

Putting standard land measurements in a farmer's perspective to guide crop budgeting

1 hectare measures 100m X 100m which is equivalent to 10,000 square meters

1 acre measures 100m X 40m which is equivalent to 4000 square meters

Translating hectares to acres

From the above, given that 1 hectare is 10,000 square meters (100m X 100m), and that 1 acre is 4,000 square meters (100m X 40m)

1 hectare = 10,000/4,000 = 2.5 acres

NOTE: Farmers use different yard sticks while measuring their fields. Adopt this to the area where you are carrying out the training. Use Annex 6 to help you do it for your areas.



Group Discussion

1. Divide participants into groups and ask them to discuss the following questions.
 - What do you think should be in an enterprise budget?
 - Why are enterprise budgets important for farming as a business?
2. Use Annex 7a to guide participants through a sample enterprise budget template.

Facilitator's Notes

Components of an enterprise budget

1. Expected yield of the crop/livestock enterprise
2. Expected income (money in) from sales of the produce
3. Expected unit price of the produce (this is the price you expect to get when you sell)

The template is a multi-step form for creating an enterprise budget. It includes sections for:

- Step 1: Enterprise** - Name of the enterprise.
- Step 2: For the period** - Start and end dates.
- Step 3: Area used** - Area in acres or hectares.
- Step 4: Income** - Table with columns: Item, Quantity, Unit price (USD), Total value (USD).
- Step 5: Total Income** - Total value from Step 4.
- Step 6: Variable Costs** - Table with columns: Item, Quantity, Unit price (USD), Total value (USD).
- Step 7: Total Variable Costs** - Total value from Step 6.
- Step 8: Enterprise Profit (gross income)** - Formula: Total Income - Total Variable Costs.

4. Expected cost of production (inputs including seeds, fertiliser, hired labour, transport, etc.). This includes only variable costs and not fixed costs.
5. Expected profit or loss (profit is when income is more than costs and loss is when costs are more than income)

Enterprise budgets are important in farming as a business because they are used to:

- Calculate expected profitability of enterprises before production begins.
- Compare enterprises to see which ones will make more money.
- Detect problems easily so they can be fixed in time.
- Make effective changes.
- Reflect on the success of the farm business regularly.
- List variable costs (e.g. labour, inputs) so the farmer can decide if he/she has enough money to pay for them
- Decide if the enterprise is worth producing.

ACTIVITY 2: Developing a Farm Enterprise Budget



Plenary Discussion

1. Use farmers' knowledge and experiences and the information learned in the last activity to create an enterprise budget for Joseph's Maize Enterprise scenario below. Use Annex 7b to ensure they correctly identify how to create an enterprise budget for this scenario.
2. Review the points in the Facilitator's Notes with participants so they know what to consider when budgeting for enterprises and deciding which enterprises will be the most profitable.

Sample Business

Joseph's Maize Enterprise

For the period between Jan 2020 – June 2020

Production from one acre of land = 1000 kg

Selling price = 1,000 UGX per kg

The farmer plans to sell 900 kg of the maize

The farmer plans to keep 75 kg for home consumption

The farmer plans to give away 25 kg to other family members outside of his household

Variable costs for producing and marketing 1000kg of maize:

Buying 10 kg of seed = 4,000 UGX per kg

Bush clearing = 50,000 UGX

Field Ploughing – 1st Tillage = 140,000 UGX

Field Tilling - 2nd Tillage = 100,000 UGX

Planting = 50,000 UGX

Buying other inputs like fertilisers, etc. = 100,000 UGX

Fertiliser application = 10,000 UGX

Weeding = 60,000 UGX

Harvesting = 30,000 UGX

Transport from field to home for 10 bags = 30,000 UGX

Threshing of 10 bags = 30,000 UGX

10 Empty bags = 12,000 UGX

Transport of 10 bags to the market = 50,000 UGX

Marketing costs for 10 bags = 10,000 UGX.

Enterprise Budget for Joseph's Maize Enterprise

Step 1: Enterprise: **Maize**

Step 2: For the period: **Jan 2020** to **June 2020**

Step 3: Area used (acre/ha): **1**, Expected yields **700kg**

Step 4: Income

Item		Quantity	Unit price (UGX)	Total value (UGX)
Maize produced and sold	Kgs	900	1,000	900,000
Maize produced and kept for home consumption	Kgs	75	1,000	75,000
Maize produced and given away	Kgs	25	1,000	25,000
Step 5:			Total Income:	1,000,000

Step 6: Variable Costs

Item/Service		Quantity	Unit price (UGX)	Total value (UGX)
Buying seed	Kgs	10	4,000	40,000
Bush clearing	Acre	1	50,000	50,000
Field Ploughing – 1st Tillage	Acre	1	140,000	140,000
Field Tilling – 2nd Tillage	Acre	1	100,000	100,000
Planting	Acre	1	50,000	50,000
Buying other inputs like fertilisers, etc.	Assorted	1	100,000	100,000
Fertilizer application	Acre	1	10,000	10,000
Weeding	Acre	1	60,000	60,000
Harvesting	Acre	1	30,000	30,000
Transport from field to home	Bags	10	3,000	30,000
Threshing	Bags	10	3,000	30,000
Empty bags	Bags	10	1,200	12,000
Transport to the market	Bags	10	5,000	50,000
Marketing costs	Bags	10	1,000	10,000
Step 7:			Total Variable Costs	712,000

Step 8: Enterprise Profit (Gross Margin) = Total income – Total Variable Costs **288,000 PROFIT**

Facilitator's Notes

Here are some key points to consider when you are budgeting and comparing profitability of different enterprises:




1. List one crop/enterprise you are thinking of producing.
2. List all the activities and items needed for producing that enterprise from land acquisition up to marketing.
3. Attach costs to each of the activities or items listed according to their required quantities.
4. Rearrange the activities and items needed with attached costs in the order they are done and cross check that you have not missed any activity or items needed for production until marketing.
5. Add all the costs for the different production activities and items to determine the total cost of production **(a)**
6. Through either consultation or experience, determine and note the attainable yield per acre of a given crop.
7. Through either consultation or experience, determine and note the selling price per unit (e.g. kg) of a given crop.
8. Multiply the yield per acre of a given crop with the selling price to get total income **(b)**
9. To determine whether an enterprise is profitable or not profitable when produced, subtract the total costs of production **(a)** from income **(b)**. This will give you the expected profit or loss. If the number is positive, you will make a profit. If the number is negative, you will make a loss.
10. Repeat this process with other enterprises you are considering producing.
11. Compare the profit or loss expected from each of the enterprises you budgeted. Decide on which crop you would invest in based on the enterprise budgets. Consider choosing the enterprises which will make you the most profits.

NOTE: Participants should appreciate that a crop/enterprise budget varies from one place to another and from one individual to another depending on their situations and targets. Emphasise that to be able to master the development of a crop/enterprise budget, a lot of practice is needed since there are so many steps to follow.



Group Discussion

1. Divide participants into groups. Ask groups to develop enterprise budgets for three crops/enterprises of their choice.
2. Draw the following table on a flipchart. Tell groups to fill it out according to the results of their enterprise budgeting. The table will help them to compare their three enterprise budget results and determine which of the three enterprises is most profitable.
3. When groups are finished, ask groups to present their results and allow other groups to agree or disagree with their findings.

Enterprise or Crop	Total Cost of Production (a)	Total Income (b)	Profit or Loss (b-a)
Crop A 			
Crop B 			
Crop C 			

ACTIVITY 3: Determining the Selling Price of a Product



Plenary Discussion

1. Tell participants that an important part of ensuring that the enterprise makes a profit is to determine an appropriate selling price.
2. Start a discussion about what factors can influence the selling price of a product. Use the Facilitator's Notes below to support the discussion.

Facilitator's Notes

The selling price of a product never stays the same because there are several factors that can influence it including:

- **The nature of the market:** The market can have little competition, meaning higher selling prices, or it can have very high competition, meaning selling prices will be lower.
- **The cost added in the distribution channel:** How much the distributor spent when distributing the product can affect the selling price to the final consumer.
- **The type of product:** Different products get different prices. For example, one kilogram of coffee gets a higher price than a kilogram of maize.
- **The amount of the product:** Farmers can generally get a higher selling price per kilogram if they sell in bulk than if they sell small amounts.
- **The time of sale:** Early vegetables will earn more than the same vegetables sold at the peak harvest time. Similarly, if maize can be stored until after the peak harvest time, it can get a higher price when the supply of maize is low.
- **How the product has been processed:** Processing a product adds value to it. For example, milling maize turns it into something consumers want (maize flour). That is why a kilogram of maize flour costs more than the same amount of maize grain.
- **The quality of the product:** Good-quality, graded tomatoes get more than tomatoes that are many different sizes or are bruised.
- **The product's packaging:** Produce that is well packaged and protected from damage gets more than the same produce that is loose or is stuffed into over-full bags.
- **The place of sale:** Produce gets more if it is sold in the city than in the local village market. Produce sold in supermarkets gets more than those sold in open-air markets. This is because customers in different places are willing to pay more or less for the same product and sellers have different mark-up prices.
- **The marketing arrangements:** A contract may make a buyer pay a certain price, regardless of whether the current market price is high or low.



Group Discussion

Use Joseph's Maize Enterprise from the Crop Budget

1. Divide participants into groups and give them a copy of Annex 7b Joseph's Enterprise Budget. Tell participants that they will use Joseph's story and budget to calculate the unit costs of production so that he knows how much it costs him to produce one unit of his maize. This information can help him to determine at what price to sell his produce so he does not make a loss.
2. Use the Facilitator's Notes to support the discussion.
 - How should Joseph calculate the unit cost of production for his produce?

Extract From Joseph's Maize Enterprise

Joseph plans to sell **900 kg** of the maize.

Joseph plans to keep **75 kg** for home consumption.

Joseph plans to give away **25 kg** to other family members outside of his household.

From the above information, Joseph's total yield is **900+75+25 = 1,000 kg** of maize harvested.

STEP 1: Determine Joseph's unit cost of production

Things to remember from Joseph's budget are:

1. **Total cost was 712,000 UGX** from the budget.
2. **Yield per acre was 1,000 kg** from the extract above.

The Unit Cost of Production = $\frac{\text{Total cost of production}}{\text{Yield per acre}}$

$$\frac{712,000 \text{ UGX}}{1,000 \text{ kg}} = 712 \text{ UGX/kg}$$

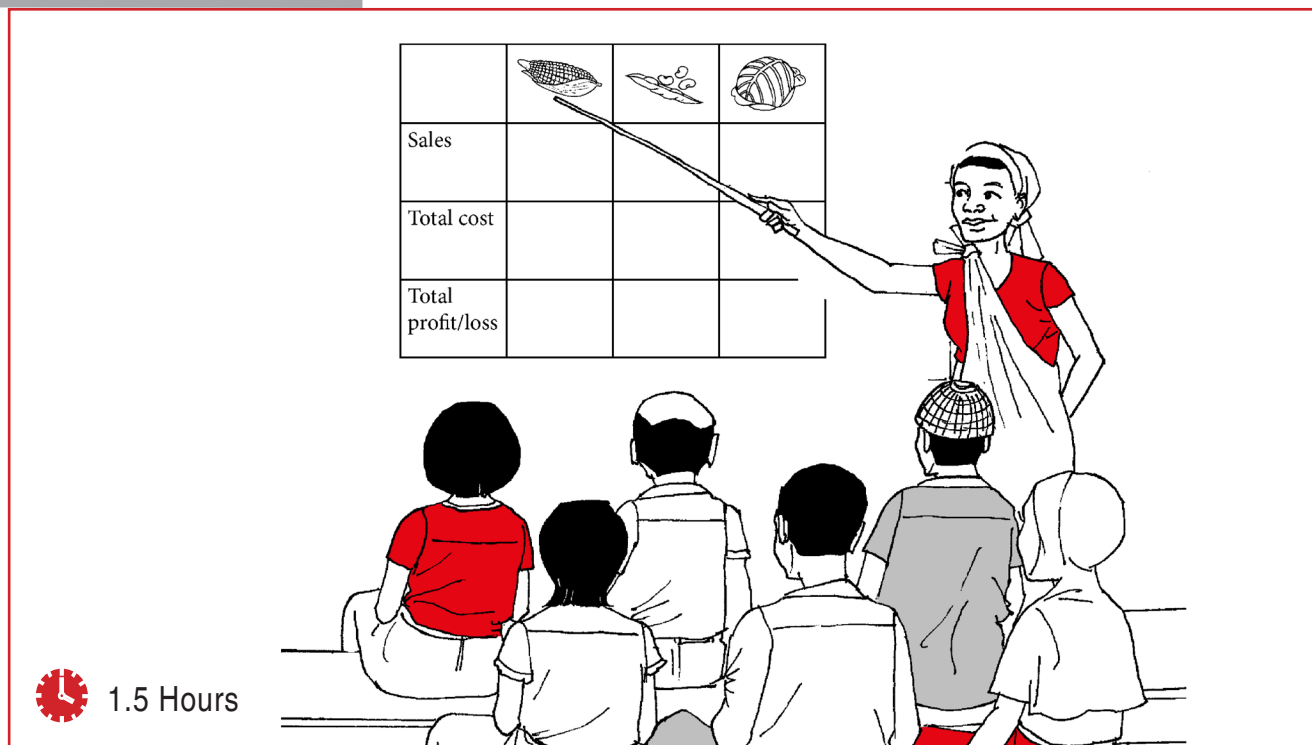
NOTE: Joseph's unit cost of production is **712 UGX**. This means:

1. That is the minimum price that his product can be sold at to cover only the production costs.
2. If Joseph sells his produce at less than 712 UGX per kilogram, he would make a loss.
3. The amount of money Joseph charges above 712 UGX is his profit. The price above the cost of production is your profit, sometimes called **profit mark-up**.

Key Messages

- When farming as a business, it is important to complete an enterprise budget to see which enterprises are most profitable.
- Enterprise budgets should be developed before the production starts.
- It is important to determine the unit cost of production for a unit of your product. This ensures you do not make a loss.

TOPIC 5: Selecting a Profitable Enterprise



Objectives:

- Explain the core criteria for selecting promising enterprises and discuss other possible criteria that can be used to test the suitability of any business idea
- Practice using a screening matrix to select a promising enterprise based on the core criteria



Materials:

Flipchart paper, markers, notebooks, pens, blank papers

ACTIVITY 1: Choosing a Profitable Enterprise



Plenary Discussion

1. Tell participants that there are factors other than the enterprise budget to consider when determining which enterprise to choose.
2. Introduce the topic of testing enterprise ideas before starting on them. Inform participants that testing enterprise ideas means carefully weighing whether an idea is suitable for a farmer to undertake, given his/her unique situation.
3. Take participants through the three core criteria for testing and selecting a suitable enterprise. Use the Facilitator's Notes to explain each step.

Facilitator's Notes

Three Core Criteria for Testing and Selecting a Suitable Enterprise

1. **Skills and Competencies:** These consider the farmer's personal strengths and weaknesses and if they are suited to produce the enterprise on a daily basis. The farmer should carry out a personal SWOT Analysis (Strengths, Weaknesses, Opportunities and Threats) to know their strong points and prepare to address their weak areas.
2. **Resources:** This considers the available equipment and access to raw materials found within the village, community and region that an individual can use to grow their businesses. It also considers the financial resources of the farmer.
3. **Demand:** This is the extent to which a product or service is wanted by customers. It looks at how attractive the business idea is and if people will want to buy the products. For instance, a business providing services not currently available in a location would be in high demand, or a business that meets a demand using non-traditional methods and new skills. Demand also factors in the competitors.



Plenary Discussion

1. Tell participants that there is a way to use the three core criteria to help decide if they should select an enterprise.
2. Draw the screening matrix (like the one in the Facilitator's Notes) on a flipchart. Use the three core criteria discussed in the previous activity and profitability as the selection criteria of the screening matrix. Add other factors to consider as and when participants agree that such factors are useful for helping to make a decision.
3. List the enterprises compared for profitability in Topic 4. Then examine each enterprise against each criterion. Where a criterion is available or can be found with ease, put a tick in the cell that is directly under the criterion and against the enterprise. Where a criterion is not available or found with ease, put a cross in the appropriate cell. Then total up the number of ticks for each enterprise. The enterprise with the greatest number of ticks is the most suitable enterprise. Use the example screening matrix in the Facilitator's Notes for guidance.
4. After seeing the results, tell participants to consider if the enterprise they chose in the last activity as the most profitable enterprise will be **possible** for them to produce according to this screening matrix. If not, tell them to decide which crop will be both **possible** for them to produce and **profitable**.

Enterprise or Business Idea	Selection Process					Total
	<i>Is Profitable</i>	<i>Skills and Competencies</i>	<i>Resources (Inputs and Finances Available)</i>	<i>In High Demand</i>	<i>Other</i>	
Poultry keeping		✗	✗	✓		1
Producing soybeans	✓	✓	✗	✓		2
Vegetable growing	✓	✓	✓	✓		3
Producing maize	✓	✓	✓	✓		4

Key Messages

- Every enterprise or business idea should be tested before being taken up so that farmers can make informed decisions.
- Testing a business idea confirms that the idea is capable of being done or achieved.
- There are four (4) core criteria for testing the suitability of any business idea. These are 1) profitability; 2) the availability of skills and competencies; 3) the availability of physical and financial resources; and 4) a high customer demand for the product.
- Any other criterion can be added to the screening/testing process as agreed up and depending on the situation.

At this point, farmers have identified and selected an enterprise to undertake. The next step is to find out how to manage farm risks. Some enterprises are riskier than others, so it is good to anticipate the level of risk before venturing into a business.

TOPIC 6:

Measuring and Dealing with Farm Business Risks



2 Hours



Objectives:

- To identify common risks that farm businesses face and how they can be managed
- To anticipate the likelihood of different risks and assess their possible consequences



Materials:

Flipchart, markers, pieces of paper, tape

ACTIVITY 1: Identifying Farm Business Risks



Plenary Discussion

1. Write the following key terms on a flipchart paper:
 - Risk
 - Risk management
2. Ask participants to explain what they understand by the terms. Check their answers using the definitions provided in the Facilitator's Notes below.

Facilitator's Notes

Risk: any factor that may cause losses to the farm business.

Some risks are out of a farmer's control, such as changes in market prices, low rainfall, etc., however it is possible to manage these risks. Other risks are within a farmer's control, such as decisions about what to produce, the type of inputs to purchase and use, etc.








Risk Management: the practice of taking steps to reduce the potential losses for your business. It is trying to reduce the impact or occurrence of the risk.

It is important to understand that risk management is not a guarantee for increasing income. However, farmers should be able to manage risk so that it has minimum negative effects on their business.



Group Discussion

1. Divide participants into groups.
2. Tell groups to identify some of the risks associated with their farm enterprise(s) and what they would do to avoid or solve those risks. Use the Facilitator's Notes to guide the discussion.

Risk	Ways to Manage the Risk
Weather 	<ul style="list-style-type: none"> • Plant more than one crop in a season • Have several sources of income • Store water for possible drought or use irrigation systems • Use resistant varieties of seed • Plant early at the onset of rains • Plant trees around the garden to discourage erosion and flooding
Theft 	<ul style="list-style-type: none"> • Lock property away/lock doors • Do not move with valuables or a lot of money • Save with financial institutions or banks
Pests and Diseases 	<ul style="list-style-type: none"> • Use resistant varieties of seed • Spray with pesticides and herbicides • Invest in vaccination for your animals • Fight pests and diseases together with neighbor farmers
Fires or bush fires 	<ul style="list-style-type: none"> • Keep objects which can easily catch fire away from your home • Have buffer zones between your crops and homes/fire risks
Accidents or Injuries 	<ul style="list-style-type: none"> • Have emergency savings • Avoid risky or dangerous situations
Sickness 	<ul style="list-style-type: none"> • Have emergency savings • Maintain a healthy lifestyle • Have healthy eating habits
Death 	<ul style="list-style-type: none"> • Have emergency savings • Keep good relationships with relatives and friends
Price change	<ul style="list-style-type: none"> • Monitor prices • Try to find the best period to buy your inputs/sell your products • Try to predict price trends • Buy in bulk for cheap prices and store surpluses • Try to set up contracts with your buyer for future dates with fixed prices to enable better planning and avoid price changes
All risks	<ul style="list-style-type: none"> • Maintain good relationships with family, friends and neighbours • Plan or save for the unexpected • Be knowledgeable (participate in trainings, be aware of risks, know how to avoid risks)

Note: Farmers will mention more than this list. Encourage them to identify the risks that lead to reduction in production and low profits. Let them also identify risks that have affected them lately and how they have tried to solve them to maintain the profitability of their farm businesses.

ACTIVITY 2: Measuring and Dealing with Farm Risks



Plenary Discussion

1. Take participants through the five steps for measuring and dealing with business risks using the Facilitator's Notes box below.
2. Use the five steps in practice. Ask participants to help you:
Step 1: Identify four common risks that they are likely to face in their farm businesses.
Step 2: Consider the consequences of each risk including:
 - What is the impact of each risk if it occurs? (High impact, medium impact, low impact)
 - What are the financial consequences of each risk if it occurs? (Big consequences, some consequences, no consequences)
 - What is the likelihood that each risk will occur? (Highly likely, somewhat likely, not very likely)**Step 3:** Rank the potential impact of each risk based on the analysis done in Step 2 and determine if the risk is acceptable or needs to be managed.
Step 4: Determine how to deal with the risks.
Step 5: Create a plan for watching and reviewing each risk.

Facilitator's Notes

Five Steps for Measuring and Dealing with Business Risks

1. **Identify the risks:** Be aware of the risks that might affect your business.
2. **Consider consequences:** Consider how likely the risk is to happen and the possible consequence of each risk.
3. **Rank potential impact:** Decide which risks are most likely and most dangerous. Decide which risks are acceptable and which are serious enough that they must be dealt with.
4. **Deal with the risk:** Create a plan to deal with the most likely and most dangerous risks.
5. **Watch and Review:** All identified risks should be regularly watched, tracked and reviewed.

Key Messages

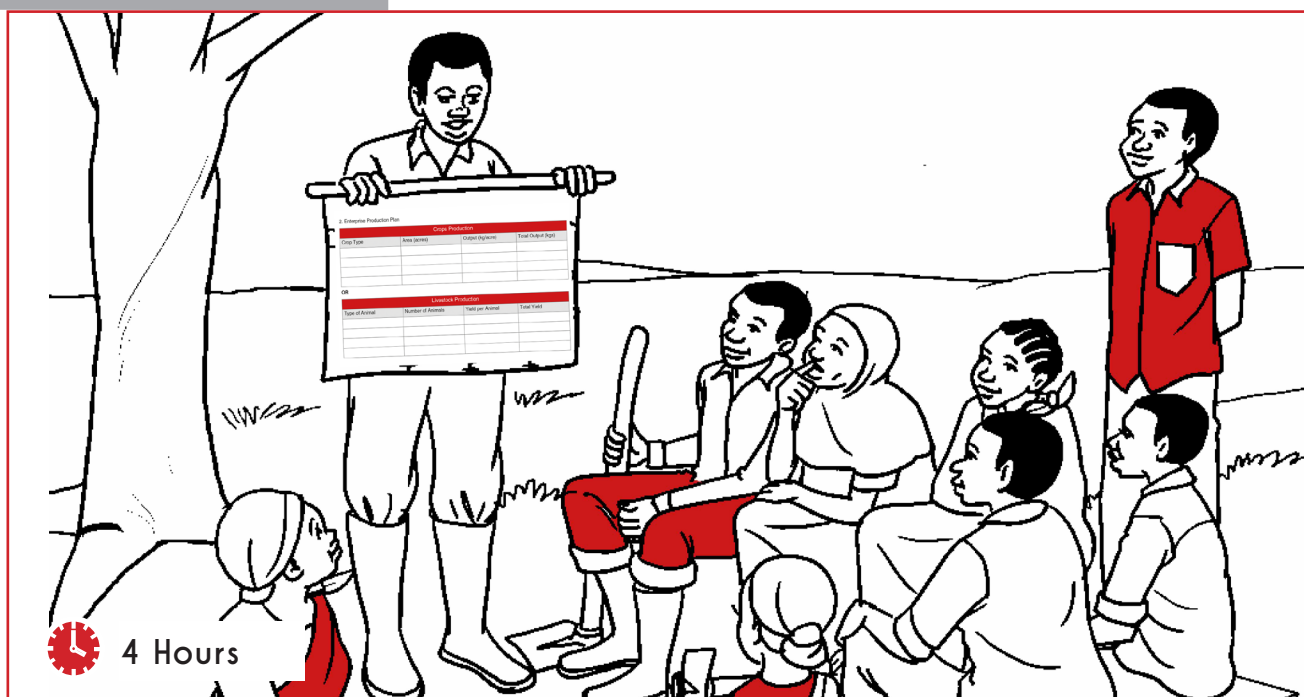
- All businesses face risks. Some can be easily controlled, while others are largely outside of our control. However, risks that are outside of our control can still be dealt with.
- It is important to identify the risks to the business and create a plan for dealing with them so that they become less likely and/or less dangerous.
- Risks can be measured and dealt with using five steps: 1) identifying the risk; 2) considering the consequences of the risk; 3) ranking the potential impact of the risk; 4) deal with the risk; 5) watch and reviewing the risk.

Topic 7 is the last topic in Module 1. It is an additional topic, only to be taught if farmers have the skills, capacity and patience for more demanding and complicated training contents”

NOTE: A business plan can be for individual, group or any kind of enterprise that a farmer is undertaking not necessarily Agricultural enterprises only.

TOPIC 7:

Developing a Farm Business Plan



Objectives:

- To learn how to create visions and goals of enterprises
- To create a farm business plan for the chosen enterprise



Materials:

Flipchart, markers, Annex 8

ACTIVITY 1: How to Come Up with a Vision and a Goal



Plenary Discussion

1. Now that participants have an idea of what enterprises they want to produce, they need to start planning for one of the enterprises they want to take up.
2. Tell participants that to start off they need to set a vision and goals for their enterprise. Use the Facilitator's Notes below to explain what both concepts mean and give an example vision and goal for a maize enterprise.
3. Ask participants to work individually to create a vision and goals for the enterprise they want to take up.

Facilitator's Notes

Having a **vision** means thinking about a desired state that one wants to achieve. It means to plan for a better future of one's life or business.

Example Vision: After 3 years, my maize enterprise will be profitable and I will be able to provide enough maize for my family to eat and also be able to sell enough so I make an annual profit of 4,000,000 UGX.

A **goal** is a desired result that you want to accomplish over a short or long period of time. Goals are part of visioning, but they are more specific. Goals can be written in a business plan to help you track your activities and also to help other people understand what you want to do.

Example Goal: I will increase the profit of my maize business by increasing my yield and decreasing my losses.

Give participants time to come up with some vision and goal statements for the enterprises they have selected back under selecting an enterprise.



Plenary Discussion

1. Now that participants have chosen an enterprise and set a vision and goals for it, they can create a business plan.
2. Ask, what is a farm business plan? Who is supposed to develop it?
3. Give participants a copy of Annex 8: Enterprise Business Plan Template and take them through the different parts of a business plan. Use the example business plan in the Facilitator's Notes to guide you.

Facilitator's Notes

Tell the participants that when farming as a business, it is important to complete an enterprise budget to see which enterprises are most profitable. Enterprise budgets should be developed before the production starts. After the enterprise has been identified, a business plan should be developed to enable it to run smoothly.

A **business plan** is a document that records the most important decisions and actions affecting the operation of the farm business. It is a way to make sure that all the things that need to be done are done, and done in a way that makes the farm profitable.

A business plan has the following components: Your own background, Farm production plan, Market plan, Profitability, Cash availability, Risks and Notes

Benefits of a business plan:

- Shows you intend to develop the business
- Defines which part needs improvement
- Can be used to access a loan to finance your business
- Helps you decide whether or not to sign contracts with the buyers or suppliers
- Spells out potential risks and how to solve them early
- Tracks progress of the business in relation to the set goals.

Parts of an Enterprise Business Plan – An Example

Enterprise: **Tomato / Eggs / Maize**

Date Prepared: **Jan 20, 2020**

1. Background (your own profile):

Name	Village/District	Period of the Plan
Joseph Otema	Gulu	Feb 1, 2020 – Sept 30, 2020

Enterprise Business Vision: *After 3 years, my maize enterprise will be profitable and I will be able to provide enough maize for my family to eat and also be able to sell enough so I make an annual profit of 4,000,000 UGX.*

Enterprise Business Goals: *I will increase the profit of my maize business by increasing my yield and decreasing my losses. How? I will use certified seed and resist pests and diseases this season.*

2. Enterprise Production Plan

Crops Production			
Crop Type	Area (acres)	Output (kg/acre)	Total Output (kgs)
Maize	2 acres	1,000kg/acre	2,000kg

3. Market Plan

Enterprise	Target Market	Buyer	Expected Quantity to Sell (units)	Market Price (UGX/unit)	Marketing Cost (UGX/unit)	Farm-gate Price (UGX/unit)
Maize	Star market	Ocen	1,500kg	1,000 UGX	50 UGX	800 UGX

4. Enterprise Profitability

Income Source			
Item	Quantity	Unit Price (UGX)	Value (UGX)
Maize	1,500kg	1,000 UGX	1,500,000
Total Income			1,500,000
Variable Costs			
Item	Quantity	Unit Cost (UGX)	Total Value (UGX)
Seed	50kg	500	25,000
Fertiliser - Urea	1 bag	7,000	7,000
Fertiliser - DAP	1 bag	35,000	35,000
Water Charges	10 hours	4,000	40,000
Planting Labour Charges	8 hours	4,000	32,000
Harvesting Labour Charges	8 hours	2,500	20,000
Total Variable Costs			159,000
Enterprise Profit = (Total Income – Total Variable Costs)			1,341,000 UGX

5. Cash Flow and Cash Availability

Activity	Sept	Oct	Nov	Dec	Jan	Feb	March	Apr	May	Jun	Jul	Aug	Total
Cash Inflow													
Crop Sales										5900			5900
Total Cash Available										5900			
Cash Outflow													
Buy seed			500										500
Buy fertiliser			500										500
Buy pesticide				200									200
Labour hired		900	900		540				900				3240
Total Cash Needed		900	1900	200	540				900				4440
Net Cash Flow		-900	-2800	-3000	-3540				-4440	+1460			+1460

6. Risk Analysis

Potential Risk	How to handle the Risk
Produce can be damaged on the way to the market resulting in a lower market price	Ensure a proper protective packing for the produce
Market price can drop, resulting in lower profits	Remain alert to the changes in the market and decide when to sell and how much to sell at a time



Individual Work

1. Tell participants that now that they understand the basics for developing a business plan, they are going to develop a business plan for their enterprises using the example explained above.
2. Tell participants to use Annex 8 to create a business plan using the templates.
3. Encourage participants to continue reviewing and revising their enterprise business plans until they are sure that is how they want them. They should feel free to consult the facilitator or each other at any point.

Key Messages

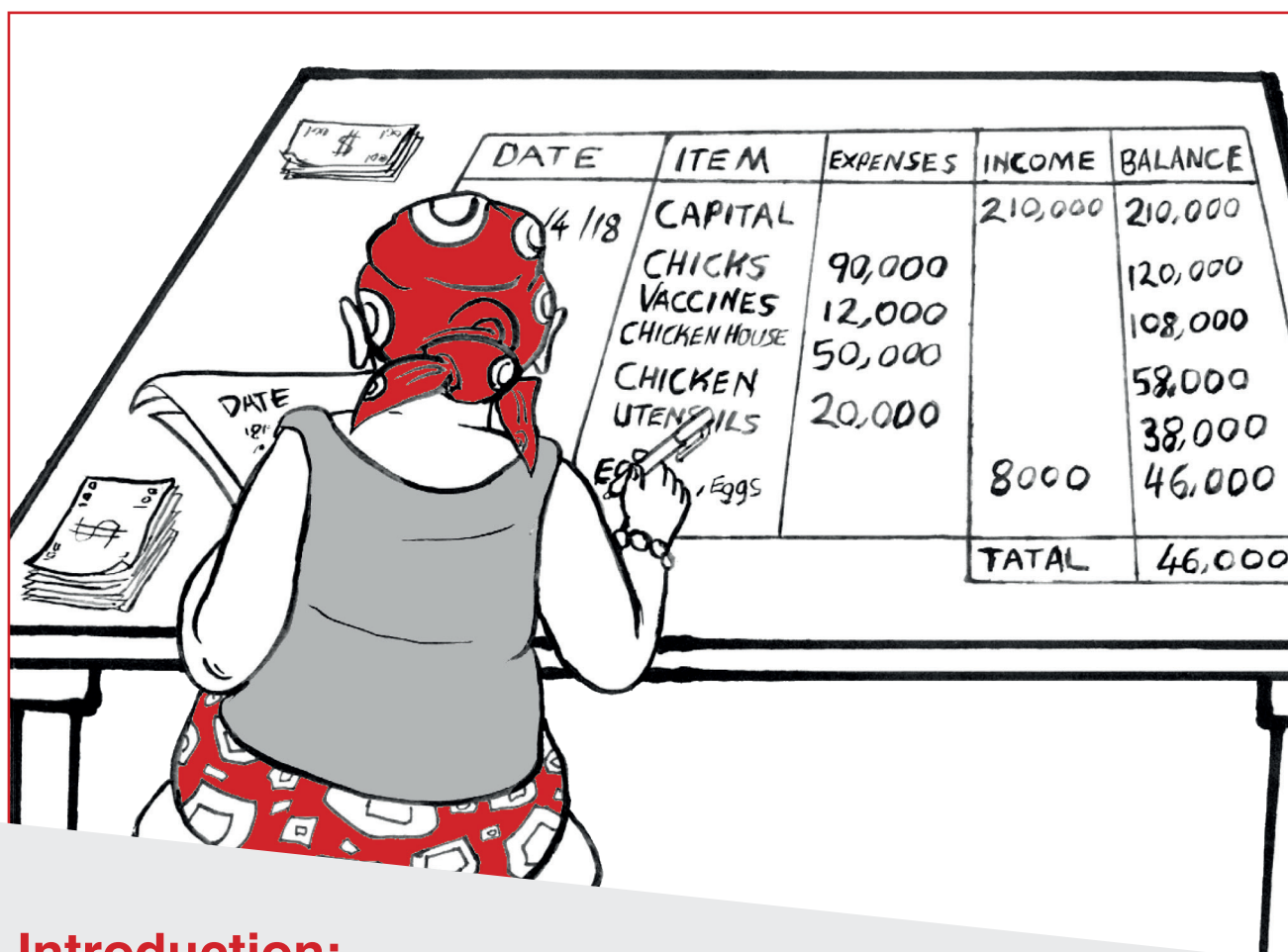
- Farmers should set a vision and goals for their enterprises and their farm business as whole.
- Farmers can create a business plan to help express what they hope to achieve with their farm enterprise.

When participants are done, congratulate them on completing the first module of the training and developing a first draft of their farm business plan. Encourage participants to continue reviewing and revising their farm business plan until they ensure it is exactly how they want.

In Module 2, they will explore the importance of keeping records and some common records that farmers should keep for their farming businesses. Records are a key aspect for farming as a business because they help a farmer keep track of expenses, incomes and profits, among other important information. Records help farmers make wise decisions about their farming business so they can increase their profitability.

Module 2:

RECORDS AND RECORD KEEPING FOR FARMING BUSINESSES



Introduction:

Keeping records is important for small-holder farmers who practice farming as a business because they need to keep correct information so they can make good business decisions. All farming businesses regardless of their sizes, need to keep records of their incomes and spending so that they know if they are making a profit or a loss. Record keeping processes are easy if they are done continuously and are not interrupted. To practice farming as a business that involves deciding what and how to produce, needs keeping written notes as it was in module 1. The process of identifying and selecting a profitable crop was all based on records of budgeting, planning and cost analysis.

Good record keeping is also needed if farmers want to take out loans. Financial institutions like banks need to see a farm's records to decide whether to lend money or how much money to lend. Many financial institutions will deny a farmer a loan if he/she does not have up-to-date records even if they have a business plan. This module looks at the importance of keeping records and it introduces them several type of records needed in the farming business. This module has two topics: understanding the importance of recording and the types of records needed on the farm.

Module Outline:

Topic 1: Understanding the Importance of Records and Record Keeping

Topic 2: Basic Records for Every Farming Business



Module Objectives:

By the end of this module, participants should be able to:

- Appreciate why farming businesses need to keep records
- Identify basic records every farming business must have
- Understand and practice simple record keeping methods



Training Materials Needed:




- Flipchart paper, marker pens, masking tape, notebooks and pens
- Visual aids (Annexes 9-12)

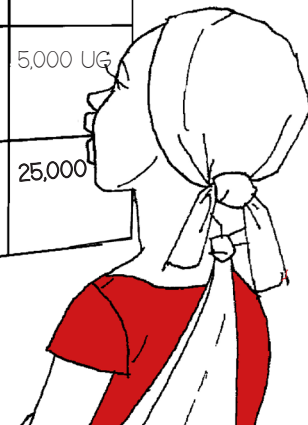



3.5 Hours

TOPIC 1:

Understanding the Importance of Records and Record Keeping

			
Sales	40,000 UGX	80,000 UGX	30,000 UGX
Total cost	10,000 UGX	15,000 UGX	5,000 UGX
Total profit/loss	30,000 UGX	65,000 UGX	25,000 UGX



 1 Hour



Objectives:

- To identify reasons why some farmers do not keep records
- To appreciate the importance of keeping records



Materials:

Flipchart paper, markers, Annex 9 and 10

ACTIVITY 1: The Importance of Record Keeping



Plenary Game

1. Welcome participants to Module 2 of the Basic Economic Skills Training.
2. Ask everyone to stand in a circle and play the game “Toss the Ball”. When a participant is holding the ball, they should share something they learned in Module 1. They should then toss the ball to someone else. Continue like this until everyone has had a chance to share.
3. They should have mentioned most of the topics, activities or key messages learnt in Module 1.
4. Tell participants that in Module 2 they are going to explore the importance of record keeping and some common farm records to help make their enterprises successful.



Plenary Discussion

- Write the following key terms on a flipchart paper:
 - Record
 - Record keeping
- Ask participants to explain what they understand by the terms. Check their answers using the definitions provided in the Facilitator's Notes below.

Facilitator's Notes

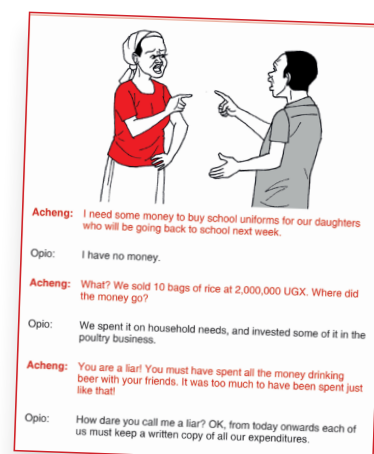
A **record** is written proof of what happened, what is happening, or what is expected to happen. It can also be written proof of what was said and who said it.

Record keeping is creating records and keeping them updated. Business records can be written in a book, entered into a computer or even written on a wall, as long as they are safe.



Role Play 1

- Tell participants that they are going to watch a role play about the importance of record keeping.
- Ask for two volunteers. Give them the role play script in Annex 9: Record Keeping Role Play Script. Ask the volunteers to perform the role play.
- After the role play, ask the whole group each of the following questions. Use the information in the Facilitator's Box below to anticipate participants' answers.
 - What have you learned from the role play? Why is record keeping important?
 - Why don't many small-holder farmers keep records?



Facilitator's Notes

What have you learned from the role play? Why is record keeping important?

- Record keeping is a responsibility of all household members.
- A clear plan of spending should be well-known and written down for all.
- Record keeping can help to avoid being surprised by financial problems.
- You will know how much money you have received, how much you have spent and what it was spent on.
- You can see which crop is making money (profit) or not (loss).
- You can remember people who have lent money to you (creditors) and those who owe money to you (debtors).
- You can remember what equipment you have and how much produce is in the storeroom.
- You can remember when the rains start and end and the amount of rainfall received in a season.
- You can remember the contact details of your input suppliers and your buyers.

Why don't many small-holder farmers keep records?

- Some think that it is not worth keeping records since they have a small business.
- They don't know the importance of records and record keeping.
- Some are illiterate (don't know how to read and write properly) or find it difficult to keep records. Some illiterate farmers might feel shameful to seek help from others.
- Some are lazy and don't want to put in the energy.
- Some feel that their business has been improving even without keeping records.
- Some feel that they can keep track of everything in their head.

ACTIVITY 2: Keeping Records to Monitor Profitability



Story

1. Divide participants into groups and give them a copy of Annex 10: Story D.
2. Read the story along with them in their groups.
3. After reading the story, ask groups to discuss what happened in the story using the following questions.
 - a. Why do you think Mr. and Mrs. Okwang were not keeping records before the training?
 - b. What bad things might have happened if they had not decided to start keeping records?
 - c. How did records help them analyse and improve their business?

Mr. and Mrs. Okwang Monitor Their Farm Business Profit

Part 1:

Mr. and Mrs. Okwang are small-holder farmers in Northern Uganda. They farm onions, tomatoes and ground nuts. They are part of a farmer's group in their village and one day a trainer came to speak to their group about record keeping. The Okwangs learned a lot about the types of records they should keep in their farm business.



Part 2:

The Okwangs had never kept records before, but they were willing to try it. In the past, they would just farm their crops without keeping track of how much they had spent in production or how much they made in sales.

They decided to start off by keeping an income and expense record for each of their three crops.



Part 3:

The Okwangs soon realised what a good idea it was to keep records. They made many purchases of inputs like seed, fertiliser and some new equipment. They realised how difficult it was to remember all of the expenses in their heads if they had not written down their expenses.

The records helped them one time when one of their workers reminded them he was waiting for payment. Mr. Okwang did not believe that the worker was not paid – he thought he had already paid the worker! Mrs. Okwang reminded him to look at their record book. There was no recorded expense of paying the worker, so Mr. Okwang apologised and they settled the debt. The worker was relieved the Okwangs kept good records.



Part 4:

After all of their crops had been harvested and sold, the Okwangs looked at their record book to see how much profit they had made. They were surprised to realise that they had made a loss with their tomato crop. They had farmed the tomatoes just like they always do – they did not know the tomatoes were making them lose money each season than the groundnuts that made profits. So they decided to increase the land for groundnut production and they began looking for how to improve the profitability of their tomatoes.



Facilitator's Notes

- a. They may have never learned how to keep records. They may have not known the importance. They may have thought they were keeping good track of income and expenses in their heads.
- b. They might have gotten into an argument with their worker. They might have continued farming tomatoes while making a loss for many more years.
- c. It helped them to see all income and expenses for their enterprises and judge which enterprise is most profitable. It helped them make changes to their enterprises like increasing the land for groundnuts and looking for ways to increase profitability in their tomato enterprise.

Key Messages

- It is not possible to keep track of all information about your farm business in your head. You must write things down in records so you can remember properly.
- Keeping records is important for making business decisions and improving the business. They help you see which enterprises are most profitable and which parts of the business may need to be improved.
- Records can help you avoid disagreements with family members and workers.
- All farmers who use farming as a business MUST use records.

The next topic will look at some of the key records that all small-holder farmers should keep.

TOPIC 2:

Basic Records for Farming Business



Objectives:

- To explore common farm business records and practice filling them out
- To explore a seasonal crop calendar and practice creating one



Materials:

Flipchart paper, markers, Annex 11, 12

ACTIVITY 1: Brainstorming Common Farm Business Records



Plenary Discussion

1. Tell participants that they have explored the importance of keeping farm business records and now it is time to see some different records that all farm business owners should keep.
2. Lead a discussion about the types of records that participants are familiar with. Use the Facilitator's Notes to anticipate some of their answers.

Facilitator's Notes

Different Types of Farm Business Records

- Production record
- Home consumption record
- Tools and implements (Asset record)
- Income/Sales record (in-flow)
- Expenditure record (out-flow)
- Seasonal crop calendar

ACTIVITY 2: Practicing Common Farm Business Records






Group Discussion

1. Divide participants into groups. Give each group a copy of Annex 11: Farm Business Record Templates.
2. Take participants through each record using the examples below.
3. After reviewing all records, ask groups to practice drawing each record template and filling them out with information from their own selected farm businesses.
4. Encourage participants to keep these records at home so they can carefully monitor their farm businesses.


Enterprise Production Record

This record shows the output (production) from a farm business in a given period. It is important to collect production information on a regular basis such as seasonally for crops. For livestock enterprises, it could be collected weekly, monthly, or quarterly.

Enterprise	Land size (acres)	Date of planting	Quantity of seed planted	Expected yield per acre	Date of harvest	Actual total yield	Quantity sold	Notes
	1	12/3/2019	50kg	1,250kg	23/7/2019	1200kg	1,000kg	Used 35kg of fertilizer
	2	14/3/2019	40kg	500kg	2/7/2019	800kg	700kg	Planted late
	1	27/3/2019	10kg	500kg/acre	2/7/2019	180kg	150kg	Affected by fall army worm




Home Consumption Record

The home consumption record is used to record the quantity of produce a farmer uses for the household, or that he gives out (free) to family or friends. This record also includes crops that are spoiled or lost during harvesting or in post-harvest storage. Giving produce away reduces the amount of money that a farmer makes, so it is important to track where all produce went. Recording the amount eaten at home and given away and placing a value on it will help a farmer to adjust his or her habits of using and giving away produce. It is advisable to record this information on a day-to-day basis not to forget.

Enterprise	Date or period	Quantity	Unit price	Total value	Comments
 Rice	20/08/2019	2kg	3,000	6,000	Given to son's school
	21/08/2019	10kg	3,000	30,000	Given to Auntie
	22/08/2019	100kg	3,000	300,000	Family funeral
	20/08/2019	20kg	3,000	60,000	Given to sister
	20/08/2019	50kg	3,000	150,000	Spoiled due to poor storage
Total		182kg		546,000	

Tools and Implements (Asset Record)

The asset record helps farmers remember when and for what price they bought their equipment. It helps them remember when to repair or replace an item. Examples of assets include: Hoes, axe, slasher, panga, ox-plough, motor cycle, tarpline, re-usable packing bags, wheel barrow and many others.

Asset details	Date acquired	Number of units	Cost per unit	Expected useful life	Comments
 Axe					
 Hoe					
 Tractor					


Income/Sales Record (in-flows)

The sales record is used to keep information on all the money a farmer receives. This record helps you know which kind of people buy your products, at what time of year, in what quantity and which types of products are most popular.

Product	Date of sale	Quantity sold	Unit price (UGX)	Total Price (UGX)	Type of buyer	Payment Method
Maize	6/9/2019	50kg	1,000 UGX	50,000	Bicycle trader	Cash
Maize	15/9/2019	500kg	1,100 UGX	550,000	Whole seller	Mobile Money

Expenditure/Cash Going Out Record (Out-flows)

This is a record of all the money a farmer uses for producing and selling a crop. The income and expenditure records are very important because they are the ones that will show you if you are making a profit or not. They are a must to have and must be recorded on a daily basis. Record the expenditures per crop per day to get accurate information.

Enterprise	Date	Item	Quantity	Amount spent (UGX)	Comments
	20/01/2019	Seed	10kg	40,000	Bought from input shop
	21/02/2019	Fertiliser	1 bag	50,000	Bought from input shop
	22/02/2019	Sacks	20 bags	10,000	Bags for packing
	20/03/2019	Labour for planting	2 people	20,000	Local man
	20/03/2019	Transport	1	5,000	Used boda boda
TOTAL				125,000	

The income and expenditure records were already done in Module 1 Topic 4 (Developing an Enterprise Budget). In the beginning, they were used for planning ahead of time and to select the enterprise that will make a profit. Now they are used to record the actual figures as the business runs.

NOTE: All the above records are important for a farmer to smoothly run their farming businesses. Every successful farming business must record their incomes and expenditures to know if they are actually making a profit. These records should be done on a day-to-day basis per enterprise/crop.

ACTIVITY 3: The Seasonal Crop Calendar



Plenary Discussion

1. Tell participants that another important record to develop and keep is a seasonal calendar.
2. Show participants Annex 12: Example Seasonal Calendar for Groundnuts.
3. Ask participants the following questions. Use the Facilitator's Notes box below to support their answers.
 - What is a seasonal calendar?
 - How can a seasonal calendar help a farmer manage money/cash flow?
 - How can a seasonal calendar help a farmer manage labour requirements?
 - How can a seasonal calendar help a farmer increase yields?

Facilitator's Notes


- A seasonal calendar is a visual way of showing which farming activities should be done at different times of the season/year to guarantee the best yields for a crop.
- It helps a farmer to see when different activities will need to be done. They can then estimate what cash they need to have on hand in different months to afford the input costs needed. It can also help them know when they need to have loan money on hand, so they can plan ahead and apply for the loan in time.
- It helps a farmer see when activities require labour will need to be done, so he/she can arrange to have labour ready for those activities.
- It can help increase yields because the farmer can be prepared to do all activities on time (planting on time, applying pesticides on time, harvesting on time, etc.)

A seasonal calendar should be done before the season starts or at the beginning of the year. Farmers should create a seasonal crop calendar for each of the crops they produce. This calendar can help them plan better for the season so they know when each farming activity must happen and the labour and money that must be available for it. This planning helps to increase yields.



Group Discussion

1. Divide participants into groups. Tell each group to create a seasonal calendar for a crop of their choice.
2. Groups should start by discussing when the rains come in their area.
3. Then they should consider all of the activities that must happen for their crop throughout the season (bush clearing, planting, weeding, etc.)
4. Tell each group to:
 - Assign dates to when each activity should be done for their crop in the first season of the year.
 - Draw a seasonal calendar like the example calendar for groundnuts in Annex 13. They should use the activities and months/dates they identified for their crop enterprises.

ACTIVITIES	DRY PERIOD				1st RAINY SEASON				DRY PERIOD	2nd RAINY SEASON				DRY PERIOD	
	Dec	Jan	Feb	March 1st-15th	March 16th-30th	April	May	June	July	Aug	Sept	Oct	Nov	Dec	
Planning															
Bush clearing															
1st Ploughing															
2nd Ploughing															
Planting															
1st Weeding															
2nd Weeding and Fertilizer application															
Pest and Disease Control															
Harvesting															
Drying															
Storage															
Marketing															

Key Messages

- Records must be simple and easy to use.
- Records must be useful to farmers.
- Farmers must complete their records immediately after carrying out an activity or else they will forget.
- All small-holder farmers should keep at least five records: 1) production record; 2) home consumption record; 3) asset record; 4) income/sales record; and 5) expenditure record.
- If some farmers face challenges in record keeping, they should ask others for help or agree a day to meet and assist each other as a group.
- All participants must practice every record using the templates in the Annexes because records are better understood through practice.

This is the last topic in Module 2. In Module 3, we will explore about personal financial management. Farmers must know how to be wise with their personal finances if they are going to be successful farmers, provide for their families and have a good livelihood. We will learn more about how to set personal goals and then budget, save and invest so we can reach those goals.

Module 3:

BASIC FINANCIAL MANAGEMENT



Introduction:

The Basic Financial Management module introduces participants to methods for setting financial goals and taking steps (like budgeting, saving, investing and taking loans responsibly) so they can reach their goals. It aims to help farmers avoid financial shocks by planning, saving and managing their finances and also grow their money with investment options and credit management.

Module Outline:

Topic 1: Family Financial Management

Topic 2: Family Financial Budgeting

Topic 3: Savings and Investment

Topic 4: Sources of Money to Pay for the Farming Enterprises



Module Objectives:

By the end of this module, participants should be able to:

- Understand the meaning of financial management and know how to set financial goals
- Make a budget for their family which aims for monthly saving
- Understand and explore different options for saving and investment
- Understand responsibilities and procedures when accessing loans
- Calculate flat interest rates on loans



Training Materials Needed:

- Flipchart paper, marker pens, masking tape, notebooks and pens
- Visual aids (Annexes 13-16)
- Ball or other objects that can be tossed safely (empty water bottle, balled up paper, etc.)



8 Hours

TOPIC 1: Family Financial Management



Objectives:

- To introduce financial management
- To practice setting financial goals



Materials:

Flipchart paper, markers, ball or object that can be tossed, Annex 13

ACTIVITY 1: Introduction to Family Financial Management and Financial Goals



Plenary Discussion

1. Welcome participants to Module 3 of the Basic Economic Skills Training.
2. Tell participants that you will discuss more about family financial management.
3. Ask everyone to stand in a circle and play the game “Toss the Ball”. Ask a question and toss the ball to a participant. When a participant is holding the ball, they should share an answer. They should then toss the ball to someone else to share an answer. Continue like this until everyone has had a chance to give an answer to a question.

4. Use the following questions to play “Toss the Ball”. Use the Facilitator’s Notes to guide the discussion.
 - What do you understand by “family financial management”?
 - What do you understand by “financial goals”?
 - What do you understand by “financial plan”?

Facilitator’s Notes

What do you understand by “family financial management”?

Financial means things to do with money. Family financial management involves identifying and setting financial goals, working out a financial plan on how these goals can be met and carefully developing a budget for the resources available to guide spending. This can also be defined as plans of using our money well.

What do you understand by “financial goals”?

Financial goals are things we want to achieve in our lives that require money. These could be goals to buy something the family wants like a TV, a goal for improving the family’s situation like paying for school fees or building a structure, or a goal to start or improve a business.

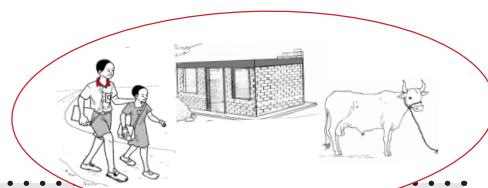
What do you understand by “financial plan”?

A financial plan is a tool that helps us to decide how to save, spend and invest money to achieve our goals. This is also called a financial budget.



Story E

1. Divide participants into groups and give them a copy of Annex 13: Story E.
2. Read the story along with them in their groups.
3. Ask groups to discuss what happened in the story using the following question.
 - What did Okello and Abalo do to manage their finances?



Okello and Abalo’s Experience with Family Financial Management

Okello and Abalo are married. They usually talk together about their goals for the future. They want their children to go to school. They want to repair their roof before the rainy season.

They also want to buy a cow so they can start providing fresh milk for their children and buy some land as an investment. At the same time, they want to keep their debt low.

They decide together how to reach their goals. First, they identify and write down their income sources. Then they estimate the money coming into and out of the household for several months to know the actual amount of money they earn and spend. Then they find out the costs of achieving their goals including the costs for school, for roof repair, for buying a cow and for buying land.



They decide to save some money, no matter how small, every month. They also calculate the amount of money that they have to set aside every month for paying back their debts. Now they can see how much money they have left after paying their necessary expenses, saving for school fees and paying off debts. They now plan how much and when they will invest in buying a cow and buying land, and when they will achieve their goals.

After all these decisions, Okello and Abalo feel relieved. They are happy about their decisions. They are confident now that if they stick with these decisions they can achieve their goals.

Facilitator's Notes

What did Okello and Abalo do to manage their finances?

- They set specific financial goals (1. Send children to school; 2. Repair the house roof; 3. To buy a cow and land)
- They determined the amount of money they wanted to **earn** and **spend**.
- They determined the costs of their goals.
- They made decisions about:
 - How much to **save** each month
 - How much to **pay off their debt** each month
 - How much to **invest** in their goals of buying a cow and buying land each month

Okello and Abalo were doing what is called family financial management. This can only be possible if they understand and put simple record keeping methods learned in Module 2 into practice starting from money allocation (budgeting). Practice makes perfect.



Group Discussion

1. Remind participants that the first step Okello and Abalo took was to set financial goals for themselves.
2. Ask a few participants to share one of their financial goals.
3. Tell participants to turn to a person next to them and have a brief discussion about their financial goals. Their goal should include how much money they need, what they want to do with the money and how soon they want to raise the money.
4. After a few minutes, ask a few participants to share their financial goals and write these on a flipchart to guide on the next activity.

Key Messages

- The first step towards good family financial management is to set financial goals so you know what you are working to achieve.
- After setting goals, you should create a budget. Budgeting is looking carefully at where you can reduce your expenses.
- A good budget should include the amount of money you plan to save, the amount you will set aside to pay off any debts you might have and also the amount you will set aside for investment.

The next topic will look at how to create a budget that helps you plan to save, pay off debts and invest.

TOPIC 2: Family Financial Budgeting



Objectives:

- To understand how to create a budget for family finances
- To practice creating a budget for family finances



Materials:

Flipchart paper, markers, Annex 14

ACTIVITY 1: Learning to Budget



Plenary Discussion

1. Tell participants that they will now look at an example of a family's financial budget.
2. Start a discussion about what a budget is and what it is used for. Use the Facilitator's Notes to support the discussion.
3. Give participants a copy of Annex 14: Example of a Family Financial Budget.
4. Take participants through each step of creating a family financial budget, using Annex 14 and the Facilitator's Notes for reference.

Facilitator's Notes

What is a budget?

A budget is a summary of your estimated income and expenses for a certain period of time. We created a crop budget in Module 1, so this should not be new. The procedures are much the same.

What is a budget used for?

It is a tool we use for managing our financial plans. It helps us to decide how to spend and save money so we can achieve our financial goals. Remember a crop budget is used for a particular crop/business. The family budget should consider both business and non-business activities. In this case the businesses are the investments.

Steps for Creating a Budget

Considering the goals set in the previous topic, follow the steps below to create a family budget.

1. Determine how much money you have coming in each month (Income, In-flow). This is your income. It could come from the "salary" you pay yourself from your farm, money you get from another business or from wages from another job. The income (In-flow) template in Module 2 can be used to record the daily incomes first.
2. Determine how much money you intend to spend each month (Expenditure, Out-flow). It is important to include what the family NEEDS before including what the family only WANTS. This can help you get rid of expenses that are not necessary, so you can save more money for investment.
 - **NEEDS** are things you cannot live without like food, clothing, medical care, etc.
 - **WANTS** are things you can live without like new mobile phone, gifts, parties.
3. Determine how much you can save every month. It is important to prioritize saving every month, even if it is only something small. The amount may change each month depending on your expected income.
4. Calculate the surplus or deficit for each month. This is done by calculating:

$$\text{Total Income} - \text{Savings} - \text{Expenses} = \text{Surplus/Deficit}$$

Note: Relate the words "surplus" to profit and "deficit" to loss. These are the financial statements used to mean money that you have and money that you do not have.

Encourage the Participants to do this together with their partners. That is the wife, husband and children where possible.

Give the participants time to practice how to develop a budget at household level. Remind them how important record keeping is and how the different records from Module 2 relate to this topic (e.g. the income and expenditure records).

Step 4: Income			
Item	Quantity	Unit price (UGX)	Total value (UGX)
Maize produced and sold	900kg	1,000	900,000
Maize produced and kept for home consumption	75kg	1,000	75,000
Maize produced and given away	25kg	1,000	25,000
Step 5:			Total Income: 1,000,000
Step 6: Variable Costs			
Item/Service	Quantity	Unit price (UGX)	Total value (UGX)
Buying seed	10 kg	4,000	40,000
Bush clearing	1 acre	50,000	50,000
Field Ploughing – 1st Tillage	1 acre	140,000	140,000
Field Tilling – 2nd Tillage	1 acre	100,000	100,000
Planting	1 acre	50,000	50,000
Buying other inputs like fertilisers, etc.	Assorted	100,000	100,000
Fertilizer application	1 acre	10,000	10,000
Weeding	1 acre	60,000	60,000
Harvesting	1 acre	30,000	30,000
Transport from field to home	10 bags	3,000	30,000
Threshing	10 bags	3,000	30,000
Empty bags	10 bags	1,200	12,000
Transport to the market	10 bags	5,000	50,000
Marketing costs	10 bags	1,000	10,000
Step 7:			Total Variable Costs 712,000
Step 8: Enterprise Profit (Gross Margin) = Total Income – Total			288,000 PROFIT



Plenary Discussion

1. Start an open discussion with participants about some of the challenges faced during family financial budgeting. Use the Facilitator's Notes to guide the discussion.

Facilitator's Notes

Frequently Asked Questions about Family Financial Budgeting

What happens if I have a surplus? (Surplus means extra money that I have)

- You can choose to use the extra money to invest in a business or you can choose to keep it as extra savings for future use.

Why don't we include savings in the surplus/deficit?

- Savings are supposed to be put aside. They shouldn't be used to calculate the surplus that is available for investment since everyone should have savings that is separate from money for investments.

What happens if I have a deficit? (Deficit means money that I do not have at the moment)

- You should review the budget and see where you can cut your expenses or possibly look for ways to increase your income.
- There are other ways of funding your deficit budget, like getting loans, but loans should be taken out carefully and responsibly.

How do I treat larger expenses which occur only every few months?

- You can put monthly money aside to provide for larger expenses. For example, if you know that you have to pay school fees of 450,000UGX in February, May and September, make sure that you put aside 150,000 UGX every month so you are not surprised when it comes time to pay the fees.

How do I know what things will cost in the future to be able to calculate my expenses?

- Estimate a lower amount for potential income and higher amounts for expenses. This helps make sure you will be covered for potential or unexpected changes.



Individual Work

Key Messages

- Budgeting is important because it helps you plan for your expected income and expenses every month so you can see if you will have a surplus or a deficit.
- If you have a surplus, you can invest some of the money or save it.
- If you have a deficit, you can try to cut out some expenses or increasing your income. It is important to remember that you should budget for your family's NEEDS before budgeting for WANTS.
- It is also important to plan to save some money, every month, even if it's just a little bit. You should get in the habit of saving some money so you can be financially secure and work towards your financial goals.

The next topic will look at the reasons for saving, the safe and accessible places you can save your money and ways that you can invest your money.

TOPIC 3: Savings and Investment



Objectives:

- To explore the reasons why people save
- To identify different saving methods and make a decision on the one to use



Materials:

Flipchart paper, markers and pens

ACTIVITY 1: Reasons for Saving



Plenary Discussion

1. Ask participants to stand in a circle.
2. Tell participants that you are going to ask a question. If someone wants to answer the question, they can step into the middle of the circle and answer.
3. Use the following questions to do the brainstorm. Use the Facilitator's Notes box to support their answers.
 - What are savings?
 - Why is it important for people to save, even if they can only save a little?

Facilitator's Notes

What are savings?

- It is the practice of putting aside part of your earnings for future use.
- It is not done once, but done regularly over a period of time.
- You may have to sacrifice things you want to buy now to save for a better future.

Why is it important for people to save, even if they can only save a little?

- Saving takes time. Most people don't have a lot of income that they don't have to spend on expenses, meaning they must save little by little. It is not important how much or how little you save, as long as you are trying to save and making an effort, it will better planning for the future.
- Emergencies. Unexpected disasters or emergencies can happen to anyone. It is important to be prepared for them with savings.
- Old age. It is important to set money aside for when you are older and cannot work or do not want to work as much.
- To invest. It is easy to pay for farm activities if there is money at hand. Using your own money increases profits for a farming business. It becomes easier to purchase inputs, hire labour and transport for you farm business.

ACTIVITY 2: Ways of Saving Your Money



Plenary Discussion

1. Start a discussion about where people keep the money they have saved. Write each of the identified methods on the flipchart with big spaces in between. Then discuss the following questions. Use the Facilitator's Notes box to guide the discussion.
 - How safe is it to save with this method?
 - How easily can someone access their savings with this method?
2. After reviewing each saving method, divide them in groups to discuss each method in detail. Ask them to consider why they think each method is or is not the best way to save.

Facilitator's Notes

Different Saving Methods

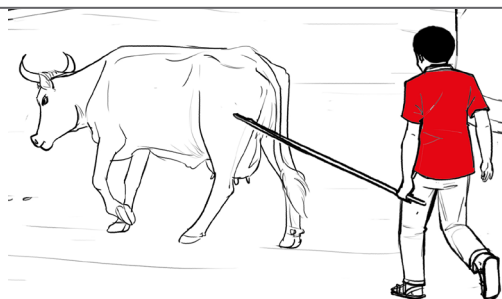
Saving at home (in a box, under the mattress, etc.)

- **Safety:** This is not very safe. It can easily be stolen by someone and it is also easier for you to spend.
- **Accessibility:** Your money is very accessible at home and you can get to it at any time. This is good if you need to access money quickly for an emergency, but might be a bad idea if you think you will be tempted to spend it on something you don't need.



Saving in assets like land or animals

- **Safety:** Saving in land is safer than saving in animals because animals could die or get stolen. The value of animals and land can increase or decrease.
- **Accessibility:** Saving in land and animals means your money is not very accessible. The animals or land must be sold before the savings can be accessed, which can take some time depending on the asset and if there is a willing buyer.



Saving with a Village Saving and Loan Associations (VSLAs) or Savings and Credit Cooperative Organizations (SACCOs) or Saving with a Purpose (SWAP)

- **Safety:** These are safe methods for saving. Be sure that you trust the people you are saving with in the VSLA/SACCO and that the VSLA/SACCO has good rules in place for keeping everyone's money safe.
- **Accessibility:** Money saved in a VSLA/SACCO might not be so accessible. VSLAs/SACCOs usually have rules about when and how often money can be withdrawn, meaning you cannot access your money on demand.



Saving in a bank account

- **Safety:** This is a safe method for saving. Banks are regulated by the Ugandan government, so there is little risk that your money could be stolen from your bank account. **DO NOT TELL YOUR PIN NUMBER TO ANYONE!** Do not leave your bank cards where someone could take and use them.
- **Accessibility:** How far someone lives from a bank branch or ATM determines their accessibility to their money at a bank.



Saving with Mobile Money

- **Safety:** This is a fairly safe method for saving. Be sure that you do not tell anyone your mobile money PIN number who you don't trust. Both networks have saving schemes they use to help people save money using their phones.
- **Accessibility:** This is very accessible when doing mobile money transfers from your phone. If you need to withdraw or deposit money with a mobile money agent, accessibility depends on how close you live to one.

Saving with family or friends

- **Safety:** This is not very safe. Money can easily be stolen by your family/friend keeping the money or by someone else. You also might be more tempted to spend it.
- **Accessibility:** This might be an accessible method if you live near the friend or family member. This is good if you need to access money quickly for an emergency, but might be a bad idea if you think you will be tempted to spend it on something you don't need or if it may be used by the one keeping it.

ACTIVITY 3: Reasons for Saving



Plenary Discussion

1. Tell participants that one of the reasons of saving money is to invest in your farm or in another business venture.
2. Start an open discussion with participants about the following questions related to investment. Use the Facilitator's Notes to guide the discussion.
 - What is an investment?
 - Why is it important to invest?
 - How is investment different from saving?

Facilitator's Notes

What is an investment?

- An investment is buying something with the idea that it will make money in the future or can be sold later at a higher price for profit.
- An example of an investment is buying an ox plough so you can increase your yields and increase your farm's profit. Another example is taking your children to school to have a bright future. Let the group add to the list. It is unlimited from small to big investments.

Why is it important to invest?

- You generate additional resources to protect your future well-being.
- You can achieve your financial goals such as buying a house, starting a business or paying for your children's education with the profit made from investments.
- You can accumulate resources to care for your family and your aging parents and other relatives.
- You can secure your retirement income.
- You can increase your ability to earn more in the future.
- It is almost impossible to increase wealth by a significant amount without any form of investment.

How is investment different from saving?

- Saving is when you save money and keep it in a safe place in case you need it for emergencies, for a goal you have been saving for, for retirement, you can access it and use it.
- Investment is a bit more risky and is when you spend money with the intention of growing your money to be even more.
- Saving and investment are closely related, and it is possible to save to make an investment, but farmers should always have money in savings which they can easily access in case of an emergency. Depending on the farmer's current situation, they may or may not be investing actively at any given time.

The most important and appropriate source of money for your farm business is your own cash in the form of personal savings. It is good to keep this cash safe until such a time when you think it is right to use it to grow itself into more money. There are so many types of investments that people can do to grow their money.



Group Discussion

1. Place 5 flipcharts around the room along with a marker. Label each flipchart with a different title:
 - Investment in Business
 - Investment in Livestock
 - Investment in Shares
 - Investment in Farming and Inputs
 - Investment in Land
2. Divide participants into 5 groups and assign one to each of the flipchart papers.
3. In plenary, ask each group to first explain to the whole group what they understand by the investment option on their flipchart. Use the Facilitator's Notes box to check their answers and be sure everyone knows what all investment options mean. Continue and ask them to answer the following:
 - What are the advantages of this investment option?
 - What are the disadvantages?
 - Is this investment option available to us?

Facilitator's Notes

Investment in Business

This type of investment is when you start or expand an enterprise/business. Income is made by selling goods or services with a profit. Common forms of business include saloons, boda bodas, restaurants, retail and wholesale shops, etc.

Investment in Livestock

This type of investment is when you buy cows, goats, pigs, chickens, sheep or rabbits, among others. The value of livestock increases over time, so animals can be bought and then sold at a later time for a profit.

Investment in Shares

This type of investment is when you invest in someone's company and receive a part of ownership in that company, known as shares. The value of a business' shares increases and decreases over time. Shares can be bought and then sold at a higher price later to make a profit. This is very common with established companies like banks, government bodies, co-operatives and others.

Investment in Farming and Inputs

This type of investment is when you buy agricultural inputs like farming equipment, machinery and other agro-inputs that can help increase yields. Agricultural inputs increase yields and can subsequently increase incomes, so they are an investment in the future. They can also be rented out to other farmers at a cost.

Investment in Land

This type of investment is when you buy land or a house/rental property. Investment in a house or land can be profitable when the market is right. The idea is to buy land or a house when it is cheap, and then sell it at a higher price later. Another idea is to invest in a rental property which can be a long-term investment that can generate income for the future. Before you invest, it is important to make good analysis of the value, environment, costs involved and the demand for the land/property you want to invest in.

Note: Allow participants to share any other investment options they know that are available to them locally. The list can be unlimited, especially if they have begun to think like entrepreneurs from Module 1.

Key Messages

- The most important and appropriate source of money for your farm business is your own cash in the form of personal savings.
- Save your money in only the safest places.
- Saving should be a habit not just a hobby. For any money you get, you must save some of it. Save little by little.
- One of the goals of saving is to eventually be able to invest in something that can earn you more money.
- There are different options for how to invest money, and everyone will have different preferences for what to invest in.
- Most investments are at least somewhat risky. Consider the risks and think about how to deal with each risk before putting in money.

The next topic will look at the process for taking out a loan. It will also discuss how to be responsible when taking out loans and paying them back. It will also help farmers understand about how interest rates on loans are calculated so they can understand the true cost of a loan.

TOPIC 4:

Sources of Money to Pay for the Farming Enterprises



2 Hours



Objectives:

- To explore the reasons to take out a loan and appreciate the responsibility that comes with taking loans
- To practice calculating interest rates
- To understand the process for taking out a loan



Materials:

Flipchart paper, markers, Annex 15 and 16

ACTIVITY 1: Reasons for Saving



Plenary Game

1. Tell participants that in this topic we will focus on understanding what loans are and how we can benefit from them. We will also briefly look at the costs related to borrowing and how to manage loans well.
2. Hang up a sign for 'Agree' on one side of the room. Hang up a sign for 'Disagree' on a different side of the room.
3. Explain that you will read out a statement about loans. Participants will have to decide if they think about if they agree or disagree with the statement and walk to the appropriate sign. After participants have chosen, you will ask someone from each side to explain their thinking.
4. Do the activity with some of the following statements. The correct answer for each statement is provided below it.

Statement	Answer	Reason
Loan money belongs to the person who borrows it.	FALSE	It belongs to the lending institution. You are borrowing it until you pay it all back.
A loan can help you start or expand a business when you don't have enough of your own money.	TRUE	This is a good reason to take out a loan.
If your area is affected by floods, pests and diseases, you don't have to pay back your loan.	FALSE	You are responsible for paying back the loan, no matter what happens to your farm's production.
If your business falls, you do not have to repay your loan.	FALSE	You are responsible for paying back the loan, no matter what happens to the business.
Using your own money to start a business is less expensive than borrowing money.	TRUE	It is always cheaper to fund your business with your own money, if possible.
There are no consequences for missing a loan payment as long as you eventually pay.	FALSE	You must pay back every loan payment in full and on time or else there are penalties.
If a thief takes all of your money or steals your crops, you do not have to repay your loan.	FALSE	You are responsible for paying back the loan, no matter what happens to your farm's production.
How much a person should borrow depends on her/her income.	TRUE	You should only take out a loan that you can comfortably pay back with your current income.
It is a good idea to take out a loan to buy a TV.	FALSE	A TV does not help you grow your money. It is a luxury that you should save up for if you want, not take a loan out to buy.
It may be a good idea to take out a loan so you can expand production on your farm.	TRUE	This could be a good idea, depending on your unique situation.
You only have to pay back the amount initially borrowed.	FALSE	You must pay back the initial amount plus interest and any other charges the lender has.

ACTIVITY 1: Loans Come with Costs



Plenary Lecture

1. Tell participants that the amount of money you pay back for a loan is always higher than the original amount borrowed. This is because financial institutions add costs like interest and other charges such as insurance and processing fees.
2. Take time to explain what interest is and the different types of interest. Use the Facilitator's Notes to guide this explanation.

Facilitator's Notes

In the whole process of getting a loan, there are hidden costs that farmers will incur. These costs include transport, airtime, photocopying of documents, interest, insurance fees, bank charges and many others. In this case, we will look at interest.

What is interest?

- Interest is the additional money on top of the actual amount borrowed that you **MUST** pay to the person or financial institution that lends you money.
- Interest is normally calculated as a percentage of the amount you borrow.
- It is normally calculated on an annual or monthly basis. Sometimes you may be asked to pay interest on a weekly or seasonal basis.

Types of Interest Rates

Fixed Interest: The interest rate does not change during the period of loan repayment. This allows you to accurately predict your future payments.

Variable Interest: The interest rates can change during the period of the loan. A variable interest rate may go up or down but is usually more likely to go up and increase your loan costs. It makes it harder for you to know the amount of your future payments.

Interest Rate on Declining Balance: With an interest rate on declining balance, you only pay interest on the remainder of the principle, which is less than the original loan amount if you have already paid back part of the loan.



Plenary Lecture

1. Write Question on a flipchart and read it aloud to the participants:
2. Take participants through the formula for calculating monthly fixed interest using the steps in the Facilitator's Notes.

Facilitator's Notes

Step 1: Interest to pay per month

Okello's loan is 400,000 UGX

2% interest is charged. This is the same as 2/100

Interest = Loan x 2%

$$400,000 \times \frac{2}{100} = \frac{400,000 \times 2}{100} = \frac{800,000}{100} = 8,000 \text{ UGX}$$

Okello's interest per month is 8,000 UGX.

Question 1: Okello and Abalo want a loan of 400,000 UGX. Their lender has indicated that the loan has to be repaid within 4 months with an interest of 2% per month. How much will they pay back in total after the loan period? How much will they have to pay back each month?

Step 2: Total interest to pay after 4 months

Multiply the monthly interest (8000 UGX) with the period (4 months).

Total interest is $8,000 \times 4 = 32,000$ UGX

Step 3: Total money to be paid after 4 months

Add the total interest (32,000 UGX) to the principle amount borrowed (400,000 UGX).

Answer: Total loan to be paid is $32,000 + 400,000 = 432,000$ UGX

Step 4: How much will they pay back each month?

Total to be paid (432,000) divided by the number of months to pay (4).

Monthly payment is: $\frac{432,000}{4} = 108,000$ UGX per month

Facilitator's Notes

Tell participants to turn to a partner and work together to solve Question 2.

Use the Facilitator's Notes box to check their answers.

Steps for Solving Question 2: Acayo's Loan**Step 1: Interest to pay per month**

Acayo's loan is 450,000.

8% interest is charged. This is the same as 8/100.

Interest = Loan \times 8%

$$450,000 \times \frac{8}{100} = \frac{450,000 \times 8}{100} = \frac{3,600,000}{100} = 36,000 \text{ UGX}$$

Acayo's interest per month is 36,000 UGX.

Step 2: Total interest to pay after 10 months

Multiply the monthly (36,000 UGX) with the period (10 months).

Total interest is $36,000 \times 10 = 360,000$ UGX

Step 3: Total money to be paid after 10 months

Add the total interest (360,000) to the principle amount borrowed (450,000 UGX).

Answer: Total loan to be paid is $360,000 + 450,000 = 810,000$ UGX

Step 4: How much will she pay back each month?

Total to be paid (810,000) divided by the number of months to pay (10)

Monthly payment is: $\frac{810,000}{10} = 81,000$ UGX per month

Participants can try out Question 3 by themselves to master the formulas. Practice makes perfect.

The amount of interest will depend on your lender, but it is important to fully understand how much interest you will have to pay before you take the loan. Ask questions until you fully understand what you are agreeing to.

Question 2: In 2017, Abalo's friend Acayo got a loan of UGX 450,000 that helped her to start her vegetable business. She got the loan from the VSLA at an interest of 8% per month for 10 months. How much did Acayo pay back in total after the loan period? How much did she have to pay back each month?

Question 3: Opoka already had some money that she had saved since 2018 and needed to top it up with a loan to buy a pump to water her vegetables during the dry season. Last month, she went to the bank and asked for a loan of UGX 750,000 at 3% interest per month for 15 months. How much will Opoka pay back in total after the loan period? How much will she have to pay back each month?

ACTIVITY 3: The Loan Process



Story F

1. Give participants a copy of Annex 15, Story F: The Loan Process.
2. Tell participants that getting a loan is a process. There are 7 main steps involved with taking a loan. These are called the Loan Process.
3. Read the first four steps of the Loan Process from Annex 15 (Preparation, Application, Assessment and Approval). Then start an open discussion about participants' experiences applying for loans and what they think is needed to get a loan from a bank. Use the Facilitator's Notes to support the discussion.
4. Read the last three steps of the Loan Cycle (Disbursement, Loan Monitoring and Loan Repayment). Ask participants the following questions. Use the Facilitator's Notes to support the discussion.
 - Why is planning ahead important before getting a loan?
 - Why does the loan provider want to monitor your business before and during the loan period?
 - Why is repaying your loan on time extremely important?

Step 1: Preparation

- Think about your business goals, look at your savings and decide how much money you need to borrow.
- Find out the different financial institutions that lend money. Shop around for the institution that offers the best terms and conditions.
- Prepare all relevant documents to submit to the financial institution.



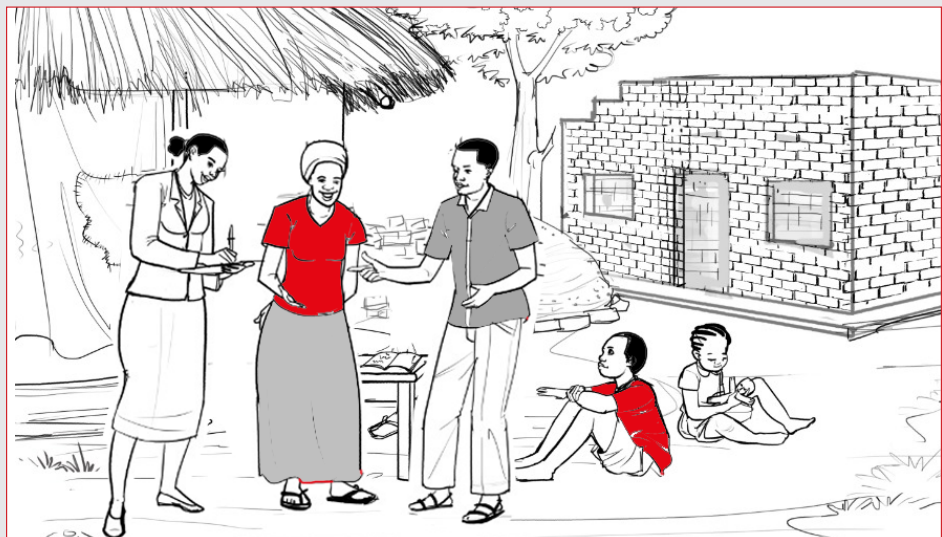
Step 2: Application

- Understand the terms of the loans they offer, including the interest rates and repayment periods.
- Fill out an application with details such as name, date of birth, occupation and address.
- Provide any other documents the institution requests to support the application.



Step 3: Assessment

- The financial institution investigates the farm or business to check your assets and business state.
- The process gathers information to help determine your ability and commitment to repay the loan.
- The financial institution may check your credit history to see how well you paid your past loans.



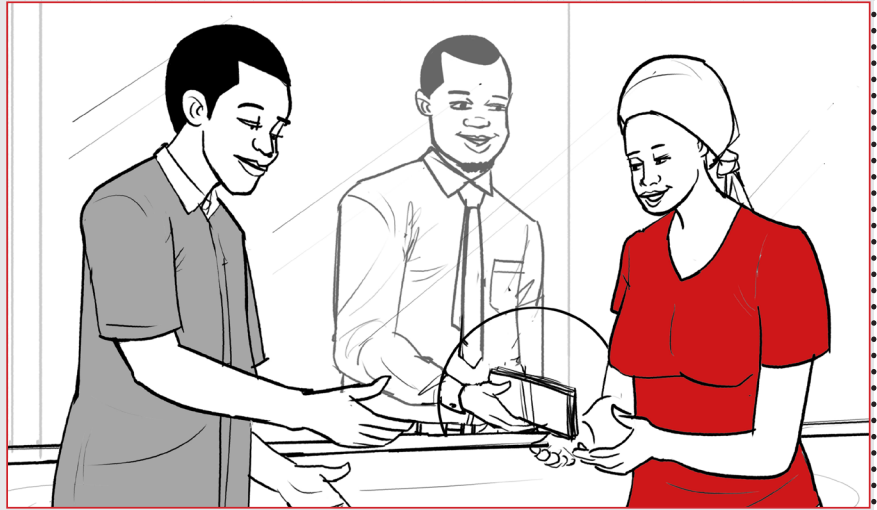
Step 4: Approval

- The financial institution decides whether to approve the loan or not.
- The farmer will be informed if their loan application was approved or denied.
- The lender will also explain to you the key things in your loan contract.
- Make sure you ask for clarity where you do not understand before you sign the loan contract.



Step 5: Disbursement

- This is when the farmer gets the cash or inputs for the loan.
- The time between application and disbursement can be long or short, so apply early enough!



Step 6: Loan Monitoring

- It is important to keep track of how much money you have to pay back and when according to the schedule.
- The lender will also check on you and monitor how you have used the loan money.
- Make sure you use the money for the purpose for which you borrowed it.



Step 7: Loan Repayment:

- At this stage you are expected to pay the loan as scheduled in the contract signed.
- Work to repay your loan on time, each and every month.
- If you fail to make a payment on time, this may cause some unwanted actions or consequences like penalty fees.
- The financial institution may come to the business to monitor and see what is going on.
- You must therefore only borrow what you can afford to pay back.



Facilitator's Notes

What is Needed to Get a Loan from the Bank

- **Have savings and be ready to contribute to your own project.** This shows the lender you are able to manage your finances well, including for paying back the loan. It shows that you do not expect the lender to finance your project fully and that you are invested in making the project succeed.
- **Have records.** You should be able to show your financial income and sales statements, among others, which help to prove your finances and business skills.
- **Be part of a farmer's group.** One advantage of being in a farmer's group member is that group members can guarantee each other, so an individual may need less collateral (assets) when applying for a loan.
- **Have different sources of income.** These help show that you will have different options for repaying the loan, in case one business fails. Different sources of income include farming different crops, having milk sales from a dairy cow, having a small retail shop, having rental properties or even having wage work.
- **Have experience in farming for at least two seasons.** This helps give the lender confidence that you know what you are doing in the farming business which will be the source of payment for the loan that you are getting.
- **Have credible loan repayment history.** This gives confidence to the lender that you are able to pay back the loan because you have paid back other loans in the past.
- **Use the borrowed money only for its intended purpose.** If you borrow money to buy agricultural inputs and you spend half of the money to buy a mobile phone, you may not have enough income from the harvest to repay the loan. This discourages lenders from lending you money in the future.
- **Have securities/collateral and/or a guarantor.** If you borrow money as an individual, you will normally be required to present some evidence that you can pay back the loan if something goes wrong.
 - This might be in the form of securities/collateral such as a land title, a car logbook, household items or farm tools. In case you fail to repay your loan, the securities/collateral can be sold so that the lender gets the money that you failed to repay.
 - A person or organisation can also stand in for you at the time of borrowing to take responsibility in case you fail to repay your loan. They would be held responsible in case you default. This person/organization is called a guarantor.

Facilitator's Notes

Frequently Asked Questions about Loans

Why is planning ahead important before getting a loan?

- The time between application and disbursement can be long or short depending on the type of loan and the availability of the loan requirements needed.
- It is important to plan ahead so that your loan is approved and disbursed in time for your business needs; for example, in time for planting at the first rains.

Why might the loan provider want to monitor your business during the loan period?

- They might want to investigate to see if you are using the loan to do what you said in your application. If you are defaulting on payments, they might come to check what is wrong.

Why is repaying your loan on time extremely important?

- Paying late incurs more fees which is VERY expensive.
- The lender will be hesitant to loan to you again if you did not keep to the terms and conditions of your first loan.
- The lender can repossess (take away) your property if you fail to pay.

Key Messages

- Loans should be taken out if you want to make an investment in your farm or another business venture.
- Loans should only be taken out for NEEDS not WANTS.
- When taking a loan, it is important to have a plan for paying the money back to avoid falling into debt.
- Loans can be very good resources, but they can also be very bad debts if not managed well.
- When you pay back a loan, you pay extra fees (interest, bank charges, transport, airtime and any other costs involved).
- Taking a loan is a process which takes time between application and disbursement. Be sure to plan ahead so your loan is available when you will need it for its purpose.
- Repay loans on time every time. Loans can have extra fees if you are late with payment, and you can damage your reputation with the lender if you don't pay back on time.

In the next module, we will explore how to market and sell our products. Now that farmers have learnt how to make their enterprises profitable (Module 1), how to record information about their enterprises (Module 2) and how to responsibly handle their finances (Module 3), it is time to learn how to bring their products to market so the farmer can make money from their hard work. Advise the participants to visit a market and observe what is going on before starting on this module.

Module 4:

MARKETS AND MARKETING



Introduction:

In earlier modules, we discussed how to identify profitable enterprises, to keep records and how to pay for our farm businesses. However, having a profitable crop is not enough to bring buyers which can offer good prices. Rather, farmers must actively market their products. This means identifying their buyers' needs and the types and amounts of products that they want to buy. Farmers need to understand why buyers are interested in their produce and how they will be using or buying it. They need to make sure their buyers have easy access to their products and that they are able to advertise it to new buyers. This module on Markets and Marketing will give smallholder farmers valuable insights into how to market their produce and ensure their buyers are happy and continue to come back for more.

Module Outline:

Topic 1: Introduction to Markets and Marketing

Topic 2: Understanding Supply and Demand

Topic 3: The 5 Ps of Marketing

Topic 4: Group Marketing



Module Objectives:

By the end of this module, participants should be able to:

- Understand markets and marketing
- Understand demand and supply
- Understand how the 5 Ps of marketing can help them market their products better
- Understand the advantages and disadvantages of group marketing



Training Materials Needed:

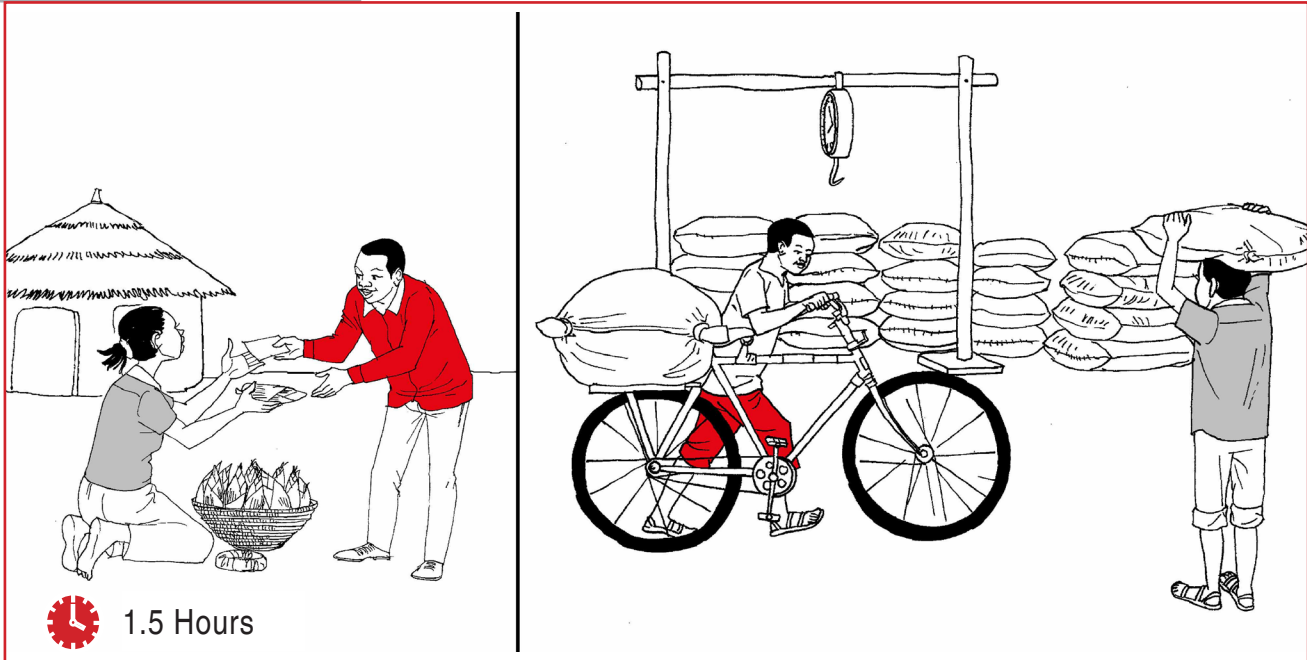
- Flipchart paper, marker pens, masking tape, notebooks and pens
- Visual aids (Annexes 16-19)
- Ball or other objects that can be tossed safely (empty water bottle, balled up paper, etc.)



6.5 Hours

TOPIC 1:

Introduction to Markets and Marketing



Objectives:

- To understand the meaning of markets and marketing
- To learn about the advantages and disadvantages of different types of markets



Materials:

Flipchart paper, markers, ball or other object that can be tossed

ACTIVITY 1: Understanding Markets and Marketing



Plenary Discussion

1. Welcome participants to Module 4 of the Basic Economic Skills Training.
2. Tell participants that in this module they are going to learn about marketing their products after production.
3. Ask everyone to stand in a circle and play the game “Toss the Ball”. Ask a question and toss the ball to a participant. When a participant is holding the ball, they should share an answer. They should then toss the ball to someone else to share an answer. Continue like this until everyone has had a chance to give an answer to a question.
4. Use the following questions to play “Toss the Ball”. Use the Facilitator’s Notes to guide the discussion.
 - What do you understand by “market” or “market place”?
 - What activities usually happen in a market?
 - What do you understand by “marketing”?

Facilitator's Notes

What do you understand by “market” or “market place”?

A market is a place where buyers and sellers meet to exchange goods and services.

Markets have:

- **Products to buy and sell:** For example, the cattle market, the food market, the clothes market, etc.
- **Specific times:** For example, a Sunday market, a monthly market, an evening or morning market, etc.
- **Specific locations:** For example, at the farm gate (home); a village market like Amach market in Amach Sub-county in Lira District; an urban market such as Owino market in Kampala and Lira main market.

What activities usually happen in a market?

- Buying products
- Selling products
- Asking for prices of products
- Advertising products and services
- Competition between sellers
- Disagreements and conversations between people
- Grading of products
- Negotiating for price
- Transporting people and products to and away from the market
- Packaging of products
- Tax collection

What do you understand by “marketing”?

- Marketing is getting customers to believe that your products and services are important and that they deliver a better value than your sellers.
- Marketing is all activities that lead to selling and buying.
- Marketing is the delivery of customer satisfaction at a profit.

ACTIVITY 2: Looking at Different Market Options



Plenary Discussion

1. Tell them that they are going to discuss the advantages and disadvantages of different types of markets.
2. Play the game “Mingle, Mingle and Discuss”. Allow the participants to move around and when the facilitator yells ‘DISCUSS!’, they must turn to the person closest to them and discuss about a question the facilitator will ask.

3. Use the following questions to play the game. Use the Facilitator's Notes box to check their answers.

- What does selling at farm-gate mean?
- What are the advantages and disadvantages of selling at farm gate for farmers?
- Who goes to assembly markets?
- What are the advantages and disadvantages of selling at assembly markets for farmers?
- Who are the sellers and buyers in wholesale markets?
- What are retail markets/shops?
- What are the advantages and disadvantages of selling to retail markets/shops for farmers?
- In which type of market do you prefer to sell your produce? Why?

Statement	Advantages	Disadvantages
Farm Gate: Selling on-farm/farm gate is when farmers sell their products directly on the farm to neighbors, traders or to local buying agents.	<ul style="list-style-type: none"> • It is convenient for the farmer. There are no marketing costs like loading, unloading or transporting. There are no problems coordinating with other members of a marketing group. 	<ul style="list-style-type: none"> • Prices for produce are usually lower than prices at other markets. The farmer usually sells in smaller quantities rather than larger quantities.
Daily, Weekly, Monthly Markets (Routine markets): These are markets where farmers and small local traders come together regularly to sell their goods to larger traders.	<ul style="list-style-type: none"> • Farmers can sell either individually or as a group. These markets are usually in rural areas or small towns where farmers can easily access them. Farmers can sell their produce in large quantities. 	<ul style="list-style-type: none"> • Some are only held in the harvest season, so farmers cannot sell their produce here during off-season times.
Wholesale Markets: Wholesale markets are where traders (and a few farmers) deliver produce in big numbers (bulk). Retailers (people who sell goods directly to consumers) come to these markets to buy large amounts of goods to sell in their stalls and shops.	<ul style="list-style-type: none"> • Farmers can bulk their produce as a group and sell it in large quantities. This can help farmer groups save on transportation costs and sell all their produce at once. 	<ul style="list-style-type: none"> • They are generally found in larger towns and cities, so they might not be easily accessible to farmers. They are not meant for individual farmers who only have a little produce to sell.
Retail Shops: This is where direct consumers and small businesses buy their daily or weekly supplies for use.	<ul style="list-style-type: none"> • Farmers can sell in bulk directly to retail markets, but they must work out a system with the retailer. Farmers can sell produce to these at any time, but they usually must sell in smaller quantities. 	<ul style="list-style-type: none"> • Wholesalers may try to prevent farmers from selling directly to retailers. In order to sell large quantities, farmers must have agreements with many different retail shops.
Processors: This is where companies or individual buyers purchase for value addition and change into final products (including abattoirs and manufacturers)	<ul style="list-style-type: none"> • These Buy in bulk, normally have long-term contracts and can support with inputs 	<ul style="list-style-type: none"> • There are often delays in payment, failure to honour contractual agreements and sometimes prices are dictated.
If a farmer is farming for a business or producing a crop for sale, he or she must know that what cannot sell should never be produced. If the farmer ignores what the buyers need, they will end up with crops that cannot be sold and they will suffer a loss. As you select an enterprise, consider crops that are sold and bought in the market.		

NOTE: Other market options available to farmers are listed in Annex 16. You do not need to give this Annex to farmers to use. It is provided for your information as a trainer for reference.

Key Messages

- Marketing is different from selling. When marketing, the focus is on creating good products that customers want and need.
- Marketing involves convincing customers that your products are better than your competitor's products.
- There are many different places where farmers can sell their produce. Most farmers are not aware of these places.
- Selling at farm-gate is convenient but often fetches lower prices.
- Farmer groups can sell produce in bulk at assembly or wholesale markets, but this might not be a good option for individual farmers.
- Farmers can get higher prices if they sell to markets beyond farm gate.
- Farmers should choose the best and most profitable places for them to market their products.

The next topic will look at the concept of supply and demand. These are important for farmers to understand because they influence product prices.

TOPIC 2:

Understanding Supply and Demand



Objectives:

- To understand the ideas of supply and demand in terms of marketing
- To understand what influences supply and demand
- To identify when prices go up and down due to supply and demand



Materials:

Flipchart paper, markers, Annex 16 and 17

ACTIVITY 1: Factors that Influence Supply and Demand



Plenary Discussion

1. Write the following key terms on a flipchart paper:
 - Demand
 - Supply
2. Ask participants to explain what they understand by the terms in relation to products and marketing. Check their answers using the definitions provided in the Facilitator's Notes below.

Facilitator's Notes

Key Term Definitions

Demand is the customers desire to purchase goods or services and willingness to pay a specific price for this good or service. Demand for a certain product does not stay the same. It is constantly changing and can be affected by several factors. Consumers buy crops from the market, so demand comes from the buyer.

Supply is the amount of a product that producers, traders and sellers are able to provide. Supply of a product can be affected by several factors. Farmers supply crops to the market, supply comes from the farmer/seller.



Role Play 2

1. Tell participants that they are going to perform role plays using Annex 18 to better understand what can affect the supply and demand of a product.
2. After each role play, ask the whole group what factor is influencing demand or supply of the product. Use the Facilitator's Notes box to check their answers.

DEMAND

Role Play 1:

Seller: Would you like to buy these tomatoes? They are only 10,000 UGX per kilo.

Buyer: What! They were 8,000 UGX per kilo last week! I'm not going to buy them!

Role Play 2:

Buyer: Your onions don't look so nice. They seem a bit wet, as if they did not dry properly.

Seller #1: But they are only 2,000 UGX per kilo.

Buyer: No, thank you. I would rather pay a bit more for onions which have been properly dried.

Seller #2: I have well-dried onions! 4,000 UGX per kilo!

Buyer: I'll take two kilos, please.

SUPPLY

Role Play 3:

Seller #1: The rains came late this year and it hasn't rained very much at all.

Seller #2: I think the maize crop will not be very good. I think it will be difficult to give customers all of the maize that they will want.

Role Play 4:

Trader: Here is the matooke I have available for today.

Market Seller: But this is half as much as usual! What happened?

Trader: Bacterial wilt hit the matooke crop this year. Many of the crops were lost.

Facilitator's Notes

Demand Role Plays:

Role Play 1:

Price has influenced the buyer's demand. 8,000 UGX is cheaper than the market price of 10,000 UGX.

- If prices rise, demand usually falls.
- If prices fall, demand usually rises.

The buyer's income also influences demand for products. When consumers' income increases, so does their purchasing power and their demand for various products. When the consumers' incomes are low, the opposite happens.

Role Play 2:

The quality of the product has influenced the buyer's demand.

- Buyers are sensitive to the quality of products.
- Improvements in quality can lead to an increase in demand, while a decline in quality can have the opposite effect.

Supply Role Plays:

Role Play 3:

The weather has influenced the supply of the product.

- Good weather conditions will mean a good harvest and increased supply.
- Bad weather like drought or floods will have poor harvest and low supply.

Role Play 4:

Disease has affected the supply of the product.

- Pests and diseases can have a negative impact on production and supply.

Transportation infrastructure also affects the supply of a product.

- Good transport infrastructure can allow products to reach urban markets more easily and increase supply.
- Poor transport infrastructure can negatively affect supply.

The production cost for the product also affects the supply.

- An increase in the production cost of a certain product may lead farmers to shift to other products with better profits.
- A decline in production costs might have the opposite effect.

Participants can add more points that affect demand and supply using the examples explained above. All the points mentioned above affect the prices of products in one way or another.

ACTIVITY 2: How Demand and Supply Influence Prices



Plenary Discussion

1. Give participants a copy of Annex 17: How Supply and Demand Affect Prices. Give them time to see the images and interpret them.
2. Discuss the relationship between price and supply/demand that the pictures are illustrating. Use the following questions to guide the discussion. Use the Facilitator's Notes box to check their answers.
 - a. Why does price go UP when demand goes UP?
 - b. Why does price go DOWN when demand goes DOWN?
 - c. Why does price go DOWN when supply goes UP?
 - d. Why does price go UP when supply goes DOWN?

Facilitator's Notes

a. Prices go up when a lot of people want to buy a product.

- When demand is high, people are willing to pay more money for the product
- Sellers can raise the price and customers will still pay for it. For example, during Christmas festive season prices for products like chicken and meat increase, but people still buy them for their Christmas meals.

b. Prices go down when less people want to buy a product.

- Sellers lower prices to convince customers to buy products that otherwise are not selling. If the farmer produces what the buyers don't need, they will end up with crops that cannot be sold and they will sell them at a lower price.

c. Prices go down when there is an increased supply of a product.

- Sellers are competing with each other to sell their products, so they lower their prices to convince customers to buy from them. An example of this is during maize harvest season when a lot of sellers have maize available. They must lower their prices in order to compete with all of the other people selling maize.

d. Prices go up when there is a decreased supply of a product.

- When a product is scarce, it often means customers are looking for it and are willing to pay a higher price when they find it. An example is when mangoes are not in season so sellers can charge more for the few mangoes that are available.





Plenary Game

1. Tell participants that they will practice identifying when prices will go up or down, depending on changes in the demand or supply of a product.
2. Hang up a sign for 'Price Goes Up' on one side of the room. Hang up a sign for 'Price Goes Down' on a different side of the room.
3. Explain that you will read out a scenario that affected the supply or demand of a product. They have to decide if they think the price of the product will go UP or DOWN as a result and walk to the appropriate sign. After participants have chosen, you will ask someone from each side to explain their thinking.

Statements:

- a. Every market in Gulu has a lot of fresh beans. What will happen to the price of beans?
- b. A flood cut off the road between Mbale and Lira. Lira gets most of its matooke/bananas, onions and cabbages from Mbale. What will happen to the price of cabbage in Lira?
- c. Mealybugs destroyed the cassava crop in Apac District. What will happen to the price of cassava?
- d. Buyers in Kitgum only had access to sunflower oil in the past. Now, farmers grow soybean, sesame and coconut for vegetable oil production. What will happen to the price of sunflower oil?
- e. A new machine for grinding groundnuts into paste has been invented in Apac town. The machine is cheap to buy and operate. A lot of people are now producing groundnut paste using this new technology. What will happen to the price of groundnut paste?
- f. A few farmers kept their maize in a store until the maize harvesting and selling season was over. Then they brought their maize to market when there was not much maize available. What will happen to the price of their maize?

Facilitator's Notes

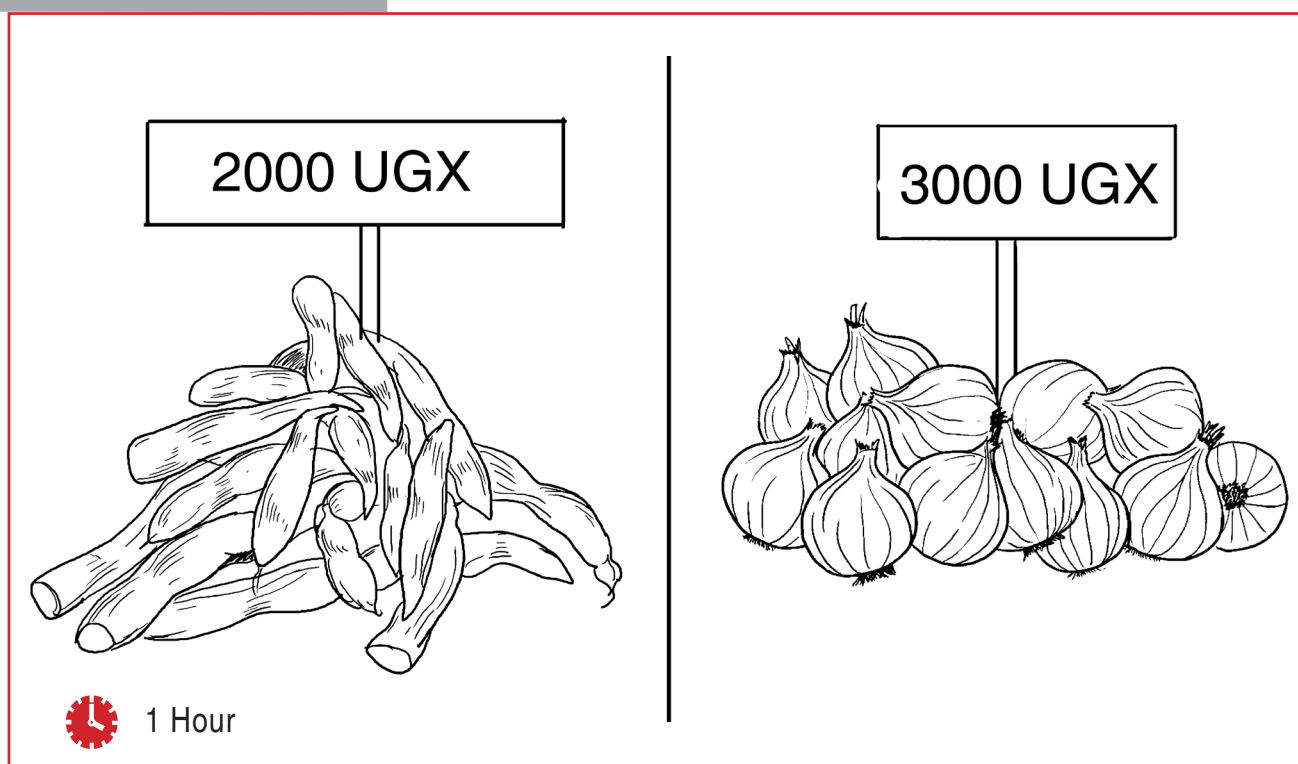
- a. **The price of beans will go down.** The supply is high, so customers have many options for buying beans. Sellers will have to decrease their prices to compete with each other.
- b. **The price of cabbage will go up.** The transportation route to get matooke/bananas, onions and cabbages to Lira has been blocked off, so the supply of cabbage will decrease. This will cause customers to pay more for the cabbage that does make it to Lira.
- c. **The price of cassava will go up.** A pest destroyed most of the crop, meaning the supply will be low. This will cause customers to pay more for the few cassava crops that did survive.
- d. **The price of sunflower oil will go down.** Customers now have more choice about what oil to buy, so their demand for sunflower oil has gone down. This means the price of sunflower oil must go down and try to compete with the other oil options.
- e. **The price of groundnut paste will go down.** More people are able to produce groundnut paste with the new technology, so the supply of groundnut paste has increased and forced prices to go down in order to compete with each other.
- f. **The price of their maize will go up.** The farmers waited until the supply of maize was low. This means that people who are looking to buy maize are having a difficult time finding it and will be willing to pay more for their maize.

Key Messages

- Price of a product can be influenced by
 - Demand, quality, the time of year, alternative products available in the market and how much money customers have to spend.
- Supply of a product can be influenced by:
 - Weather, pests and diseases, transportation and road networks, the time of the year, the production cost of the product and technology available for producing the product, among other factors.
- If farmers understand supply and demand, they can make decisions about their products which can increase prices. They can:
 - Grow a crop variety that fetches a higher price
 - Decide when best to sell their crop – for example by storing it until the price goes up.
 - Increase the quality of the crop
 - Grow a crop that is not readily available in their area to fetch more money
 - Farmers should grow crops that can easily be bought otherwise they will make a loss.

The next topic will look at the 5 Ps of marketing (also called the marketing mix) which are factors for farmers to think about when marketing their products.

TOPIC 3: The 5 Ps of Marketing



Objectives:

- To understand the 5 Ps of Marketing and how they can help a farmer successfully sell his/her products
- To learn how to visit a market and observe the 5 Ps of marketing in action



Materials:

Flipchart paper, markers, Annex 18 and 19

ACTIVITY 1: Understanding the 5 Ps of Marketing



Plenary Discussion

1. Show participants Annex 18: The 5 Ps of Marketing. Tell participants that there are 5 key components to think about when marketing. They are called the 5 Ps of marketing because they all start with the letter P. They are Product, Price, Place, Promotion and People.
2. Ask farmers to say what they see in the pictures and think about the things related to the 5 Ps when marketing their products. Use the Facilitator's Notes to guide the discussion.

Facilitator's Notes

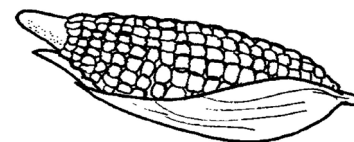
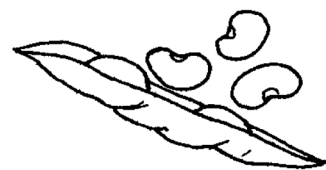
The 5 Ps of Marketing

Product

This is the crop the farmer has produced, for example, maize, onions, cassava, cabbage, beans tomatoes, sesame, and may others.

It is important to note that if you are growing food for sale, the product must be of good quality and quantity. The product should be packaged properly, attractive and should be demanded in the market.

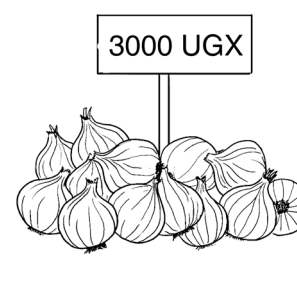
- Are there ways you can **make your product different** and more attractive than the products of your competitors?



Price

This is that amount you are willing to sell your product to your buyers. The price must be affordable and in line with other products on the market. Compare your products with those of other farmers around you or products from other market places.

- What **competition** is there? What prices do they charge? Can you charge more or less than your competitors?
- Should you **negotiate** a fixed price with the buyer, or rely on the current market price?
- What is the **cost** of production?



Place

This is the area/location where farmers sell their crops. It could be a market place in your area, at your farm, at the store or at a collection center if you are selling in a group.

- **Who** should you **sell the product to**? Should you sell to a retailer, a trader, a wholesaler, a processor, a shop, or directly to consumers?
- **Where** should you sell it? At the farm gate, at a village collection centre, or in the local market? Alternatively, should you take it to the central market in the city?
- How will you **transport** your products to where you will sell them?



Promotion

This is the process of letting your buyers know that you have got the products they want. Most farmers use phones or word of mouth to talk directly to traders or friends. Other methods include radios, newspapers, posters, etc.

- How should you inform the buyers of your product? By advertising?
- How should you identify new customers and convince them to buy your product?
- Should you label the product so that the buyer knows what they are buying?
- What can you do to make your product more attractive to the buyer?



People

These are sometimes called customers. They are the buyers or consumers of the goods we produce. These can be neighbors, traders, wholesalers, retailers, companies, organizations or any other people willing to buy your products

- What do they **want or need**? What are their preferences such as taste and look?
- Do they have **money to buy** the products?



Story G

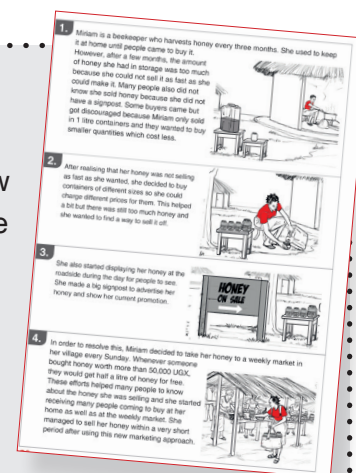
1. Divide participants into groups and give them a copy of Annex 19: Story G. Tell participants that they will now read a story so they can better understand the 5 Ps of marketing.
2. After reading the story, ask groups to discuss what happened in the story using the following questions.
 - a. What was wrong with Miriam's product, price, place at the beginning?
 - b. What did she do about it?
 - c. What promotion did Miriam offer to attract customers?

Miriam Sells Her Honey in Record Time

Miriam is a beekeeper who harvests honey every three months. She used to keep it at home until people came to buy it. However, after a few months, the amount of honey she had in storage was too much because she could not sell it as fast as she could make it. Many people also did not know she sold honey. Some buyers came but got discouraged because Miriam only sold in 1 litre containers and they wanted to buy smaller quantities which cost less.

After realizing that her honey was not selling as fast as she wanted, she decided to buy containers of different sizes so she could charge different prices for them. She made a big sign post to advertise her honey and show her current promotion. This helped a bit but there was still too much honey and she wanted to find a way to sell it off.

Miriam decided to take her honey to a weekly market in her village every Sunday. Whenever someone bought honey worth more than 50,000 UGX, they would get half a litre of honey for free. These efforts helped many people to know about the honey she was selling and she started receiving many people coming to buy at her home as well as at the weekly market. She managed to sell her honey within a very short period after using this new marketing approach.



Facilitator's Notes

- Miriam's **product** was being sold in containers that were too big. The **price** was high for many people to buy. The **place** is her home but many people did not know she had honey available there.
- She packed in **smaller labelled containers** with different amounts. She also set up a **signpost** outside her home to advertise her honey. She also started to sell honey at a weekly market in her village.
- She offered a promotion of buying 50,000 UGX of honey and getting a half litre for free.

ACTIVITY 2: Market Observation and Research



Plenary Discussion

- Tell participants that one way to understand the 5 Ps of marketing is to visit a market and see how buyers and sellers interact.
- Start an open discussion about what they might see in the market related to product, price, place, promotion and people.
- Give participants some tips for going to a market to observe the 5 Ps of marketing in action using the Facilitator's Notes.

Facilitator's Notes

Tips for going to the market to observe the 5 Ps of marketing in action

- Choose any time to observe a market. Consider visiting both during the day and during the night. Consider visiting on different days of the week.
- Make a plan for 1 or 2 products you would like to find information about. Think about what you want to know about these products related to the 5 Ps of marketing.
- When you arrive at the market, first walk around and observe the market in general.
 - Note who is selling, buying and handling different products.
 - Identify who provides the support services for different products (e.g. packing, transporting, grading, etc.).
- Approach people with respect and don't be easily discouraged. Keep in mind that people in markets are generally busy and are sometimes unwilling to give information away because they may think you are a competitor. Be polite, but persistent until you find people who are willing to talk with you.

This is a good opportunity for you to practice some of the characteristics of successful entrepreneurs – including initiative, systematic planning, persuasion and networking, etc.

What farmers might see in the market related to product, price, place, promotion and people

- Lots of different products for sale in various sizes, colours, varieties and standards of quality
- Different prices for products of different kinds, varieties, sizes and standards of quality
- Different markets will be in different places. Some may be village markets while others will be town or city markets. Some will be wholesale or assembly markets while others will be shops. It's interesting to see how the products, prices, promotions and people change depending on the market's place.
- Sellers will be offering different types of promotions such as cheaper prices than their competitors. Others may offer "buy some and get some free" promotions.
- People buying at markets include individual buyers, wholesale buyers, traders, etc.



Key Messages

- It is important to consider product, price, place, promotion and people when marketing your products. This information will help you meet your customers' wants and needs and also be successful selling your products.
- Market visits and research keep the farmer informed about what is happening in the market.
- Observe different markets to get an idea of how others use the 5 Ps of marketing to their advantage.

The next topic will look at the advantages and disadvantages of marketing as an individual or as a collective farmer group. It will also discuss the characteristics that farmer groups need to have in order to be successful when marketing together.

4. After groups have had time to discuss, hold a debate. Use the information in the Facilitator's Notes box to support the debate.
5. At the end of the debate, take a vote to see who prefers individual marketing and who prefers group marketing (for the vote, it doesn't matter which side participants were on during the debate). Ask a few participants to explain their vote.

Advantages	Disadvantages
Individual Marketing	
<ul style="list-style-type: none"> • The farmer can make all marketing decisions without making compromises. • The income from the sale all goes to the farmer. • The farmer can try new ideas, new methods and new marketing ideas without asking anyone. • There are no problems of mistrust or misunderstanding if you own a business alone and are doing everything yourself. 	<ul style="list-style-type: none"> • The total financial burden rests on the farmer. • Some people may feel isolated working alone rather than as part of a group. • All the risks, equipment and inputs are the responsibility of one person. • The farmer must search on their own for the markets.
Group Marketing	
<ul style="list-style-type: none"> • You can get a loan from a bank easier because the group is your guarantee of repayment. • You have improved bargaining power for higher prices because you have more products to sell as a group. • You have better access to marketing information and advisory services. • Bulk purchases and shared transportation of inputs can reduce your costs. • You can attract large buyers when you bulk your produce together. • You have easier access of funds and other support services by the government and donors. • You may have improved quality of produce due to timely and organised production. • The group can raise more money together to execute big plans. • Price changes can be managed if there are practices like contract farming agreements. • The group can get capacity building and training from a processing company. • Regular supply is possible if there is proper planning and good management. 	<ul style="list-style-type: none"> • It may be difficult for all members of the group to agree on all important issues, especially if there is distrust among members. • Dishonesty, especially on part of the marketing team, may lead to conflicts. • Poor record-keeping may lead to losses or unfair distribution of payments. • It requires safe collection and storage centers in accessible areas, which is not always possible in rural areas. • Thefts and losses can occur in poorly-secured bulking facilities. • Good road infrastructure is required to attract large-scale buyers to remote rural areas.

ACTIVITY 2: Characteristics of Successful Farmer Groups



Plenary Discussion

1. Tell farmers that there are many benefits to group production and marketing. However, there are certain characteristics that farmer groups must have in order to be successful when marketing together.
2. Hold an open discussion on what characteristics a farmer group must have to be successful when marketing together. Use the Facilitator's Notes to guide the discussion.

Facilitator's Notes

Characteristics of Successful Group Marketing

Member Qualities and Attitudes

- Members must be informed with strong business skills.
- Members must attend meetings regularly and actively participate.
- Members must follow-through on individual commitments made to the whole group and be committed to producing quality products.
- There must be mutual trust and respect among members.
- There should be clearly defined roles and responsibilities, especially when promoting and marketing group produce.

Rules and Leadership

- There should be clear and enforceable by-laws.
- The leaders should be democratically elected and there should be no tolerance for corrupt or unaccountable leadership.
- Leaders should be dedicated, committed, fair and respectful.

Marketing Processes

- The group should do regular market research and pre-production planning.
- The group should have easy access to marketing information.
- The marketing committee should seek deals on behalf of the whole group.

Record Keeping

- The group should keep accurate and detailed records.
- There should be transparent and fair distribution of payments.

Collective Production of Products

- All products should be high-quality and uniform (variety, size, colour, among others).
- The group should have accessible and safe storage facilities with good road infrastructure.

Key Messages

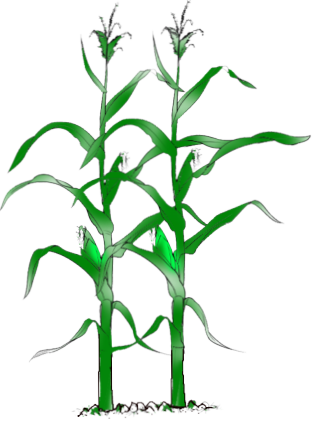

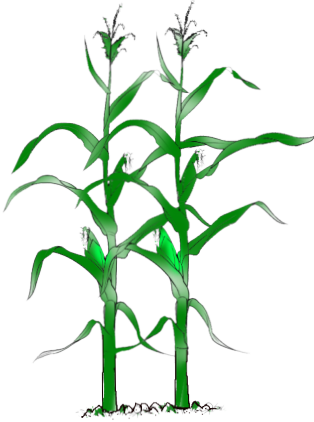

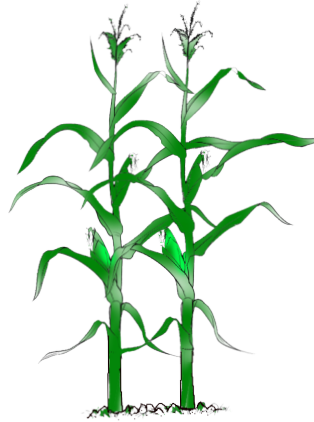

- Marketing as a group may be better than marketing as an individual, depending on your situation.
- Group management is not easy. There can be distrust or disagreements among members which can be challenging. But this can be managed through good management and transparency.
- Groups must have some guiding rules.
- Marketing in a farmer's group can be a great idea for many farmers, but there must be trust among members, democratically elected leaders and commitment from everyone for it to be successful.

This is the last topic in Module 4. Congratulate participants on completing the Basic Economic Skills Training. Encourage participants to share their feedback about how the training went and anything that could be improved. Thank participants for their active participation and encourage them to ask any other questions they might have. If you cannot answer their questions, seek the help of an extension worker to find the answer.

ANNEXES

1-19

ANNEX 1: Changes in Farming Practices in Uganda

Time	Farming for food	Farming for money	Why this change?
20 YEARS AGO			
10 YEARS AGO			
TODAY			

ANNEX 2, STORY A: Business-oriented Mindset

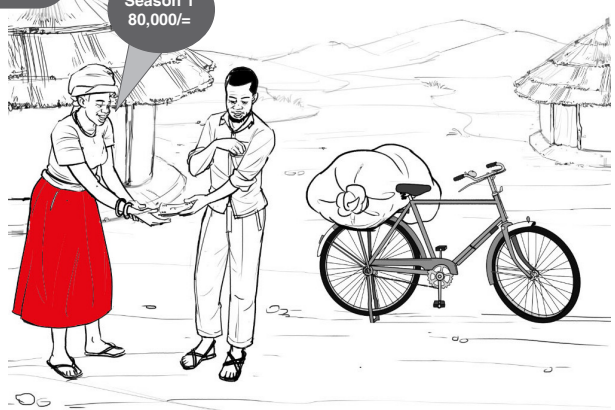
1. Akello's Seasonal Business



2.



3.



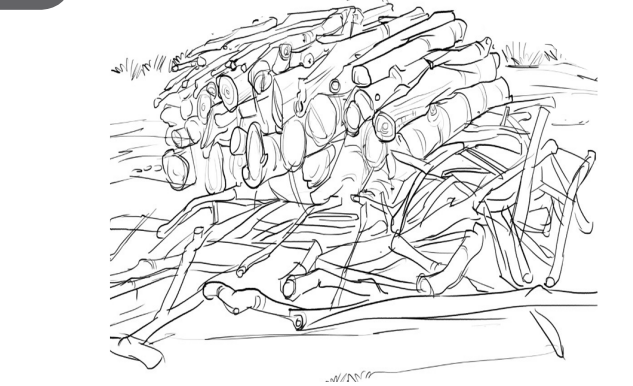
4.



1. Okello's One Time Business



2.



3.



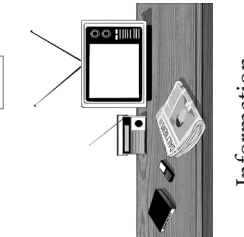
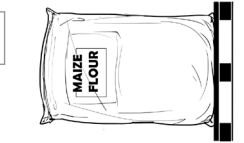
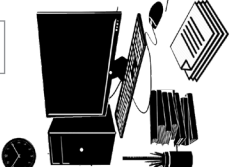
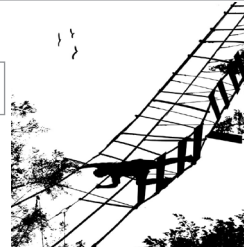
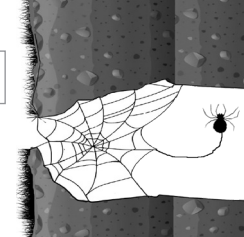



4.







ANNEX 3: Characteristics of Successful Entrepreneurs

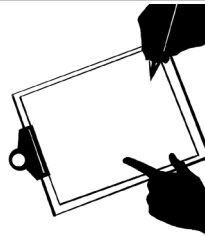
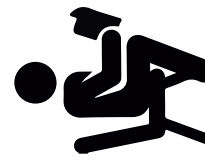


Personality

1	You have <input type="checkbox"/>		Initiative
2	You have <input type="checkbox"/>		Opportunity Seeking
3	You have <input type="checkbox"/>		Information Seeking
4	You have <input type="checkbox"/>		Demand for quality
5	You have <input type="checkbox"/>		Demand for efficiency
6	You have <input type="checkbox"/>		Risk taking
7	You have <input type="checkbox"/>		Persistence
8	You have <input type="checkbox"/>		Independence and self-confidence

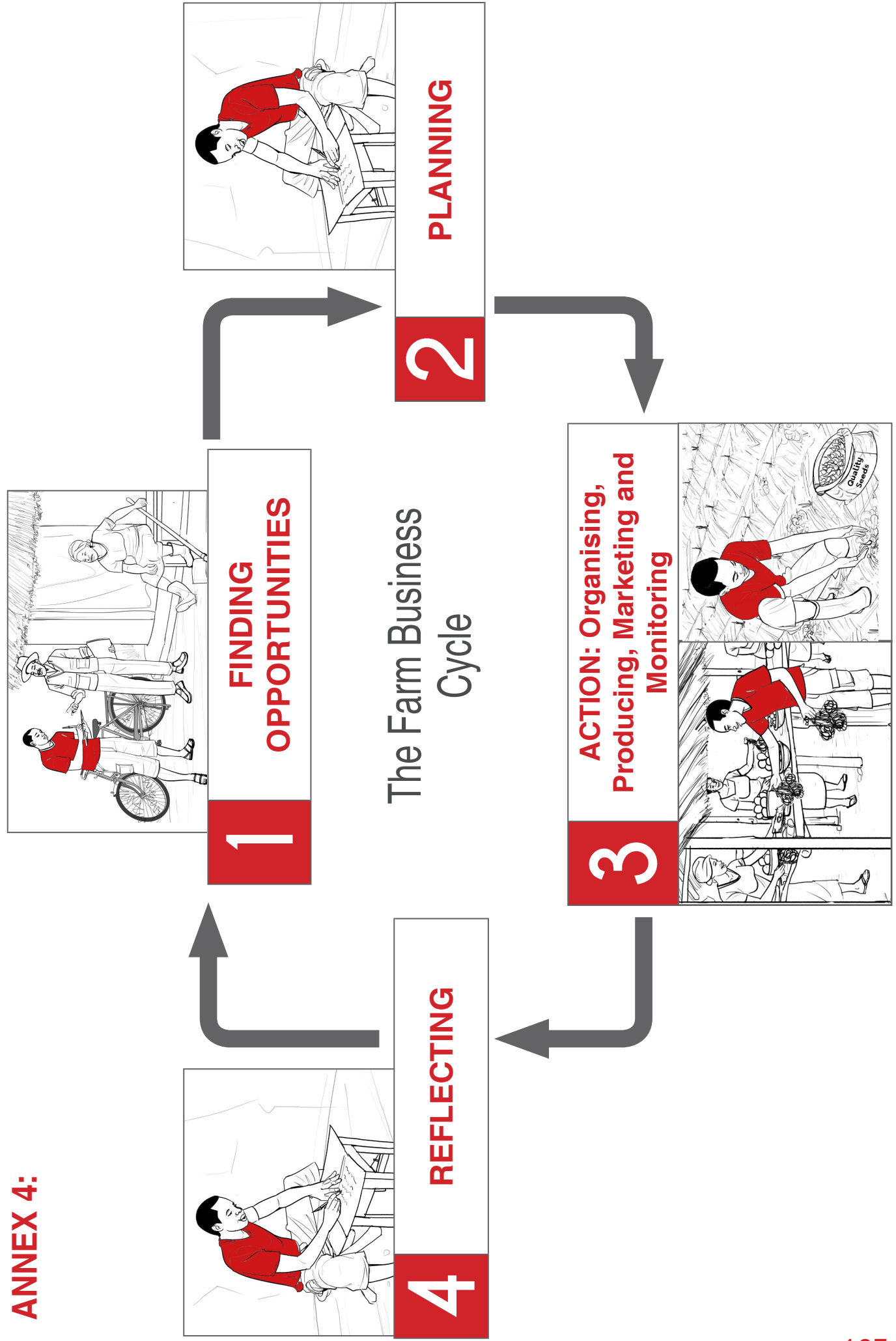
Relationships

9	You have <input type="checkbox"/>		Persuasion and Networking
10	You have <input type="checkbox"/>		Leadership
11	You have <input type="checkbox"/>		Trustworthiness
12	You have <input type="checkbox"/>		Good Communication

Skills and Experience

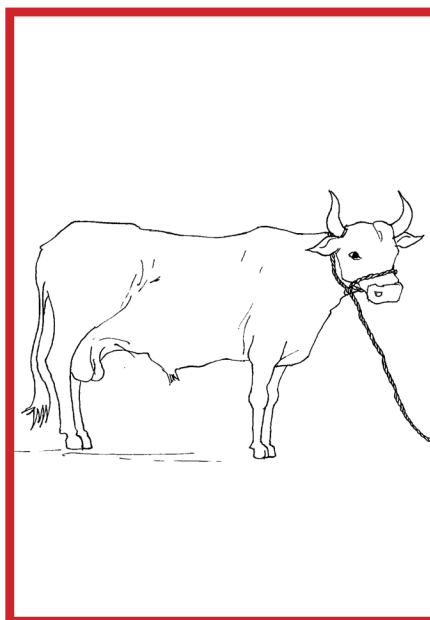
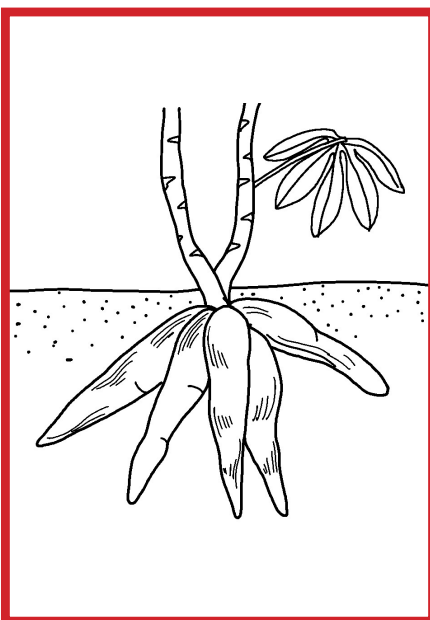
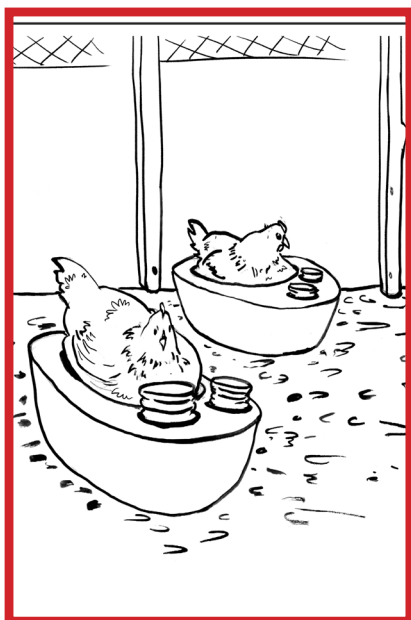
13	You have <input type="checkbox"/>		Basic Education
14	You have <input type="checkbox"/>		Outside experience
15	You have <input type="checkbox"/>		Business ability
16	You have <input type="checkbox"/>		Organizational skills

ANNEX 4:

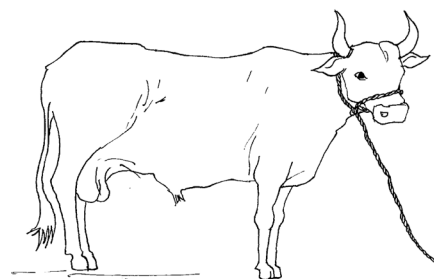
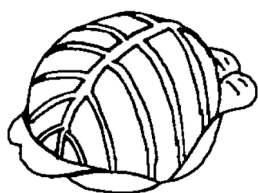
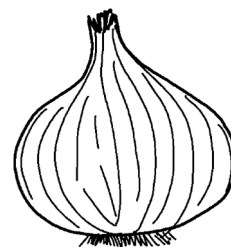
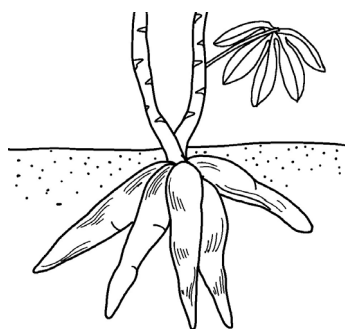
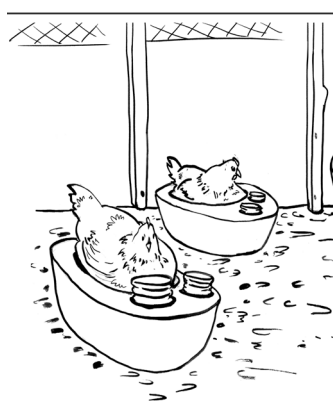


ANNEX 5: Farm Enterprise and Farm Buisness

A



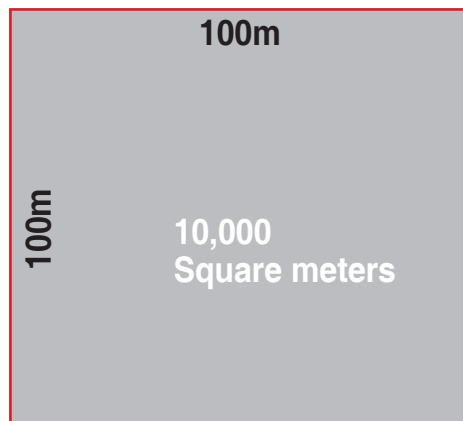
B



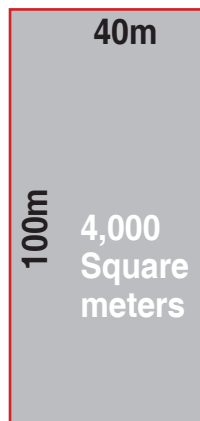
ANNEX 6: Standard land measurements

1 hectare = 2.5 Acres

1 hectare = 100m X 100m



1 acre = 100m X 40m



Translating hectare to acres

From the above, given that 1 hectare is 10,000 square meters (100 X 100)m, and that 1 acre is 4,000 square meters (100 X 40) m.

$$1 \text{ Hectare} = \frac{10,000}{4,000} = 2.5 \text{ Acres}$$

1 Hectare = 2.5 Acres

Translating Acres into farmer's local measurement tools ("Tal"-Acholi and "Atala"-Lango)

Facilitator's can help to translate any measurement to acres and communicate to farmers in the language they best understand instead of saying meters.

From the measurement of an acre. Dokolo, Oyam, Kigum, Agago and otuke that use "Tal" / "Atala" of 3meters for measuring their gardens translated tal / atala into an acre as follows.

$$40 \text{ metres} = 40/3 = 13.3 \text{ Tal/Atala}$$

$$100 \text{ metres} = 100/3 = 33.3 \text{ Tal/Atala}$$

Therefore, for farmers coming from Dokolo, Oyam, Kigum, Agago and otuke, their acre is actually (33.3 X 13.3) Tal / Atala which is an equivalent of (100 X 40) m.

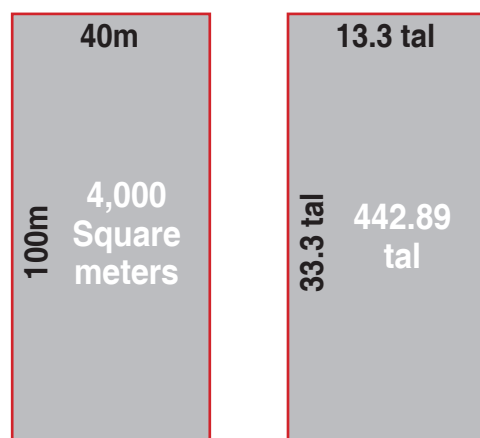
For farmers from Amolatar, Lamwo, Gulu and part of pader whose tal measures 1.8 metres

$$40 \text{ metres} = 40/1.8 = 22.2 \text{ Tal/Atala}$$

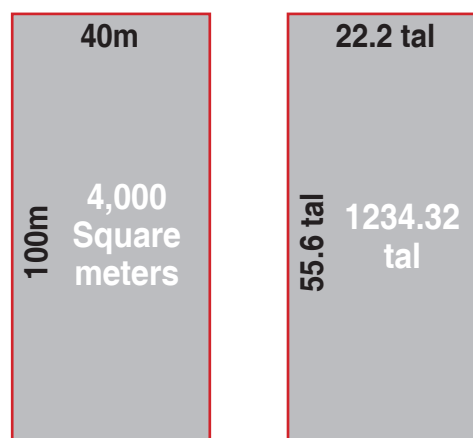
$$100 \text{ metres} = 100/1.8 = 55.6 \text{ Tal/Atala}$$

Therefore, for farmers from Amolatar, Lamwo, Gulu and part of pader, their acre is actually (55.6 x 22.2) Tal / Atala which is an equivalent of (100 X 40) m.

Dokolo, Oyam, Kigum, Agago and otuke (1acre) Measurements



Amolatar, Lamwo, Gulu and part of pader (1acre) Measurements



NOTE: From the illustration above, trainers can calculate accurately an acre using the local measurement tools used from one area to the next.

ANNEX 7a: Enterprise Budget Template

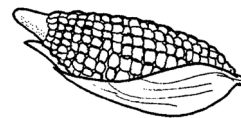
Step 1: Enterprise _____				Step 1: Put the name of the enterprise (e.g. beans) in the space provided at the top of the template.
Step 2: For the period: _____ to _____				Step 2: Agree on the duration of time to budget for this enterprise (e.g. for the period January 2020 to June 2020). For crops, this is likely the time it takes to grow the crop for one season. For livestock, this could be monthly or quarterly
Step 3: Area used (acre/ha): _____				Step 3: Estimate the area of the crop under cultivation (in acres or hectares)
Step 4: Income				
Item	Quantity	Unit price (UGX)	Total value (UGX)	Step 4: Calculate the income expected for this enterprise by listing the various ways in which the products will be sold or used. It should include the expected price and amount to be sold at farm gate, to be sold at a market, and/or to be sold to an exporter. It should also include the amount expected to be kept for home consumption or given away. The quantities and prices for each line may be different. If the produce has been retained for home consumption or given away, make sure that the unit price reflects a market value.
Step 5: Total Income				Step 5: Add all of the numbers in the “Total value” column. This will reflect the total income from that particular enterprise. This total amount should be written in the space for “Total Income”.
Step 6: Variable Costs				
Item	Quantity	Unit price (UGX)	Total value (UGX)	Step 6: Calculate all costs directly related to the production of the product (e.g. beans). Under the column “Items”, list all of the production costs associated with this enterprise. For each item, trace the specific quantity and the unit price to arrive at the Total value (in UGX) for each item.
Step 7: Total Variable Costs				Step 7: Add all of the numbers in the “Total value” column. This will reflect the total variable costs from that particular enterprise. This total amount should be written in the space for “Total Variable Costs”.
Step 8: Enterprise Profit (gross income) = (Total Income – Total Variable Costs)				Step 8: Subtract the “Total Variable Costs” from “Total Income” to get the Enterprise Profit.

ANNEX 7b: Example Practice of Joseph's Enterprise Budget

Step 1: Enterprise: Maize

Step 2: For the period: Jan 2020 to June 2020

Step 3: Area used (acre/ha): 1



Step 4: Income

Item	Quantity	Unit price (UGX)	Total value (UGX)
Maize produced and sold	900kg	1,000	900,000
Maize produced and kept for home consumption	75kg	1,000	75,000
Maize produced and given away	25kg	1,000	25,000

Step 5: **Total Income:** **1,000,000**

Step 6: Variable Costs

Item/Service	Quantity	Unit price (UGX)	Total value (UGX)
Buying seed	10 kg	4,000	40,000
Bush clearing	1 acre	50,000	50,000
Field Ploughing – 1st Tillage	1 acre	140,000	140,000
Field Tilling – 2nd Tillage	1 acre	100,000	100,000
Planting	1 acre	50,000	50,000
Buying other inputs like fertilisers, etc.	Assorted	100,000	100,000
Fertilizer application	1 acre	10,000	10,000
Weeding	1 acre	60,000	60,000
Harvesting	1 acre	30,000	30,000
Transport from field to home	10 bags	3,000	30,000
Threshing	10 bags	3,000	30,000
Empty bags	10 bags	1,200	12,000
Transport to the market	10 bags	5,000	50,000
Marketing costs	10 bags	1,000	10,000

Step 7: **Total Variable Costs** **712,000**

Step 8: Enterprise Profit (Gross Margin) = Total income – Total Variable Costs

288,000 PROFIT

ANNEX 8: Farm Business Plan Template

Enterprise: _____ Date Prepared: _____

1. Background:

Name	Village/District	Period of the Plan

Farm Business Vision:

Farm Business Goals:

2. Enterprise Production Plan

Crops Production			
Crop Type	Area (acres)	Output (kg/acre)	Total Output (kgs)

OR

Livestock Production			
Type of Animal	Number of Animals	Yield per Animal	Total Yield

3. Market Plan

Enterprise	Target Market	Buyer	Expected Quantity to Sell (units)	Market Price (UGX/unit)	Marketing Cost (UGX/unit)	Farm-gate Price (UGX/unit)

4. Enterprise Profitability

Income Source			
Item	Quantity	Unit Price (UGX)	Value (UGX)
Total Income			
Variable Costs			
Item	Quantity	Unit Cost (UGX)	Total Value (UGX)
Total Variable Costs			
Enterprise Profit = (Total Income – Total Variable Costs)			

5. Cash Flow and Cash Availability

Activity	Sept	Oct	Nov	Dec	Jan	Feb	March	Apr	May	Jun	Jul	Aug
Cash Inflow												
Total Cash Available												
Cash Outflow												
Total Cash Needed												
Net Cash Flow												

Do I have enough cash available each month to implement the farm enterprise?

Yes, I have enough cash

No, I do not have enough cash.

The amount of extra cash I need is:

I need the extra cash in the following months:

I can get the money from the following sources:

Source: Amount:

Source: Amount:

Source: Amount:

6. Risk Analysis

[illegible]

ANNEX 9, Role Play A: Record Keeping



Acheng: I need some money to buy school uniforms for our daughters who will be going back to school next week.

Opio: I have no money.

Acheng: What? We sold 10 bags of rice at 2,000,000 UGX. Where did the money go?

Opio: We spent it on household needs, and invested some of it in the poultry business.

Acheng: You are a liar! You must have spent all the money drinking beer with your friends. It was too much to have been spent just like that!

Opio: How dare you call me a liar? OK, from today onwards each of us must keep a written copy of all our expenditures.

ANNEX 10, Story D: Mr. and Mrs. Okwang Monitor Their Farm Business Profit

1.

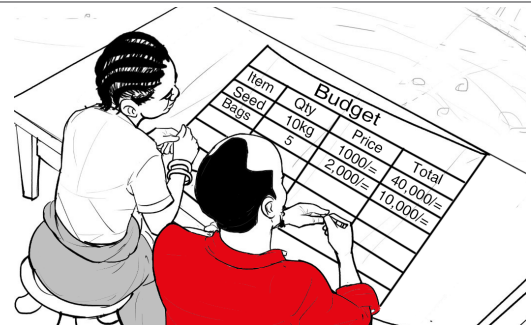
Mr. and Mrs. Okwang are small-holder farmers in Northern Uganda. They farm onions, tomatoes and ground nuts. They are part of a farmer's group in their village and one day a trainer came to speak to their group about record keeping. The Okwangs learned a lot about the types of records they should keep in their farm business.



2.

The Okwangs had never kept records before, but they were willing to try it. In the past, they would just farm their crops without keeping track of how much they had spent in production or how much they made in sales.

They decided to start off by keeping an income and expense record for each of their three crops.



3.

The Okwangs soon realised what a good idea it was to keep records. They made many purchases of inputs like seed, fertiliser and some new equipment. They realised how difficult it was to remember all of the expenses in their heads and they were glad they were writing down their expenses as they went.

The records even helped them one time when one of their workers reminded them he was waiting for payment. Mr. Okwang did not believe that the worker was owed his payment – he thought he had already paid the worker! Mrs. Okwang reminded him to look at their record book. There was no recorded expense of paying the worker, so Mr. Okwang apologised and they settled the debt. The worker was relieved the Okwangs kept good records.








4.



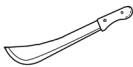


After all of their crops had been harvested and sold, the Okwangs looked at their record book to see how much profit they had made. They were surprised to realise that they had made a loss with their tomato crop. They had farmed the tomatoes just like they always do – they did not know the tomatoes were making them lose money each season! They saw that the groundnuts were the most profitable, so they decided to increase the land for groundnut production and they began looking for how to improve the profitability of their tomatoes.



ANNEX 11: Farm Business Record Templates


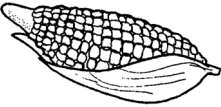
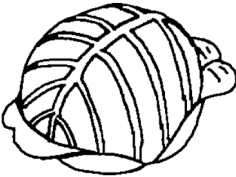
Enterprise Production Record								
Enterprise	Land size (acres)	Date of planting	Quantity of seed planted	Expected yield per acre	Date of harvest	Actual total yield	Quantity sold	Notes
								
								
								
								

Home Consumption Record					
Enterprise	Date or period	Quantity	Unit price	Total value	Comments
 Rice					


Tools and Implements (Asset Record)					
Asset details	Date acquired	Number of units	Cost per unit	Expected useful life	Comments
 Axe					
 Hoe					
 Panga					
 Ox-plough					
 Motor-cycle					

Income/Sales Record (in-flows)						
Product	Date of sale	Quantity sold	Unit price (UGX)	Total Price (UGX)	Type of buyer	Payment Method

*Type of buyer = bicycle trader, wholesaler, etc *Payment method = cash, Mobile Money, etc.

Expenditure/cash going out Record (out-flow)					
Enterprise	Date	Item	Quantity	Amount spent	Comments
					
TOTAL					
					
					

ANNEX 12: Seasonal Calendar for Groundnuts

ACTIVITIES	DRY PERIOD				1st RAINY SEASON			DRY PERIOD		2nd RAINY SEASON			DRY PERIOD	
	Dec	Jan	Feb	March 1st-15th	March 16th-30th	April	May	June	July	Aug	Sept	Oct	Nov	Dec
														
Planning														
Bush clearing														
1st Ploughing														
2nd Ploughing														
Planting														
1st Weeding														
2nd Weeding and Fertilizer application														
Pest and Disease Control														
Harvesting														
Drying														
Storage														
Marketing														

ANNEX 13, Story E: Okello and Abalo's Experience

1.

Okello and Abalo are married. They usually talk together about their goals for the future. They want their children to go to school. They want to repair their roof before the rainy season. They also want to buy a cow so they can start providing fresh milk for their children and buy some land as an investment. At the same time, they want to keep their debt low.



2.

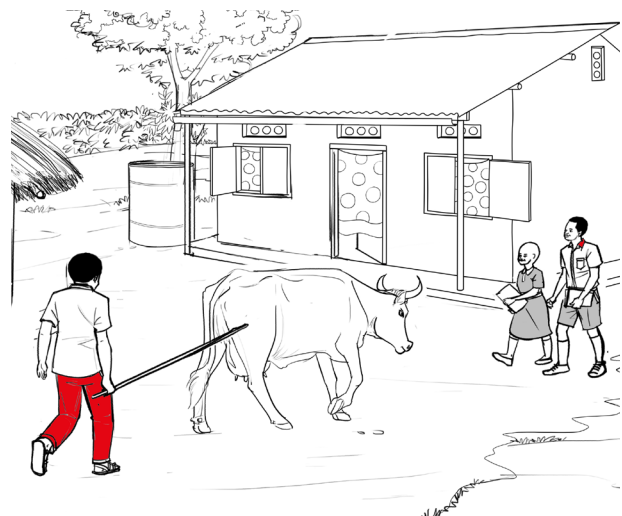
They decide together how to reach their goals. First, they identify and write down their income sources. Then they estimate the money coming into and out of the household for several months to know the actual amount of money they earn and spend. Then they find out the costs of achieving their goals including the costs for school, for roof repair, for buying a cow and for buying land.



3.

They decide to save some money, no matter how small, every month. They also calculate the amount of money that they have to set aside every month for paying back their debts. Now they can see how much money they have left after paying their necessary expenses, saving for school fees and paying off debts. They now plan how much and when they will invest in buying a cow and buying land, and when they will achieve their goals.

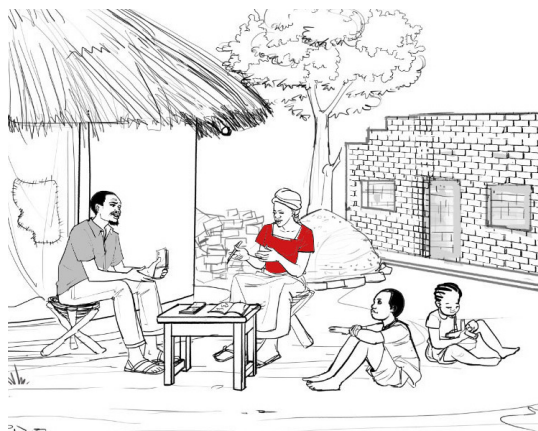
After all these decisions, Okello and Abalo feel relieved. They are happy about their decisions. They are confident now that if they stick with these decisions they can achieve their goals.



ANNEX 14: Example Family Financial Budget

Activity	Month											
	Sept	Oct	Nov	Dec	Jan	Feb	March	Apr	May	Jun	Jul	Aug
Income												
1. Farm Income		200,000		300,000	100,000	500,000			500,000			
2. Business income – selling shea butter	30,000	30,000	30,000	30,000	30,000			30,000		30,000	30,000	60,000
3. Wages from making bricks	70,000	70,000	70,000				70,000					
Total Income	100,000	300,000	100,000	330,000	130,000	500,000	70,000	100,000	500,000	30,000	30,000	60,000
Savings	10,000	100,000	10,000	100,000	10,000	200,000	10,000	30,000	100,000			5,000
Expenses												
1. School fees for 3 children		60,000			60,000				60,000			
2. Sugar, salt, oil and other cooking supplies	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
3. Visit to Auntie – transport and gifts			15,000			15,000			15,000			15,000
4. New Church clothes for family				100,000								
5. Airtime	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000
6. Debt repayment	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000
Total Expenses	33,000	93,000	48,000	133,000	93,000	48,000	33,000	33,000	108,000	33,000	33,000	48,000
Surplus/Deficit	+57,000	+107,000	+42,000	+97,000	+27,000	+252,000	+27,000	+34,000	+292,000	-3,000	-3,000	+7,000

ANNEX 15, Story F: The Loan Process



Step 1: Preparation

- Think about your business goals, look at your savings and decide how much money you need to borrow.
- Find out the different financial institutions that lend money. Shop around for the institution that offers the best terms and conditions.
- Prepare all relevant documents to submit to the financial institution.



Step 2: Application

- Understand the terms of the loans they offer, including the interest rates and repayment periods.
- Fill out an application with details such as name, date of birth, occupation and address.
- Provide any other documents the institution requests to support the application.



Step 3: Assessment

- The financial institution investigates the farm or business to check your assets and business state.
- The process gathers information to help determine your ability and commitment to repay the loan.
- The financial institution may check your credit history to see how well you paid your past loans.



Step 4: Approval

- The financial institution decides whether to approve the loan or not.
- The farmer will be informed if their loan application was approved or denied.
- The lender will also explain to you the key things in your loan contract.
- Make sure you ask for clarity where you do not understand before you sign the loan contract.



Step 5: Disbursement

- This is when the farmer gets the cash or inputs for the loan.
- The time between application and disbursement can be long or short, so apply early enough!



Step 6: Loan Monitoring

- It is important to keep track of how much money you have to pay back and when according to the schedule.
- The lender will also check on you and monitor how you have used the loan money.
- Make sure you use the money for the purpose for which you borrowed it.



Step 7: Loan Repayment:

- At this stage you are expected to pay the loan as scheduled in the contract signed.
- Work to repay your loan on time, each and every month.
- If you fail to make a payment on time, this may cause some unwanted actions or consequences like penalty fees.
- The financial institution may come to the business to monitor and see what is going on.
- You must therefore only borrow what you can afford to pay back.

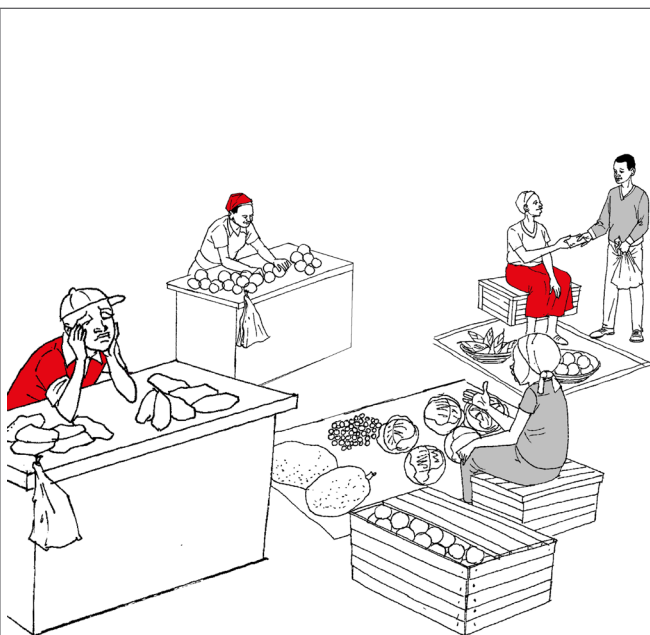
ANNEX 16: Other Market Options Available to Farmers

Target Market	Description	Advantages	Disadvantages
Fellow farmers	Other farmers in the area	<ul style="list-style-type: none"> No transport costs Chance to build relations 	<ul style="list-style-type: none"> Price usually low
Individual or household consumers	Local consumers or those from other areas who buy for final consumption	<ul style="list-style-type: none"> Can offer good prices No transport costs 	<ul style="list-style-type: none"> Buy in small quantities
Local retailers/vendors	Shops and butcheries operating at local business centres	<ul style="list-style-type: none"> No transport costs Convenient and fast transactions Good for learning and research 	<ul style="list-style-type: none"> They dictate prices Low demand due to few buyers
Urban retailers/vendors	Supermarkets, butcheries and vendors from urban areas	<ul style="list-style-type: none"> High potential for regular business Buying in bulk 	<ul style="list-style-type: none"> Can feed farmers with wrong information Dictate prices
Dealers or speculators	Those buying for resale at higher prices in other places or at later dates	<ul style="list-style-type: none"> Assist in wide product distribution Mostly pay cash on the spot 	<ul style="list-style-type: none"> Can feed farmers with wrong information Heavily negotiate prices
Institutional consumers	Schools, hospitals, churches and other organisational buyers who buy for final consumption	<ul style="list-style-type: none"> Buy in large quantities Offer good prices Opportunities for long-term relations 	<ul style="list-style-type: none"> Demand formal transactions Have high demands for quality, reliability and consistency
NGOs	Development organisations buying for projects	<ul style="list-style-type: none"> Gives accurate information Can be good business ambassadors Buy in bulk 	<ul style="list-style-type: none"> Occasional orders Can distort market prices
Government bodies/ parastatals	Arms of the government with a mandate to buy and process or sell agricultural products	<ul style="list-style-type: none"> Buy in bulk Long-term relations Can support with inputs Spread orders as a social responsibility 	<ul style="list-style-type: none"> Late payment Failure to fulfill promises Slow processes
Travelers	Public buyers passing by to other areas	<ul style="list-style-type: none"> Can be good ambassadors Buy in a hurry Can produce good margins 	<ul style="list-style-type: none"> Buy small quantities Have little time to consider buying many No relationship
Foreign markets	Customers beyond national borders	<ul style="list-style-type: none"> Exposure to other countries High return potential 	<ul style="list-style-type: none"> Demand to high standards Complicated processes Quickly affected by government policies

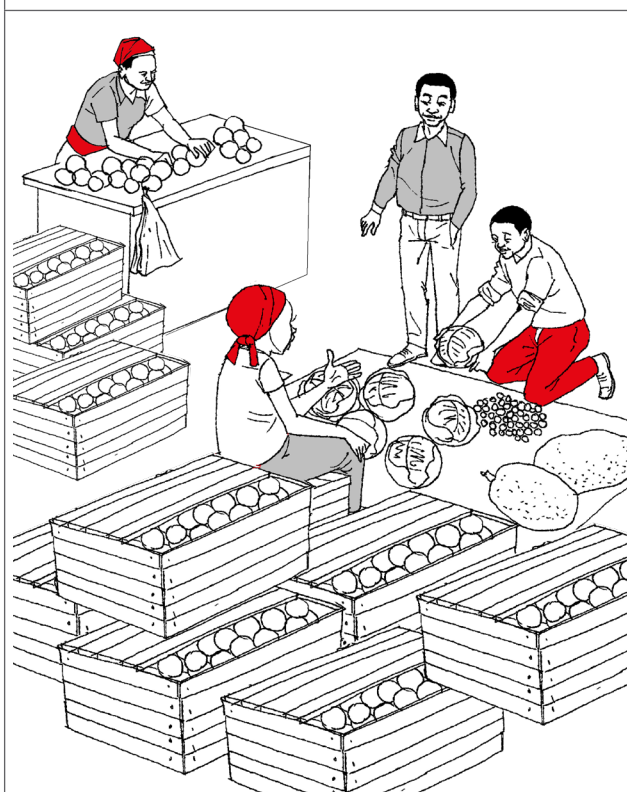
ANNEX 17: How Demand and Supply Affect Prices



Demand goes \uparrow - Prices go \uparrow



Demand goes \downarrow - Prices go \downarrow

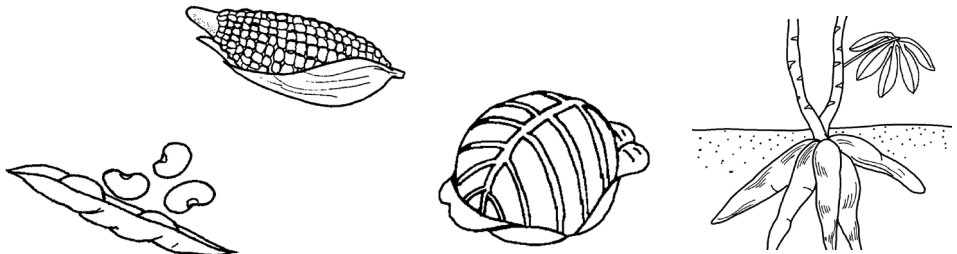







Supply is \uparrow - Prices go \downarrow



Supply is \downarrow - Prices go \uparrow

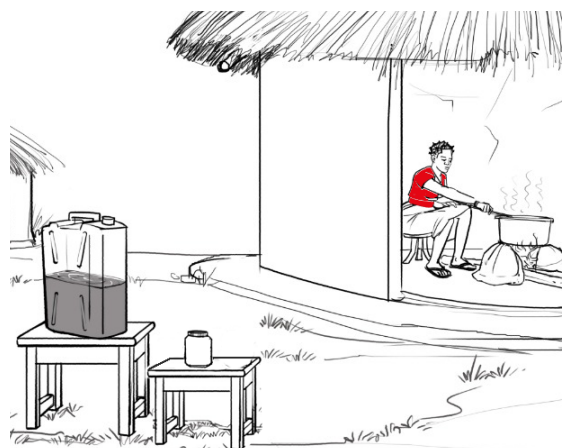
ANNEX 18: 5 P's of Marketing

Product	
Price	<div data-bbox="611 684 1017 1041"> <p>2000 UGX</p>  </div> <div data-bbox="1048 684 1462 1041"> <p>3000 UGX</p>  </div>
Place	
Promotion	
People	

ANNEX 19, STORY G: Miriam Sells Her Honey in Record Time

1.

Miriam is a beekeeper who harvests honey every three months. She used to keep it at home until people came to buy it. However, after a few months, the amount of honey she had in storage was too much because she could not sell it as fast as she could make it. Many people also did not know she sold honey because she did not have a signpost. Some buyers came but got discouraged because Miriam only sold in 1 litre containers and they wanted to buy smaller quantities which cost less.



2.

After realising that her honey was not selling as fast as she wanted, she decided to buy containers of different sizes so she could charge different prices for them. This helped a bit but there was still too much honey and she wanted to find a way to sell it off.



3.

She also started displaying her honey at the roadside during the day for people to see. She made a big signpost to advertise her honey and show her current promotion.



4.

In order to resolve this, Miriam decided to take her honey to a weekly market in her village every Sunday. Whenever someone bought honey worth more than 50,000 UGX, they would get half a litre of honey for free. These efforts helped many people to know about the honey she was selling and she started receiving many people coming to buy at her home as well as at the weekly market. She managed to sell her honey within a very short period after using this new marketing approach.



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