INCOME GENERATING ACTIVITIES:
A key concept in sustainable food security
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A key concept in sustainable food security

Food Security and Livelihoods Sector
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## CONTENTS

### OBJECTIVE OF THE BOOK

To constitute a methodological, technical and practical tool of reference for the implementation of Income Generating Activities.

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This book is part of a series of food security books developed by Action Against Hunger - International (ACF1) and is based upon a consolidation of experiences and investigations over the past ten years on the field. This series looks at and develops specific aspects of the different food security programmes, especially the technical tools that can be used within the scope of precise projects. Each of these books can be read alone or they can be complemented and reinforced with the other ACF Food Security books included in the series constituting a ‘food security kit’ which can be presented as follows:

The books address a variety of audiences including the international humanitarian community, technical and operation field workers and the general public who wish to learn more about food security at the international level. Each book contains a detailed index with examples of the different tools that can be used for the implementation of the programmes, a glossary of technical terminology and frequently asked

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1 Founded in 1979, Action Against Hunger is a leading international organization committed to the global fight against hunger. Established as an international network with five headquarters (Paris, London, Madrid, New York and Montreal), in 2009 Action Against Hunger - International intervened in 47 countries hit by serious food crises, by implementing emergency and development programs in nutrition, food security, water and health. Last year, Action Against Hunger-International’s programs benefitted some 5 million people. www.actionagainsthunger.org (USA) / www.actionagainsthunger.org.uk (UK)
questions that can give the reader a quick response to key points highlighted throughout the document. This series could eventually be completed with other types of food security programmes depending on the development and research led in the field (i.e., food security in the urban context, pastoralism, or other topics such as community participation). All of these documents are subject at all times to additions and or improvements following the evolution of the food security department in Action contre la Faim and the continued internal and external evaluations of the different food security activities.
INTRODUCTION

This book is about income generating activities, and the principles and methodologies of this line of intervention that the ACF food security teams have been developing during the last few years on the field.

Income generation can help to overcome food insecurity when economic factors are a fundamental cause of food insecurity and when food is available in local markets but lack of money is the main difficulty faced by the vulnerable population. However, the promotion of income generating activities is not a recipe that can be applied in any type of situation. An initial food security analysis of the context and the problems faced by the vulnerable population is essential in order to decide the kind of response that is best suited to each specific case.

Before beginning this book, it is worthwhile to take a look at the other books of this series entitled “Introduction to Food Security” and “Food Security Assessments and Surveillance” as they serve as the base upon which this text has been elaborated. Two other books complete the series, “Agricultural Programmes” and “Food Aid and Alternatives to Food Aid”, which together offer a full picture of the possible interventions that ACF can carry out in the area of food security.

To facilitate the reading of this book and to obtain a complete vision of the work that can be developed in this theme, the why, when, how, with whom, where and what, seven chapters collect experiences gained in more than twenty countries. The appendices include a variety of tools that will be helpful for embarking on the development of an income generation intervention.

Chapter 1 of the book offers an explanation of the justification and definition of income generation interventions, and the desired objectives of this type of programme. Chapter 2 focuses on the context analysis and the definition of the intervention strategy for income generation programmes. Using the food security assessment model as a base, methodologies are recommended for analyzing the relevance and viability of income generating activities (IGA) as a solution to the needs of the population with whom the programme is planning to work.

A description of the different activities that could be included in income generating programmes is presented in Chapter 3, as well as proposals for the various kinds of programmes, the levels at which they can be developed and the different financial systems that can be used.
Chapter 4 focuses on programme implementation. It covers the main activities that can be carried out and components that may offer solutions to overcome a variety of limitations regarding income generation.

Chapter 5 includes the monitoring, evaluation, and systemization of experiences. The sixth chapter summarizes some lessons we have learned through experience, and the seventh responds briefly to some of the most frequently asked questions about income generating programmes.

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CHAPTER 1: JUSTIFICATION AND DEFINITION OF PROGRAMMES THAT PROMOTE AND SUPPORT INCOME GENERATING ACTIVITIES

SUMMARY

- IGA can be a successful response for the recuperation and/or strengthening of livelihood systems and food security if income is a fundamental dimension of these systems.

- Universal recipes for the implementation of this type of programme do not exist. It is necessary to evaluate the relevance of the programme in each situation and adapt the activities to the specific characteristics of the context.

- Before the introduction of new types of IGA, the reactivation and/or strengthening of traditional activities is recommended whenever possible: the impact will be more rapid and more sustainable.

- As with other types of interventions, these programmes can produce unexpected negative impacts. It is necessary to evaluate all possible risks and to weigh the negative versus positive aspects before initiating the programme.

- Income generation programmes do not always represent a relevant alternative for the most vulnerable population sectors.

- The motivation and participation of the population to be involved in the project are indispensable conditions for any IGA programme.

During the last decades, the analysis surrounding food security has evolved to include different initiatives aimed at improving the income generating opportunities of the most vulnerable. In the seventies, the concept of food security was understood in terms of food availability, and only during the eighties ideas of access to and use of food were incorporated as new aspects of the concept, assuming that for vulnerable populations food security was a priority.

However, analysis of the processes that lead to food insecurity has demonstrated that in periods of scarcity or crisis, the affected populations may choose to suffer a certain level of hunger before selling or consuming their productive assets, as this would undermine their future earning capacity. This is why it is necessary to understand that food security for the vulnerable population forms part of a larger objective that includes social and economic criteria ensuring the security of livelihoods².

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² “Food security will be achieved when equitable growth ensures that the poor and vulnerable have sustainable livelihoods” (Maxwell 1990, quoted in Maxwell and Frankenberger, 1992: 31).
Populations that are facing chronic food insecurity³ do not have secure livelihoods to cover their basic needs. This weakness causes vulnerability and an impossibility of coping with shocks and adversity; it opens the door to processes that can lead to severe hunger and chronic or acute malnutrition.

Of course, it is necessary to intervene to alleviate imminent hunger; however, experience has shown that these types of initiatives do not resolve the problem: the cause itself is not addressed. Although the complexity of the subject does not easily lead to proposals for alternative solutions, the support and strengthening of livelihoods may represent a suitable and sustainable strategy.

Interventions conceived within this type of strategy include those that promote and support income generating activities and all aspects that influence their implementation and development.

Some theoretical aspects regarding livelihoods will be presented below, as will the objectives and principles that characterize the income generating programmes and projects that have been carried out by ACF.

I. Livelihood

In the first book of this series, “Introduction to Food Security”, livelihood is defined as the combination of all activities developed in relation to the resources that permit households to cover their needs in order to continue surviving and developing.

Various elements at different levels interact within these systems:

- The context of vulnerability may reflect geographical factors, climate, history, demographics, and the social and economic situation. This context defines the risks that the population faces.

- The resources or assets to which the family or individuals have access, control or possess and with which they carry out productive processes, participate in the labour market or use for exchange with other families or individuals. These can be classified in the following manner:
  - Natural capital: made up of natural resources such as land, water and other biological resources.
  - Physical capital: includes the goods that have been created through productive processes, for example infrastructure (roads, bridges) and machinery.

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³ Chronic food insecurity refers to situations in which diet is poor due to lack of food and lack of economic access to it. It may have cyclical periods in which the scarcity becomes acute due to environmental conditions and lack of services which limit opportunities for adequate exploitation of the resources. The lack of resources limits the processes of sustainable development.
- Human capital: the ability to work and the labour capacity of a family unit or individual.
- Financial capital: the household’s access to money, which may be through savings or credit.
- Social capital: attitude towards reciprocity within the community, between households or individuals, based on the confidence formed through social links (Moser, 1998)4.

- Policies, institutions and organisations influence the access to necessary livelihood resources and affect production processes by creating conditional factors such as laws or services.

It can be seen then, that these variables interact to shape how households or individuals carry out their livelihood strategies, which are simply the manner in which they develop their activities or obtain their means for living, their food or income, and thus, their capacity to satisfy their basic needs. This process determines the level of food security, economic security and basic living conditions of the family.

When facing an adverse situation or a crisis, populations use livelihood strategies adapted to dealing with risks, these are called livelihood or adaptation strategies. “A livelihood system is sustainable when it is capable of facing and recovering from tensions and convulsions, of maintaining or increasing its capacity and goods and offering opportunities for sustainable livelihoods for the next generation” (Chambers & Cornway, 1992).

The following diagram represents the way in which different variables interact and feed each other within a livelihood system5.

Figure 1: Livelihood system

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4 In Ellis, 2000.
5 Throughout this document, ‘livelihood’ refers to livelihood systems and not just as way to earn a living. A definition more commonly used, given that the latter concept can be interpreted in more static terms, while the reference to systems includes the interaction between all factors of which the system is composed.
This diagram attempts to visually explain the processes through which a population becomes vulnerable in the face of various adverse factors. For example, a community without access to adequate sanitary care faces increased risk of the spread of an epidemic, through which the human capital will decrease, reducing the capacity to carry out traditional subsistence activities. As a consequence, their livelihood will be in danger. In other contexts, natural disasters deprive entire populations of their productive assets and their natural resources, severely undermining their capacity to meet their basic needs. These are only two examples of how livelihood strategies are fundamental in order to achieve acceptable living standards.

The composition and the income level, either cash or in kind, of an individual or a household, are the most direct and measurable results of livelihood strategies in a determined moment (Ellis, 2000). Therefore, even though these two concepts are not synonymous, they are closely related.

In order to manage and minimize risks, vulnerable populations, either urban or rural, often diversify their income sources. Access to and the ability to participate in markets are necessary preconditions for the viability of these strategies.

II. The role of the market

The market is part of every person’s daily life: The vulnerable population depends on formal and informal markets to sell products, offer labour, finance their activities, and, of course, obtain basic goods, such as food. However, reality demonstrates that this population may face certain restrictions in access to markets, and may miss out on the opportunities that the market brings in terms of participation in economic activity and improvement of living conditions.

Difficulties and imperfect functioning of markets can be observed at distinct levels:

- Difficulties in terms of access:
  - Physical access: lack of communication and transport infrastructure, especially for poor rural communities, often located in isolated zones, which impedes contact with markets.
  - Access to information: in many cases information on supply and demand is indispensable in order to participate in and interact with the market. Knowing how to find reliable information is of key importance.

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6 Throughout this book the concept of income will refer to monetary resources as well as those in kind.
7 Activities that do not appear in statistics or fiscal records are found within the informal market or informal economy.
- Exclusion from certain areas: a clear example is that of the financial market, as the lack of formal guarantees and adequate information\(^8\) hinder vulnerable people’s access to financial capital.
- Discrimination against certain groups.
- Scarcity of appropriate markets: Lack of markets that offer accessible goods and services adapted to the type and size of the economic activity developed.

Free distributions or donations may be necessary to alleviate a situation of imminent hunger and food insecurity, but this will only offer a temporary solution unless it contributes to the generation of new sources of income for the poorest sectors. In order for the vulnerable population to cover their basic needs through IGA, the market must offer opportunities which encourages them to expand their productive resources, enables them to have access to relevant services and produce competitive products.

### III. What is an income-generating programme?

ACF programmes support and promote IGA in order to help vulnerable populations cover their basic needs and food supplies in a sustainable manner through the income they produce. The programmes should permit an improvement in the families’ economic situation through an increase in the household’s purchasing power.

This type of programme can be carried out in rural or urban zones, in cases where minimum conditions exist (for more information, see Chapter 2) and when existing needs are identified. However, it is important to take into account that income generating programmes cannot always be directed at the most vulnerable population, given that it is essential that the household units or individuals that take part in the initiatives can work and meet a minimum level of participation. The growth of the local economy though the income generating activities can improve the availability of certain products in the market, and can lead to job creation, indirectly favouring the most vulnerable sectors.

IGA generally involve one or several of the following specific objectives; however, the promotion of IGA must always be adapted to the context in which the programme is working.

- Recuperate and/or rehabilitate the capacity to generate incomes through:
  - Evaluation and selection of viable solutions to recuperate the capacity to generate incomes.

\(^8\) The vulnerable population may not be able to provide the information required by the financial market for the evaluation of the risks assumed in offering financial services.
- Recuperation and improvement of the productive assets.
- Increase and/or improve technical and management capacities.

When food is available in the market, the recuperation of income generation capacity is one possible alternative for the phasing out of food assistance. The increased incomes can increase the access not only to foodstuffs, but also to other locally available products and services.

Example 1: Implementation of IGA in Chechnya, North Caucasus

The Chechen population living in the southern mountains regions has suffered severely from the collapse of the Soviet Union, the war for independence and from constant political tensions. The deterioration of the household economy, as a result of the loss of productive assets, such as livestock and agricultural land, has made it impossible for the population to meet their basic needs. ACF began distributing food to compensate for the lack of economic and agricultural activity and food assistance became a fundamental support for the most vulnerable people. Despite the continued political tension and insecurity, food security assessments began to show that local production and small-scale commerce was slowly beginning to re-develop. This change allowed ACF to begin reducing the food aid and support new income generating activities.

Starting in September 2004, 57 families took advantage of the opportunity and joined a pilot beekeeping project through which they received the materials necessary to increase the family’s honey production in order to generate income. This activity is traditional in the zone and its reinvigoration is allowing the families to recover their auto-sufficiency and reduce their dependence on outside assistance. The close location to Grozny facilitates sales of the product on the market.

- Improve the yield of the existing IGA through:
  - Introduction of improved techniques to optimize the quantity and quality of the production or the services offered through IGA.
  - Support to facilitate the access to productive assets and necessary inputs.
  - Promotion of access to financial products.
  - Increase availability of information regarding the functioning of the market and related services.
  - Training support.
  - Strengthening of commercial processes.
  - Support for the organisation of producer groups.
In many cases the vulnerable population carries out activities that have potential to generate income. However, within the chain from production to sales they may face difficulties that dissuade them from increasing or expanding the activity. A proper identification of the obstacles and viable solutions can have an impact on income generation.

Example 2: Increase in the output of some traditional IGA in Armenia

Syunik region, in the south of Armenia, was affected by the collapse of the Soviet Union as well as the later conflict with Azerbaijan for control of Nagorno Karabaj. The adverse geographical and climatic conditions within this region, has had an important impact on the Sisian population affected by an economical depression.

The vulnerable inhabitants of the rural zones of the district collect rosehips that grow naturally in the area for their own consumption. Because they do not have contacts with interested buyers, or infrastructure for drying the fruit, they do not collect much of the abundant harvest available. In 2005, after a market study, the ACF team presented information regarding commercial contacts highlighting the potential of the product to the communities. The vulnerable population was especially motivated to increase their collection of rosehips in order to increase their cash incomes. However, when considering the possibility of creating a drying plant to be managed by a group of interested households, the communities preferred that a local business person manage and finance a part of the plant, while agreeing to guarantee the purchase of a significant volume of rosehips from the communities. ACF supported this income diversification strategy by supporting the construction of a plant managed by a local businessperson who had signed a purchase agreement with the pickers. The decision to have the plant managed by one local businessperson was taken due to the seasonality of the activity, the amount of time that would have to be invested in managing the plant and the possible risks in commercialization.

- Diversification of the sources of income generation through:
  - Promotion of new initiatives. For example, initiation of processing activities to have added value on raw materials.
  - Creation of links between different activities, expansion and improvement of the local population’s position in the chain of production and/or services.

Support for starting new IGA could be directed towards profitable processing activities for populations dependent on the sale of primary materials, creating value-added products. This can also be coordinated with technical improvements to increase the volume of primary goods production.
Example 3: Creation of IGA in the Philippines

Philippines, 2005

On the Island of Luzon, northern Philippines, ACF developed a 4-year support programme for the fishing associations of the zone. Use of the rivers for fishing and fish production represented one of the main resources for the population; however, the fishing methods degraded the local environment and its productive potential, irreversibly reducing the production and increasing the vulnerability of the fishermen. After a food security assessment, ACF identified the possibility of introducing sustainable production methods and foresaw the opportunity of developing small complementary initiatives to improve the living conditions of the association members.

Smoked and dried fish, and sauces made from fish, are widely consumed in the zone. Taking into account the existing demand, the production of the fishermen and the interest of an associated group of women, a drying and processing plant were constructed, accompanied by a process of training and support in order to manage the plant and sell the products. In this case it was possible to take advantage of an opportunity to generate added value and more income through a support programme for sustainable fishing.

As is true with any type of food security programme, there are no universal recipes for income generating programmes, rather each context with its specific set of problems requires solutions adapted to that reality.

IV. The social dimension of the programmes

Even though the aim of the promotion of IGA is to increase incomes, this does not mean that these programmes do not have other dimensions beyond purely financial goals. This type of programme can also lead directly or indirectly towards the following objectives:

• To increase the social well-being of the communities.
• To improve the socio-economic integration of displaced or refugee populations.
• To promote links of solidarity between community members, especially towards the more vulnerable population.
• To promote equal opportunities between men and women, by promoting the participation of women into IGA programmes.
Example 4: Implementation of group IGA to improve social factors

Argentina, 2004

The social explosion in December 2001 following the political, economic and social crisis that hit Argentina, left a very high percentage of the population in a situation of poverty and food insecurity. An initial food security assessment recommended opening community kitchens to help cover the basic needs of the vulnerable urban population.

After a first phase of food aid to kitchens in the worst-off neighbourhoods of Partido de Moreno in Buenos Aires, and of San Miguel de Tucumán in the northeast of the country, ACF supported the implementation of an income generating component. The programme began by distributing productive goods and materials and introducing technical training and management for the beneficiaries of the community kitchens. The IGA were group run and had the objective of covering a part of the costs of the kitchens with the incomes generated, in order to be able to offer a more sustainable social service to the most vulnerable people.

From the very beginning stages of the assessment, throughout the programme implementation, it is important to take into account the main objective of the project and to consider the possible direct and indirect impacts of the activities. Some of the initiatives may have very beneficial impacts but in some cases, they can also have undesired secondary results. For example, certain selection criteria may target the most vulnerable households, but at the same time create tensions between different sectors of the population, such as local people and displaced people. Other negative impacts that should be considered before implementing a programme include: intercommunity conflicts between the beneficiary population and those who are not involved, possibilities of saturating the market with a certain product or the undermining of pre-existing IGA of other sectors of the population. It is also important to consider that the increased income can also spur different cultural and behavioral changes.

Like any other ACF intervention, the “Do no harm” principle must be respected. Possible negative impacts must be recognized and avoided. As long as the positive effects of the interventions are greater than the negative ones, it is usually worthwhile to continue.

V. Why implement IGA?

The ACF food security programmes aim to help the population survive today, but also to live better tomorrow, and in this sense the income generation programmes serve as important alternatives. As has been mentioned above in the three first points
of this first chapter, the recuperation and the strengthening of livelihoods and strategies of diversification are fundamental in increasing the ability of the vulnerable population to meet their basic needs, and incomes are an indispensable factor in this process.

Food security programmes have traditionally focused on the area of agriculture; however, ACF has developed complementary lines of work to promote food security. Adapting its interventions with the aim of supporting vulnerable populations to develop their own mechanisms to respond to their needs in a suitable way, and the promotion of IGA has been seen as a valid approach for certain situations.

Through the promotion of IGA, it is possible to reactivate the local economy after a crisis, recuperate and improve the output of existing activities and create new sources of income. All these results are important for re-establishing and improving food security, facilitating economic access to food, and at the same time, helping reduce vulnerability by supporting the capacity of the population to manage risks and prevent later crises. In this sense, although the duration of these programmes may be short, it is important to take into account the possible long-term impacts.

IGA can improve the family food security when there is sufficient availability of food in local markets, but the impact will vary depending on the distribution of income within the household and the use of that income. In the developing world, women use almost all of their income to cover the family’s needs, while men spend at least 25% on other uses (FAO, 2005). The increase in women’s incomes has a significantly higher impact on household food security compared to a similar increase in men’s incomes.

Despite the alternatives suggested by this type of intervention, only a good knowledge of the zone, of the population in the area, and the existing risks, will enable the objectives to be achieved, and for this the notion of local autonomy is very important. The more that the programme is focused on suggestions and initiatives of local actors, the greater its possibilities of success. On the contrary, an erroneous identification, due to lack of knowledge of the zone, can produce negative results and consequently increase levels of vulnerability. The “Food Security Assessments and Surveillance” book offers details regarding methodologies for information collection and analysis in order to determine the needs of the population.

VI. Some basic principles

The general principles to be considered when initiating a programme to promote IGA should include the following:

- Protection and strengthening of livelihoods. Interventions must not put the population, their resources or livelihood mechanisms in danger, creating dependency. As was mentioned in point IV, it is necessary to be aware of the potential negative impacts, weigh their importance compared to positive results ex-
pected. All attempts should be made to reduce the potential negative impacts and when the expected positive results are greater than the potential risks, the programme should be considered.

- Sustainability. Even in cases in which the interventions are designed to be carried out within a short time period, it is essential to think of the long-term sustainable impact of the activity. The sustainability can be increased by involving the population from the initial assessment and identification phases and collaboration with other organisations and actors present in the zone.

- Coordination. A strategy that is coordinated with the rest of the ACF technical teams in the area as well as with other organisations, entities and public authorities, will create a more adequate response and facilitate a greater impact by taking advantage of common efforts. The importance of this principle is underlined by the fact that ACF does not offer certain necessary services, such as sales; it is only involved in improvement and facilitation of the commercial process.

- Community participation. In all phases of the programme, from assessment to implementation, participation is one of the pillars on which IGA are built. Motivation and local initiative must be promoted and should be supported whenever viable, as this is the best mechanism for responding in a sustainable manner.

- Support for local initiatives. The social viability and sustainability of the interventions will always be stronger if the IGA supported form part of local initiatives initiating from the beneficiary communities themselves.

- Accompaniment and technical assistance. Especially in cases involving organisational aspects, creation of new initiatives or strengthening of productive or commercial aspects, accompaniment and technical assistance during the programme implementation can be essential in order to guarantee a good impact.

- Attention to gender issues. Through the promotion of IGA, it is possible to work towards the improvement of women’s situation in terms of promotion of equality, and at the same time this effort will have positive repercussions in terms of food security.
SUMMARY

- Prior to beginning any type of IGA, a proper food security assessment and economic analysis must be made.

- The preliminary analysis will identify the main economic activities and the importance of the various IGA for the vulnerable population.

- To carry out a market study including the production units (IGA,) a systemic approach can be used that looks at the relationship between the different variables within the dimensions of the market.

- The collection of information in the field should be carried out using participative techniques that will help to gain a more complete and accurate understanding of the context.

- The factors that limit the functioning of IGA should be identified.

- When proposing a food security strategy focusing on income generation, it is essential to verify the viability of the activities, evaluate possibilities for coordination, define the role of ACF, and ultimately, envision the exit strategy.

The implementation strategy should be based on the results of the preliminary assessment, taking into account the priority zones and populations to target. This initial assessment will gather knowledge of the region, its contextual characteristics including the economic, social, cultural and other aspects at different levels, and the analysis will allow the formulation of relevant proposals.

This chapter attempts to give a general vision of the steps to follow, the variables to take into account, and the different analyses that should be carried out when designing an income generating intervention strategy. Though details regarding methodology for assessments will not be presented in detail because the book entitled “Food Security Assessments and Surveillance” of this series is dedicated to the theme, certain parts of this type of analysis will be touched upon here so that the entire project cycle can be considered.
I. From the evaluation of the context to the study of the value chain in the market

Some information collected in the assessment stage will be seen to have special relevance for the analysis of the income generation situation. This can be used as the starting point for making decisions about the relevance of carrying out a deeper analysis through a study of the value chain, in cases where economic access to food and basic goods is one of the main problems of the population.

The analysis of the livelihood economic zones (LEZ), and the agricultural and social characteristics will provide information concerning:

- The main economic activities developed in the zone and the main sources of income.
- Commercial networks and market studies.
- The situation of the infrastructure.

This information will allow for the preliminary analysis of the economic situation, and of the scale or importance of the various productive activities, including IGA, for the incomes of the population. The information can be collected using participative techniques, and visually presented with graphics (Example 5) or flow charts (Example 6).

Example 5: Different sources of income in Bombali district, Sierra Leone

Leone The food security assessment highlighted the importance of non-farming IGA as source of income, as seen in the following graph:
Example 6: Market networks in Bombali, Sierra Leone

Other valuable information can be collected while studying the typology of the population, presenting their basic characteristics: family composition, sources of income, and possession of productive assets, amongst other information. It is important to prioritize the IGA in terms of income generating potential and population preference. This information will help narrow down the subjects to be further studied.

Example 7: Study of IGA in Ugandan refugee camps

In Gulu district, Uganda, ACF carried out a study in six refugee camps with the aim of monitoring the food security of the population and formulating recommendations for its improvement. One of the results of the analysis was the identification of the more common IGA developed by different types of households in terms of their level of vulnerability:
After verifying the importance and the type of IGA that different sectors of the population carry out as livelihood strategies, the analysis should be taken to a further level. It is necessary to understand how the crisis has affected these activities, or to identify the elements that impede their better functioning. In summary, it is necessary to use this information to understand the process that leads to food insecurity in order to define strategy lines for action upon which to develop the programmes.

Using a systemic analysis\(^9\) to study of the value chain\(^10\) within the market will identify the most important elements making up the economic system and determine the different interactions. As a result, we will gain an overall perspective that will highlight the factors that could lead to a loss of incomes and could prevent the population to cover their basic needs.

Fieldwork, continuous contacts with the population and interviews with significant local actors in the market are all tools that can add to our understanding of how the situation evolves. Participative techniques are useful instruments for this type of work. Benefiting from the fact that we are present in the zone, we can guarantee a good analysis of the situation through continual monitoring.

Food security surveillance systems can offer interesting data on certain indicators and their variations; this information may be useful as a base on which to design and adapt the intervention. Other documents, from external sources such as government, other organisations, etc, can also be useful sources of information.

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\(^9\) ACFIN always recommends the use of systemic approaches, as they help to situate the populations in their context and facilitate the study of cause-effect relationships between the different elements that build the context.

\(^10\) The value chain describes all the activities that are required from conception to sales, passing through the different phases of production (including all steps of physical transformation and the different services necessary) so that a product or service arrives to the final consumer.
II. The study of the value chain in the market

The process of creating value occurs within what we refer to as the market. An analysis of the different dimensions of the value chain and the interaction between them can be a very useful approach. A study of the production units (IGA) will complete the analysis.

This type of analysis can be carried out at different levels, and it is recommended to start with the activities that are already developed by the vulnerable population or those that have already been identified for initiation. These studies will help understand the functioning of the IGA in their larger context, making possible to evaluate the viability of promoting and supporting them.

II.I. The market

The dimensions of the market include:

- Supply and demand: the dimension in which all transactions between producers, intermediaries, processors and the final consumer are found.
- Contextual aspects: the various norms and regulations that define the framework within which the transactions are carried out.
- All types of required services: financial, transport, etc.

To understand the market it is useful to analyze:

- The structure of supply and demand, by looking at:
  - Relative quantity from the producers (capacity or ability) up to the consumers (unsatisfied demand).
  - Type of consumers, evolution of demand.
  - Evolution of prices (seasonality, stability, etc.).
  - Technology applied.
  - Cost of production, of processing.
  - Tax system.
  - Transaction costs.
- Access to services:
  - Financial: credit, insurance, etc.
  - Information about the market.
  - Training and education: technical, management, etc.
  - Provision of goods and materials for production.
- Influential aspects of the context:
  - Infrastructure (conditions).
  - Laws and informal practices in the sector.
  - Natural resources.
  - Customs and cultural practices.
  - Gender relations.

The following diagram presents the relationships that can be produced between the different market dimensions.

*Figure 2: MARKET DIMENSIONS AND THEIR RELATIONSHIPS*
This scheme can be applied to any type of activity, whether it be agricultural, processing or services, as it helps to understand the links, the potential and the dysfunctions of the system. Also, it is compatible with other types of studies, such as an agricultural study (the "Agricultural Programmes" book presents the further details of these types of studies).

We will find ourselves looking at a system in which certain factors inhibit the proper functioning of the market or reduce opportunities. The existing dysfunction may be found in some of the dimensions or in relationships between the dimensions. The origin could be structural, for example the lack of financial services for the vulnerable population, or occasional, such as the destruction of the communication infrastructure after a natural disaster. It is important to understand the evolution of the system, how the current situation came about and what the events were that took place and their consequences at this level.

The information will provide a vision of the market networks surrounding a specific product and all the actors and factors that are involved in it; the compilation of this information is considered the value chain of the product. Interviews with medium sized producers, intermediaries and businesses dedicated to the sector will help verify the information and determine if the vulnerable population has a possible role to play within the value chain.

II.II. The production units, the IGA

We call IGA “production units”, taking into account that processing activities or services are included within this concept, as all these activities produce value that is translated into income. To better understand the functioning and classification of the production units, the following should be analyzed:

- Type of activity carried out: primary production (agricultural, livestock, fishing), processing or services.

- Factors that can limit or increase the output of the activity:
  - Different types of capital available: productive goods, labour, natural resources, etc.
  - Technology used.
  - Technical knowledge.
  - Type and characteristics of demand (local, national, international).
  - Connection with commercial channels.

- Organisation of the IGA:
  - Activity developed by a household or by an individual.
- Sharing of tasks between different members.
- Aspects related to gender.
- Activities in group or by associations.
  - Objectives of the group.
  - Internal structure.
  - Mechanisms for functioning.
- Legal status: formal or non-formal.

The study of these factors will help us to understand the situation and potential of the vulnerable population within the value chain. The analysis will then identify their position within the process from the production of the product or service through the product delivery to the consumer. It will also indicate the specific difficulties that the vulnerable population faces in generating value through an IGA, and translating that value into income.

The value chain study gives a general view of the way in which the market functions for a product at local or regional level. Analyzing the production units of the vulnerable population, we can identify their role in this process, the specific limitations they face in regards to their capacity, their goods and their relationships with the rest of the actors in the market. In this way, in a specific context, we can identify the causes that have led to scarce income generation or an interruption of the activity. A diagram can be found in Appendix 4 showing the situation and the difficulties that vulnerable producers face in terms of milk production in a rural community in Armenia.

The vulnerable populations often develop more than one productive activity. The diversification of income sources creates new capacities to respond to possible risks. It is useful to have information about the importance in terms of family income, of each activity and how all activities are structured (some productive activities will be seasonal, others continuous, some independent and others complementary) and which family members carry out which activities. There will be activities where women take the major responsibility; others will be done by men, and some mixed. The creation of calendars that compile this information can be very useful.

The results of the analysis should provide information regarding the difficulties faced by IGA already in progress, or those that have been interrupted. A list of potential new activities that may be possible to start can also be compiled, taking into account the following limitations:

- The zone must meet the required conditions: climate, natural resources.
- Access to the necessary productive assets is possible.
- Required technical capacity exists or can be created.
- No social or cultural problems would be faced.
- Commercial opportunities exist:
  - There is demand for the product or service.
  - It is possible to have access to the relevant markets.
  - A competitive advantage can be offered: better prices, higher quality or better productivity.

II. III. Analysis of the possible lines of intervention

The final results should define the possible activities to promote and the possible mechanisms through which to support the generation of incomes. However, before initiating detailed analysis, it is important to limit the field of study to a certain number of activities in relation to the time and resources available. Depending on the information gathered in the initial assessment, a few select activities and products can be prioritized in terms of their importance of demand, possibilities for income generation or potential output, as subjects for analysis.

Therefore, for a limited number of prioritized activities, the possible lines of intervention can be contemplated through the exercise of the value chain study. As the potential range of income generating activities is so broad, the study will help limit the strategy lines. The final output will identify the activities linked to value added products (such as post-harvest processing). Programmes can support IGA that are already in process, suggesting and supporting mechanisms to improve their functioning, through the creation of working groups that improve capacity for market access or access to productive assets. Also, new IGA can be initiated or supported.

III. Definition of the strategy

Once the problems are identified, it is necessary to develop a programme strategy to assist the target population to cover their needs and improve their food security situation. With this objective in mind, the analysis explained in the proceeding points can be displayed in a problem tree (see Appendix 3 for an example of a problem tree). The second step consists in the development of a vision of a positive future in which the limiting factors are overcome, enabling the population to better meet their needs. This can be diagramed in a solution tree that helps to establish possible alternatives.

The resulting income generation intervention strategy becomes part of the ACF strategy in the zone. Improving IGA contributes to the objectives of the organisation, that is, to fight against hunger by:

- Supporting and strengthening the population's livelihood mechanisms.
- Reactivation and stimulation of the local economy.
• Diversification of livelihood strategies encouraging economic access to food.
• Re-establishment of self-sufficiency.
• Strengthening of social links and ties of solidarity.

The needs of the vulnerable population cannot always be solved through the promotion of IGA. When improving IGA appears to be a possible alternative to the existing priority problems, we must ensure the viability of the IGA and establish their integration with the other technical lines of action of ACF and other implementing actors working in the zone. It is also important to clearly define the role of the organisation according to its strategic lines and establish a clear exit strategy from the initial stages. (Appendix 5 shows an example the food security strategy from Indonesia). Chapter 3 offers more details of the different types of income generating programmes and the description of the type of population that they target.

III.1. Viability

Even if the assessment identifies income generation as a possible alternative to the difficulties faced by the population, it is necessary to evaluate ACF’s capacity to offer adequate support, and to assess the viability of the intervention, before including it definitively in the strategy. Viability should consider the following spheres:

• Political

It should be verified that the activities can be carried out in conjunction with the existing public strategies and political policies.

• Social

The intervention occurs within a specific context with unique cultural characteristics that must be respected and will play an important role in success of the programme. The strategy should keep the cultural aspects in mind and not propose any changes or alterations that could endanger any segments of the population.

Nevertheless, the existing relationship between social and economic aspects must be taken into account. As was already mentioned in the previous chapter, support for IGA is not always the most appropriate strategy for the most vulnerable population. The proposed interventions should be adapted to the level When the population is made up of displaced people or refugees, the programmes should not influence their decision to stay in the zone or to return to their place of origin. This does not mean that it is not possible, or in some cases recommendable, to implement support programmes for refugees or displaced people, but rather that the activities must be adaptable and mobile, and able to continue functioning in the people’s place of origin.
Economic or financial

Even if it sounds redundant, interventions in the field of income generation have to be studied from an economic point of view. It is necessary to evaluate the investments and the potential profits of the activities. Activities should never be proposed if their income earning potential has not previously been analyzed. The economic yield or financial results must cover the running costs of the IGA, while leaving the beneficiary population with an income.

Technical

Income generation depends on certain technical processes that must be suited to the reality of the zone. In the same way extensive sheep breeding would not be promoted in a livestock programme if there is a problem with deforestation, neither would a project promote a product for which no comparative advantage exists for local production (for example, a product that arrives to the local market from other zones with a price that local producers cannot offer because of higher production costs), or services for which there is no demand.

The proposed techniques should be within reach of the population from the point of view of training and education as well as in terms of the necessary inputs to put these techniques into practice. The availability of all the inputs as well as the vulnerable population’s access to them must be verified. In the case of working with refugees or displaced people, the ability to replicate the activity in their zones of origin must be taken into account.

III.II. Complimentarities with other programmes

The income generating activities can and should be complimentary with other programmes, thus reducing the risks of duplication\textsuperscript{11}, encouraging transversality\textsuperscript{12} and possibly increasing the impact.

Example 8: Complimentary factors between IGA and water and sanitation activities in Indonesia

| Indonesia was one of the countries most affected by the tsunami of December 2004. After a rapid assessment in the tsunami affected zones, ACF began an emergency intervention and later a rehabilitation project. |

\textsuperscript{11} Duplicating the same activities and efforts with the other actors in the zone.

\textsuperscript{12} The organisation specializes in four areas: nutrition, health, water and sanitation, and food security.
Once the basic food needs were covered, support for the recuperation of productive assets was initiated. 1040 families took part in the first phase of the project and IGA that had existed previous to the disaster and which would be the most useful in the reconstruction process were prioritized.

To reinforce the short-term impact, the ACF water and sanitation team contracted households or groups that developed carpentry or welding IGA to construct wells. The ‘Cash for Work’ programme for rehabilitation of drainage systems also provided the population the money needed to buy the goods or services offered by the IGA.

III.III. ACF’s Role

The importance of the beneficiaries’ participation and the coordination with other organisations in the zone is of key importance for programmes that promote IGA. The role of ACF can always be adapted in accordance with the strategy defined for each case, and according to the existing local capacities and their evolution, as long as it fits within the mandate of the organisation. ACF’s involvement will depend on each specific context, ranging from direct implementation to a more specific role of facilitating processes or strengthening local organisations.

III.IV. The exit strategy

ACF does not aim to establish a permanent presence in the zones or countries where it works. Given that the programmes for promotion and support of IGA strive for a sustainable impact in the long term, it is necessary to establish some goals that will help to determine the time frame after which the support to cover basic needs will no longer be necessary.

The contexts in which ACF works may fluctuate greatly, making it difficult to set time limits for the programmes. However, it is possible to establish certain criteria for departure, which may take place when:

- The capacities of the target population are sufficient in order to respond to their basic needs and face certain foreseeable risks related to the area’s context.
- Information, services, contacts and rights necessary for income generation are available and accessible for vulnerable people.
- A local structure, whether it be through organisations present in the zone or the public sector, is capable of offering the necessary support.
Therefore, in order to define the moment in which ACF can discontinue its support it is important:

- To put in place a surveillance system with regular monitoring that compiles relevant information on the situation of the population and their capacity.
- Establish partnerships with local organisations and institutions to strengthen their capacities (see Chapter 3 for more information on partnerships).

Example 9: Lines of intervention and partnerships in relation to identified needs

<table>
<thead>
<tr>
<th>Context</th>
<th>Identified needs</th>
<th>Response of ACF and interventions of other partners</th>
</tr>
</thead>
<tbody>
<tr>
<td>Guinea Conakry has suffered political instability for the last 15 years. During the 90s refugees from Sierra Leone and Liberia arrived. The local population and those in the refugee camps (the process of returning home has begun) live in a situation of food insecurity.</td>
<td>Food Support for agriculture Inputs Training and education</td>
<td>(WFP distributes food in refugee camps). ACF Monitor the food security situation. Rehabilitates and supports agricultural activities. Supports IGA of refugee and local population.</td>
</tr>
<tr>
<td>The social crisis of December 2004 in Argentina caused a country with 80% urban population, and one of the world’s main food exporters to have very high levels of the population living in extreme poverty.</td>
<td>Food Income Training and education</td>
<td>ACF supported: Community kitchens and home centres for infants. Promotion of community IGA for income generation and to maintain the community kitchens. Strengthened a micro finance entity, and promoted access to credit for vulnerable entrepreneurs.</td>
</tr>
<tr>
<td>As a consequence of the continuous conflict in Colombia, large groups of the population are forced to displace daily or to stay in situations of isolation in open war zones.</td>
<td>Food Incomes Techniques for self-sufficient agriculture Seeds and tools</td>
<td>ACF supported: Soup kitchens in zones where displaced people were received. Agricultural programmes. Promoted IGA for the displaced population, providing for the necessary inputs to initiate the activity.</td>
</tr>
</tbody>
</table>
The activities can be aimed at different levels, involving either individual or group activities or take on different implementation strategies including direct distribution, subsidized sales or revolving credit systems. Income generating activities require a detailed assessment and continual monitoring, leading to a substantial workload for the team and for the participating households. Given the time and energy requirements, it is generally recommended to limit the scale of IGA programmes so as to ensure the quality and impact.
CHAPTER 3: TYPES OF PROGRAMMES AND ASPECTS TO HIGHLIGHT

SUMMARY

- The possibilities to act in the field of income generation are very wide, and a typology focused on two large groups of issues is proposed: the rehabilitation of IGA and the improvement of output or the creation of new activities.
- The definition of the level of intervention, whether it be household / individual or in groups, requires an evaluation of the advantages and disadvantages in each specific context.
- Methods of financing must be established according to the level of vulnerability of the beneficiary population. The creation of dependence through continual donations must be avoided.
- Special interest must be paid to the creation of a solid team and to a framework of collaboration with local partners.

The different types of programmes for the support and promotion of IGA are determined by the need to adapt the intervention to the specific context in which it is located and to respond to the needs of the population. Programmes may aim to restart, strengthen and develop activities in the sectors of agriculture, livestock, fishing, processing and services. They can work at different levels, aiming to improve the lacking services, to increase technical and management capacity or increase access to the start-up inputs. The diversity of types of programmes leads ACF to vary its role from direct implementation to facilitation of the process.

Several criteria are used to determine the types of programmes to be established:

- Type of activity by sector:
  - Primary (agricultural production)
  - Secondary (industry)
  - Tertiary (services)
- Level of intervention:
  - Individual
  - Group (associations, cooperatives, etc.)
- Nature of support:
  - In relation to the productive goods and inputs:
    - Provision
    - Improved access (installation of shops and/or contacts with suppliers)
— Improved access to financial services (in point III some details regarding this theme will be discussed)
  ◦ Creation and strengthening of revolving funds
  ◦ Micro finance
  ◦ Savings systems
— Increased capability, training and education:
  ◦ Technical
  ◦ Management
  ◦ Group work
— Opening of commercial channels:
  ◦ Installation and/or rehabilitation of markets
  ◦ Connection with commercial networks
— Improved production techniques
— Promotion of access to information

• Desired objectives (these are usually interrelated):
  — Income generation to promote economic access to goods for basic needs
  — Promotion of gender balance
  — Improvements in socio-economic integration
  — Strengthening of solidarity links
  — Improvement and maintenance of community infrastructure
  — Improvement in the use and/or protection of natural resources

These criteria will be defined during the design of the programme. In some cases, interventions combine support to distinct sectors of different natures and apply varied and flexible approaches. There are ample possibilities in the combination of these variables, which makes it difficult to define types of programmes that can be replicated in very distinct contexts.

The importance of the human factor must always be kept in mind, given that economic activities are subject to social habits and customs. The establishment of a closed classification of programme types can lead to errors, while a wider classification system, depending on the larger objectives pursued and the steps that will be carried out during the implementation can help to maintain a complete vision and the necessary flexibility.
I. TYPES OF PROGRAMMES PROPOSED

This section will give a general vision of the programmes carried out by ACF during the previous years, including a simple typology of target population, the duration of the activities and the generalities of the implementation.

The first type of programme will focus on recapitalization activities, targeting groups or individuals who have lost their productive assets due to external shocks. The second type of programme will focus on the improvement of the economic results of existing activities, or the creation of new activities.

As well as differing in terms of objectives and in the type of context in which they can be developed, these two large groups of programmes vary in terms of their implementation, the activities to be carried out and of course, in their duration. These two types of programmes will be briefly introduced, along with an explanation of the contexts in which they can be proposed as alternatives directed towards the recuperation of food security, and finally, a description of the activities included in their implementation will be offered. Chapter 4 gives further details for putting into practice the steps explained here.

I.I. Rehabilitation of IGA

As previously mentioned, promotion of IGA is not a response to an emergency situation; in fact it is not recommended in contexts of open crisis and high levels of insecurity, given that in these cases food aid or alternatives to food aid may be better suited to meet the needs of the population. However, once food needs are covered and adequate security conditions are met, it can be an appropriate alternative.

The material damage suffered after a natural disaster, a massive displacement of people, an armed conflict or the sale of productive assets in order to survive periods of scarcity provoked by adverse climatic conditions or an economic crisis, can have an impact on the productive capacity of families that had been working in IGA as part of their livelihood strategy. To recuperate pre-existing levels of food security, the provision of the lost productive assets can be a first step to rehabilitate the economic activities.

The loss of productive goods leads to an increase in vulnerability and possible food insecurity, which calls for a rapid intervention with short-term results. The distribution of productive assets is usually directed towards sectors of the population that were previously working in IGA and thus have previous knowledge and experience.

With the assessment and analysis already carried out, the potential market evaluated and the object of the programme defined, the next important activities are:

- Presentation of the programmes to the local authorities and the communities
• Identification of the needs of each type of IGA developed by the potential beneficiaries
• Beneficiary selection (point II offers useful details to define the level of intervention)
• Elaboration of a list of items needed for each activity
• Definition of the procedures for buying and distributing the productive goods and inputs
  — Distribution of materials
  — Distribution of vouchers
  — Subsidized sales
  — Cash for work
• Monitoring and evaluation of the programme:
  — Post distribution monitoring
  — Monitoring of the income generated
  — Impact evaluation

IGA rehabilitation is often a short-term project and there are risks of undermining the population’s livelihood strategies and creating dependency if this type of work continues over a longer timeframe.

In order to rehabilitate IGA in the above-mentioned contexts, it is not usually necessary to include a training and education component, given that the beneficiaries have experience and knowledge of the activity. Training processes are costly in terms of time and money, and may not be well adapted to the interests of the population whose time is occupied with working to meet their basic needs.

I.II. Improving the output of IGA and creation of new IGA

In more stable contexts where the population faces a chronic problem of food insecurity and in situations where livelihood mechanisms are weak and structural difficulties are significant, IGA can be supported and promoted with the aim of improving the food security and living conditions of the chronically vulnerable population in a sustainable manner.

A broad range of activities may be developed to optimize the output of activities that are already being carried out or to create new IGA. The following is an extensive list of the steps that may be carried out in the implementation of this type of programme:

• Presentation of the programme to the local authorities and communities
• Identification of the needs of each type of IGA developed by the population, study of the market value chain
• Study of the possibilities of developing new activities, analysis of comparative advantages (activities that generate added value, those of primary production, etc)

• Study of specific markets

• Selection process of beneficiaries (point II gives essential details for the definition of level of intervention)

• Assessment of the training and education needs

• Elaboration of a training plan:
  — Technical
  — Management
  — Business
  — Group work

• Elaboration of business plans (this is an activity that the beneficiaries can carry out during the training process)

• In the case of group work, internal regulations should be defined (again, this is an activity that the beneficiaries can carry out during the training process)

• Introduction of improved techniques for quality and quantity of production, or conservation and processing

• Improvements in access to productive goods and inputs:
  — Free distribution of productive goods and inputs
    i. Direct distribution
    ii. Vouchers
  — Creation of shops selling inputs.

• Support for access to financial capital:
  — Creation of revolving funds
  — Creation of rural savings banks
  — Support for access to micro credit:
    iii. Strengthening of micro finance institutions
    iv. Technical support to beneficiaries in applying for and managing micro credit

• Support in the management of activities

• Improvements in the sales processes:
  — Construction of processing infrastructure for products which need treatment or processing in order to improve sales
  — Construction or rehabilitation of markets
— Establishment of regular channels of information about markets
— Contacts with intermediaries
— Promotion of meetings and commercial fairs

• Monitoring and evaluation of the programme:
  — Monitoring of the activities
  — Monitoring of the functioning of the groups and households
  — Intermediate evaluation and impact evaluation

• Systematization of experiences

It is important to take into account that not all the programmes meant to increase economic output or create new IGA follow all of these steps. The factors that are identified as obstacles for the operation of IGA, the access to markets, or the existence of possibilities to develop new IGA, will serve as the base upon which to design the intervention.

Experience in the field has shown that a minimum period of two to four years is necessary to create a sustainable base for these types of programmes, a time period for which some donors do not have funding available. A good alternative is to try to establish stable partnerships with donors over the long term, with well-defined strategies. The specific characteristics of the context, the capacities of the beneficiary population, the process of forming associations and the influence of external factors can create obstacles in the progress of the intervention, prolonging the need for support.

II. WORKING WITH GROUPS OR FAMILY UNITS

One of the essential variables that must be examined when defining the programmes is the level of intervention: Are we going to work with individual households or is it more appropriate to work with groups? The answer to this question will have important implications for the programme implementation.

Interventions on an individual level allow us to work with a determined sector of the population who share common characteristics, and to direct the intervention at a clearly limited group of vulnerable people. However, it makes it difficult to offer daily support and development of the technical and management aspects of the activities carried out by the beneficiaries.

Example 10: Rehabilitation of IGA in Sri Lanka

In the district of Ampara, Sri Lanka, one of the lines of work for recovery after the tsunami of December 2004 consisted of the distribution of packages of productive goods so that 1200 families could reinitiate their income generating activities.
The promotion of IGA involving group work offers certain advantages, within which the following can be mentioned:

- Taking advantage of the knowledge, experience and various capabilities that different members of the group offer
- In some cases, the activities that are developed require a labour force larger than that available in a household unit
- Distribution of the tasks leading to specialization by members of the group
- The strength and the capacity to negotiate in sales and purchases and to establish market relations are often greater for a group than for an individual.
- Uniting a larger quantity of product can increase sales possibilities
- Strengthening of social links, solidarity and integration between group members
- Having a limited number of representatives allows the programme to work in more depth, for example, in training and education
- Increases the impact of the programme by reaching a larger number of beneficiaries

However, it is not always easy to benefit from these advantages, as risks for the success of group work also exist and should be evaluated. The following list includes some of these risk factors:

- The group members do not share interests or objectives; they do not really manage to form a group
- Members fail to assume responsibilities, a risk that is more common in large groups where it is possible to pass unperceived
- Lack of transparency and democracy in group functioning
- Internal dynamics that cause conflict and lack of ability to resolve conflicts
- Unequal distribution of tasks
- A reduced number of group members control the group, ‘control by elites’
- Lack of leaders, little capacity for internal mobilization.
- Lack of efficiency in IGA management
- Low cultural acceptance of group work, or of certain organisational structures (for example: cooperatives)
- Creation of tensions and community conflicts between beneficiaries and non-beneficiaries
To make a decision, it is necessary to evaluate the advantages and inconveniences of all of the possibilities and try to prevent the occurrence of the identified risks. Support to household level activities as well as group activities can be offered within the same programme. One of the most important factors to be taken into account in defining the level of intervention is the usual social arrangements in the zone. Changes in the organisational system must not be forced, but instead pre-existing structures and relationships should be reinforced. Processes of social change require considerable time. Interventions that support and strengthen existing social organisations are better appropriated by the beneficiaries, use less effort in terms of resources and generally give better results.

In the case of an intervention at the household level, systems for selecting beneficiaries can require community participation in the definition of clear and easily verifiable criteria, as well as in the actual selection of beneficiaries, in order to minimize the possibilities of conflict between the beneficiary and non-beneficiary population. However, for the promotion of IGA, the motivation of the beneficiary population is essential, therefore self-selection must also form part of this process.

When a good attitude towards and successful experiences in group work already exist in the zone, it is possible for the programme to support groups that are already functioning. In any case, risks will always be present, but efforts can be made to avoid them through:

- Establishing clear objectives held in common
- Defining an appropriate structure
- Adequate selection of leaders or representatives, using democratic and transparent processes
- Clear definition of the responsibilities of the members
- Promotion of the participation of all of the members
- Establishing mechanisms for regular sharing of information and resolution of conflicts
- Membership must be free and voluntary
- Definition of management rules agreed upon and shared by all members
- The group must not depend on external intervention for functioning

Internal regulations for operation compile all the aspects mentioned above, and Chapter 4 presents this topic in more detail.

**Example 11: Results of group work in Sierra Leone**

In 2004, Sierra Leone entered into a period of relative calm after years of devastating civil war. ACF changed its food security intervention strategy in order to best respond to the new peaceful context. Part of the strategy entails the promotion
of group IGA in Sierra Leone. However, these groups faced many difficulties that undermined the economic efficiency of the activities.

The lack of internal cohesion of the group could have been due to divergent interests and the lack of understanding between members, allowing conflicts to arise and disagreements to grow when the time came to share earnings and benefits. The lack of confidence between the members meant that the management of the group’s money was eventually monopolized in the hands of a few members.

The low income produced by the activities cannot be attributed only to internal problems, as other contextual factors may have played a role. The zone is geographically isolated from big cities, access to vehicles is limited, transport costs are high and the groups depended on inputs arriving from other areas. At the same time, the population’s knowledge regarding the activities was limited.

The rural agricultural population of the zone is accustomed to working in groups for activities that require a great quantity of labour. However, there is not a tendency towards or a tradition of cooperative organisation in the zone.

Example 12: Group work with women in Mali

In the regions of Gao and Kidal, in the north of Mali, within a food security programme, ACF began to support already existing women’s associations in 2001, with the aim of improving the role of women in the local economy.

The women in the associations initiated different types of IGA: handicraft activities, installation of small businesses and small livestock raising activities. This was all carried out through a common fund managed by the association that helped the women to acquire the necessary goods and inputs.

The level of intervention and the type of organisation required may be determined in part by the conditions deemed necessary in order to improve the economic results of a specific activity. Different types of organisation with diverse characteristics can exist, from collective ownership of IGA, to schemes in which members only share certain responsibilities, such as, for example, the coordinated sale of the same product produced by many beneficiaries.

This section has introduced some tips for the definition of the most suitable level of intervention. However, the project should be defined through open discussions in the communities. It is important that during these conversations no team members show preference for one way of working over another, we cannot forget that in many cases the population is very accustomed to NGOs and knows the procedures and may accept certain conditions or show artificial tendencies in order not to risk losing a source of financing. The "Agricultural Rehabilitation" book presents additional information about levels of intervention.
III. HOW TO FINANCE IGA

Even though the existing financial resources for the project implementation can be used to fund the main part of the activities, such as the necessary productive goods, the continual transfer of money or goods can lead to the creation of dependency. The promotion and support of IGA should include consideration of possible distinct methods for the financing of the goods and materials required for the activities as well as the services needed for the continued development of the IGA. It is essential to define a system that avoids risks and creates a solid base for later development.

Figure 3: Some basic financial concepts

| Delinquent or overdue: being late in payment of a debt or in returning something. |
| Donation: giving of goods or services without requiring any payment in return. |
| Guarantee: that which is given as security in case of lack of payment. |
| Grace period: time period between receiving credit and the date of payment of the first quota. |
| Interest rate: price that is paid for access to the money lent, it is seen as a percentage of the total of the loan. |
| Micro credit: small loans given to people with scarce resources and who do not have access to commercial banks. In general these funds are directed towards self-employment activities that promote the economic autonomy of the vulnerable population. |
| Quota: the quantity of money to be paid in each installment as reimbursement of credit. |
| Revolving fund: fund shared by a group in which each member periodically contributes a quantity, from which the members can take loans on a rotating basis or receive grants. |
| Soft loans: loans given at interest rates lower than those of the market, with the aim of promoting or supporting a specific activity. |
| Solidarity group: form of guarantee in which the group members share the responsibility in case of lack of payment by one of the members. |

Financial services for the vulnerable has gained importance in recent years, especially because of the expansion of microfinance13 (consult Appendix 6 where the topic is discussed in more detail) and the ensuing expectations that it has created. The lack of access to financial services, including not only credit but also savings and insurance, is one of the most important limitations faced by the vulnerable population.

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13 Microfinance refers to the activities developed by microfinance institutions (MFIs).
when implementing IGA, or in carrying out investments to strengthen existing activities. For this reason, access to the financial market is considered more of a means rather than an end.

The existence of informal credit and savings is nothing new. Vulnerable populations can gain access to loans through traders, family members, contacts etc., and can deposit savings in community funds. However, in many cases the interest rates can be excessive, the available services may not be the most adequate for the population’s needs and the offer of services is often limited to a restricted group with whom relationships of trust exist.

When defining income-generating programmes, it is important to decide which financial system is most suited to the level of vulnerability of the target population. The financial system should be selected depending on the populations’ savings and payment capacity, assets owned (productive or non-productive) and their existing debts. This type of information can be difficult to collect, but close contact with the field, conversations with community members and direct observation can help to obtain a vision closer to reality. The services offered by other organisations and the existence of community funds should be investigated.

Even though the ideal would be to initiate IGA with the savings or capital of the beneficiary population, in many cases some financial support is needed. Three types of financial mechanisms can be established, depending on the level of vulnerability of the population with which the project works: subsidies or donations, partial or total repayment of investment through establishing revolving funds, and support for access to micro credit.

Chapter 4 details some operational information regarding the three basic forms of financing explained below.

III.1. Subsidies or donations

The most vulnerable sectors of the population, especially those that have lost their productive and/or non-productive assets, cannot usually manage to repay the capital needed to invest in their activities. In these cases subsidies or donations are the mechanisms most suited to their situation of marginal income. Soft loans or micro credit can lead them into a situation of debt that is difficult to overcome.

In any case, subsidies must be carried out in a limited manner, just to facilitate the beginning of the activity. Once the activity is in progress, the households or groups will have some ability to finance with the income that it generates. In case that support is still necessary, other forms of finance should be evaluated, in which the beneficiaries repay a part of the capital invested in the activity.
III.II. Revolving funds

Revolving funds are a common financial tool in many developing countries. Traditionally, certain groups uniting around common interests (for example farmer’s organisations or trade unions) create a fund through periodic payments that can be used to different ends. The revolving funds can range from the distribution of cash donations to loans. Revolving systems vary from context to context depending on the cultural norms. One prevalent system involves all members benefiting from the fund during a cycle and then waiting until the next cycle to have access again to the fund.

This form of finance often receives support from other organisations that invest funds in these structures to strengthen them, or the system may also be created directly through the donation of initial capital. Populations with a certain capacity to pay can find new opportunities in these funds, especially through interest-free loans for use in productive investments.

Revolving funds can strengthen the social links between members of the group or association that manages them. They can also be extended to the rest of the community through investing certain amounts in a non-recuperated fund to help the most vulnerable people or to improve community infrastructure.

As long as the group members continue to make regular payments the system remains sustainable. However, the capital will be reduced in funds that do not receive periodic contributions, as donations are carried out and as the effects of inflation are felt14.

III.III. Micro finance

Micro finance, and specifically micro credit, attempts to overcome problems in the operation of the commercial financial market. Much has been said regarding its advantages, and great quantities of funds have been dedicated to this type of financial instrument.

It is important, however, to reflect on the ‘why’ of these systems. Any individual or organisation needs access to financial capital, that is, cash, in order to improve, initiate or diversify their productive activities.

However, as markets are not perfect and they exclude parts of the population. One of the expressions of marginality that characterizes poverty is the exclusion from financial markets.

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14 Inflation is the process in which prices increase, reflecting the loss of the value of a currency, meaning that to buy a certain good more and more money is needed over time.
Lack of guarantees, the high financial costs of managing credit and savings in small quantities, together with the risk of non-payment, are some of the reasons that vulnerable people are categorized as non-bankable by the commercial financial sector.

In this context MFIs have grown up and been supported. They are mainly dedicated to offering micro credit though some also offer savings systems and other services, such as micro leasing. These types of credit services are not necessarily suitable for the most vulnerable population, given that they have high interest rates, usually a few points higher than those of the market, short grace periods, short repayment periods and quotas to be paid weekly or every two weeks. This type of credit is usually given in order to finance productive activities and not for consumption.

ACF believes that micro credit is not the most adequate financial response for the most vulnerable people, or for the creation of new activities that need an initial period before they start to generate incomes, or those that, due to their innovative nature, can suppose a risk. For certain agricultural activities whose productive cycles are long and whose dependence on climatic conditions also make them risky, micro credit does not offer an adequate solution.

While ACF does not directly offer micro credit, we can work in coordination with MFIs and strengthen their services, facilitating the access of the beneficiary population to their services and putting them in contact. In addition to the reasons explained above, ACF does not work directly in micro credit because we do not have the long-term objective of remaining in the zone and our legal status does not correspond to that of a banking entity.

IV. THE FOOD SECURITY TEAM FOR IMPLEMENTING IGA

Even though a team is needed from the beginning in order to define the objectives of the programme and the activities that will be developed, once the funds are available it will be necessary to define the structure of the team that will be in charge of the intervention. This will depend on the type of intervention, the numbers of beneficiaries expected and the geographic conditions of the zone. The recruiting process must allow us to select the most suitable candidates and to be assured that they have the capacity to carry out the tasks established in the job descriptions. (See Appendix 7 for some examples of job descriptions).

The role of social workers is fundamental to motivate the beneficiaries, promote their participation and their ownership of the programme. It is necessary to reach a balance between technical profiles, specializing in the sectors in which the IGA will be working, and economic profiles. Experience and motivation, together with knowledge of the context and the issues to be dealt with are essential characteristics of the team members.
After all the positions have been filled a special work session is recommended to explain more deeply the logic of the intervention, making sure that each member of the team shares a common vision. To carry out this type of programme successfully, the team must have economic and financial knowledge. It is also highly advisable to carry out training sessions throughout the programme implementation; this training can be administered either internally or through other organisations or institutes. The stability of the team is essential in order to reach the desired impact, and motivation will contribute to team members’ ability to fulfill their responsibilities in a satisfactory manner.

V. THE PARTNERS

In the field of income generation, activities are developed in different sectors that may require a high level of specialization on some occasions. The creation of partnerships is one of the existing alternatives to strengthen those aspects of the programme for which ACF does not have the experience or the necessary knowledge (for example in the case of micro credit or for the elaboration of specific studies).

At the same time, partnerships help to strengthen the local organisations working in the area, promoting the improvement of their capacity to respond to needs, and adding a guarantee of sustainability to the intervention. In this manner, the partnership can serve as an important part of the exit strategy.

The identification of the organisations that work in the zone is the first step in the definition of possible partnerships. Difficulties may exist at the moment of initiating stable professional relationships, as both organisations have to share a common interest, create an atmosphere of confidence, and define transparent communication and coordination mechanisms. A key requirement of any partnership is the signing of agreements or memorandums of understanding (an example can be seen in Appendix 8).

Partnerships are not restricted to the subcontracting of certain activities; if the goal is to strengthen certain organisations it will be necessary to design a work plan with this aim and to have the funds necessary to support it. The partners of ACF must also subscribe to the principles of the organisation.
CHAPTER 4: INCOME GENERATION PROGRAMMES

SUMMARY

- The activities developed during IGA support programmes are very diverse. They are planned in relation to the main limitations of the target population.
- The criteria used to select beneficiaries refer to vulnerability levels, capacity to work, and motivation. Participation must be voluntary.
- The training and education components can include the creation of business plans, technical knowledge regarding management, commercialization, and in the case of group work, definition of internal regulations.
- Income generation programmes aim to find suitable solutions to facilitate the access to productive assets or cash, to improve production techniques and/or increase the sale of the products or services.

This chapter details some of the activities developed in income generation programmes. Not all of these steps have to be taken in every context or intervention, nor do they have to follow a certain order; the typology proposed will give an idea of those suited to each situation.

I. PRESENTATION OF THE PROGRAMME

The participatory process initiated during the identification and formulation phase will be strengthened the more that information is spread and understood. If we want to encourage the ownership of the programme by the community, we must maintain a constant flow of information during the entire project cycle. In addition to mandatory regular meetings it is advisable to use other methods to ensure a good flow of information. It is possible to decide on a place within the community with easy access where the information can be regularly updated, or another possibility is the radio, as in many countries it is the form of communication most often used. The transmission of radio announcements related to the programme activities is often an effective method for people to become familiar with the work being carried out. Proximity to the population and presence in the field will continue to be the best route for an effective sharing of information.

The presentation of the programme, the way in which it is carried out, the techniques used, and the public to which it is directed, will depend, once again, on the
context in which the programme is working. The security context will also play an important role in determining how to present the programme.

Before the general presentation, the local authorities should be informed about the initiation of the programme. With their agreement, the project can be presented, sharing the established objectives, the intervention logic and the estimated duration with the communities.

In case that ACF has not worked in the community in the past, a minimum level of trust should be build up in order to start the project. When the population has already participated in a programme with ACF and when substantial changes in the intervention strategy have been made, it would not be a waste of time to verify if the population has understood the programme, if they know about the new procedures and the new focus. Some time must be assigned for these activities in the project plan.

Potentially sensitive aspects, such as the criteria and methods of beneficiary selection, should be explained and discussed with the goal of arriving at an agreement and avoiding tensions between the community members.

II. THE BENEFICIARIES AND THE IGA

The preliminary assessment should have already identified the potential and the limitations of the zone of intervention and the problems that the vulnerable population faces in order to start up IGA or to get better results from IGA. However, some additional or specific market studies may still be needed to complement the information.

II.I. The selection of beneficiaries

The information gathered in the assessments and the objectives of the programme should lead to the definition of the beneficiary selection criteria. The criteria should not be limited only to indicators of vulnerability and food insecurity, but also include the capacities (such as capital) that are indispensable for developing IGA. Motivation will also be a key criterion. The most common types of criteria include the following:

- Social criteria:
  - Families with a determined structure
  - Women
  - Displaced people or refugees
  - Do not receive support from other organisations

- Loss of productive and non productive assets (specific for recapitalization programmes)
• Availability of capital and some minimal income (more for programmes to improve output or for creation of new IGA)

• The will to participate in financial terms in the IGA (for programmes to improve output or to create new activities)

• Ability to work, motivation to develop an IGA

• Knowledge or experience in technical aspects related to the activity

• Motivation to work in a group (in the case that the intervention is at this level)

In the case that work is going to be carried out with already existing groups, as well as ensuring that the members meet the criteria, some requirements can be established for the groups. These may deal with the work that is done together, the aim of the group or the technical knowledge needed within the group. It is recommended to work with IGA in small groups of maximum 15 to 20 people.

When a group is going to be created, it is best if the individuals forming it know each other, that they have relationships of trust between them and that they share certain interests. We should base our work on local initiatives, supporting processes of association that come from internal efforts, always keeping in mind that they must promote the participation of vulnerable people and improve their living conditions and food security.

The preliminary list of criteria should be presented to the local authorities and the community. Leave open the possibility of receiving suggestions that could be useful, even though they will have to first be evaluated. Once the criteria are agreed upon, the selection process can begin, by informing the communities about the requirements under which this will be carried out and the various stages of the process. It may be helpful to use preliminary lists of the population that meet the established criteria compiled by local authorities, especially in cases where the intervention will be on the household level. However, in some contexts the local authorities can use these programmes and the selection of beneficiaries to gain political support and power. This type of risk should be taken into account and the methodology designed in a way in which the misuse of these processes is avoided.

The information regarding the population interested in the programme, their situation and the activities that they want to re-start, strengthen or create, will be necessary to verify. It will also serve as baseline information about the beneficiaries.\textsuperscript{15} Data compilation and the creation of files could either be carried out by team members through the use of questionnaires during interviews with candidates, or the people or groups interested in the programme could present their file. In this last case, it will be necessary to hand out a specific format and explain how to fill out the form and verification of the information in the field will have to be done.

\textsuperscript{15} Chapter 5 details the elaboration of a baseline.
Once the information is analyzed, the fulfillment of the criteria and the economic viability of the proposed activities are verified, a definitive list of beneficiaries can be created and shared. From this moment, the beneficiaries should have access to information about the different activities that will be developed and the conditions of the support to be offered by the programme. The mechanisms for the operation of the IGA should be formulated together with the beneficiaries.

Example 13: Flexible process of beneficiary selection in Armenia, 2005

The first phase of promotion of IGA in Syunik, in the south of Armenia, involved the creation and support of new groups of vulnerable households proposed by the local authorities. The second phase of the programme expanded and made more flexible the selection criteria for a more economic-oriented focus.

With the aim of improving the living standard of men and women through the generation of incomes, three selection criteria were established:

- People living below the poverty line
- Capacity to develop the activity
- Motivation

Groups as well as individuals could participate in the programme that was designed in a flexible manner. Private initiatives that benefit the population were welcomed and supported by the intervention.

II.II. Training and education, a continual process

The training component will have more importance in programmes aimed at improving the output of or creating new IGA than in those that are focused on the recapitalization of activities. When group work will be carried out, other training sessions should be considered with the aim of assuring good functioning of the groups.

The information available from the selection process can be a valuable in determining training needs. Additional discussions with the groups are also useful in this process, especially in order to evaluate their level of knowledge and therefore be able to adapt the workshops. Depending on the situation and the intervention, it may be necessary to carry out training in:

- Technical aspects related to production, quantity and quality
  - Agriculture, livestock and fishing
  - Processing and services

16 More information on these types of trainings can be found in the “Agricultural Rehabilitation” book.
Exchanges of experiences between beneficiaries can be as valuable as training sessions; learning from the experiences of other IGA gives positive results, and the beneficiaries will have the opportunity to share ideas, see different management systems and create networks of contacts. Getting to know the experiences of other groups outside the programme that carry out successful work in groups can also be very positive. Appendix 10 gives examples of the themes touched upon in training sessions on management, business plan elaboration, group work and internal regulations.

While designing the training plan, different aspects must be evaluated, including the work schedule of the population, as all their time is not available to invest in the programme. In rural zones, for example, it is necessary to consider the agricultural calendar so that the training sessions do not interfere with the crop cycles, and the population can participate in them. The possibility to train local promoters or extension workers so that later they give trainings to the rest of the beneficiaries can be an alternative that allows a larger number of beneficiaries to be reached.

There may also be trainings that have to be carried out before the actual material support is given. For example, when a new IGA is going to be started, before giving out the productive goods it is recommended to have training sessions in management, to have prepared a business plan during the training process and to assure that the technical knowledge of the participants is adequate.

It is also important to evaluate the possibility of collaborating with other organisations to carry out the trainings as some may be specialized in the themes that need to be offered. This collaboration can strengthen the local organisations and promote the existence of local capacity, which is one of the planned aspects of the exit strategy.

Within the training plan, time must be set aside to elaborate or adapt training materials in relation to the existing level of knowledge of the beneficiaries, and for the production of the materials. Appropriate training materials should be used depending on the training methodology and educational level of the participants. The training process is not limited to educational sessions; regular accompaniment in the field is also part of this process.

II.III. Elaboration of the internal regulations for group operation

When the programme supports work in groups, either with pre-existing groups or newly created groups, it is important to pay attention to the internal operation of the
group. As was mentioned in the earlier point, during the training process it is advisable to carry out some participative sessions about the functioning of groups. This process should be used to define the internal regulations of the group, adapting to the conditions of the area, the interests of the members, their social habits and the requirements of the activity to be carried out.

The internal regulations document of the group should cover the following points:

- Objective of the group: the mission and vision
- Structure, procedure for selecting the different committees and subgroups
- Responsibilities of the different committees or subgroups
- Entrance of new group members
- Ownership of goods.
- Responsibilities, rights and obligations of each member as well as those of each subgroup or committee
- Internal procedures: meetings, acts, internal documents of the group
- Mechanisms for resolving conflicts
- Legal aspects

The group must develop this document, but a social worker can help in terms of format and aspects specific to the legislation of each country and relevant for the type of group. This document will be internal (an example can be seen in Appendix 11), but the legalisation of these groups should also be considered.

Even though vulnerable people develop most of their activities in the informal economy, programmes that work with groups should ensure members’ access to information regarding the different forms of legal organisations that exist in the country, such as cooperatives, associations, unions, etc. and their obligations and rights, advantages and disadvantages. The members of the group, with the support of ACF, can then make an educated decision under which organisational form they want to be legalised.

II.IV. Design of the IGA

The preliminary assessment identified the IGA most frequently developed by the vulnerable population and the limitations that they faced as part of the analysis of the value chain. The study of the characteristics of the LEZ and the market will offer additional data about commercial possibilities and existing demand, and information should also be available regarding those activities that are especially profitable for the zone. It may be necessary to carry out more detailed market studies during the implementation of the programme (Appendix 12 offers an example of a market study and some of the questionnaires used during this exercise).
Activities must not be promoted if their potential for income generation is not known. It is essential that the product or service is in demand and that the IGA can offer attractive prices that will also be able to cover their expenses and generate a profit for the beneficiaries.

While designing the programme, different scenarios will be elaborated regarding the budget necessary for supporting the IGA. Distinct strategies for production and sales may exist based on the knowledge and interests of the population involved. The exercise of planning the economic operation of the IGA must be carried out by the beneficiaries, supported by training and consultation sessions directed towards the elaboration of business plans.

Example 14: The contents of a business plan

| Brief General information regarding the group or individual planning to carry out the IGA: name, location, contact information |
| Brief description of the activity in process or to be started: what is going to be produced, processed, or what service will be offered |
| Marketing plan: |
| Information about the market of the product or service |
| Sales strategy: how sales are planned during the period for which the plan is presented, the activities can have seasonal or constant sales depending on the type of product or service. |
| Production plan for the period in question (minimum one year or one productive cycle). |
| Production volumes: how much will be produced and when. |
| Existing capital and its current state: the assets necessary for production or for offering the service. |
| Inputs: materials that will be consumed during the production process or the service. |
| Labour: all the activities that have to be carried out in the production process must be considered. |
| Brief Necessary structure for the management of the activity |
| Brief Financial plan |
| Prices and sales volumes: incomes |
| Operational expenses |
| Fixed costs |
| Reinvestment |
| Expected results |
| Profit for the beneficiaries |
The trainings and the business plan will be designed depending on the educational level and the capabilities of the people involved. When the population is illiterate and limited capacities, this exercise may be unsuitable. The training sessions regarding management must be carried out before the activity starts so that the basic concepts such as income, functioning costs, fixed costs, cost recovery on investments etc., are already familiar to the beneficiaries. An example of a business plan that follows these guidelines can be found in Appendix 13.

II.V. Economic management of the activity

The business plan is a working tool for the IGA, that once finished will become fundamental for the management of the activity and the evaluation of the economic results obtained.

The accounting records and procedures will be sources of information through which to verify the progress of the IGA. This can be a complicated task for people who are not used to carrying it out. Simplification of the procedures, training sessions and support in the field will help to create the habit of keeping these kinds of records.

Appendix 14 gives a brief example of a training guide for IGA management, including concepts and suggestions for accounting formats.

III. RESPONSES TO DIFFERENT PROBLEMS

The factors that limit the successful functioning of the IGA can be varied and the programmes will focus on distinct aspects depending on the nature of the problems faced. Some of the solutions that ACF has been putting into practice during the last few years will be mentioned below, these alternatives can be seen as intervention options that aim to respond to the question: what is the difficulty that impedes the population from generating sufficient incomes?\(^\text{17}\)

III.I. Access to assets and inputs for production

We can find situations in which the families or groups have stopped producing or do not generate enough incomes because they do not have the productive assets or the materials needed. In these situations it is necessary to understand why they do not have these materials, if this is the main limitation that they face for their activities, if it is a problem only in this moment in time or if it is a structural limitation, and if

\(^{17}\) Assuming that the activities are viable and economically suitable for the zone.
it is due to a lack of access or availability. According to the answers, the most appropriate direction can be defined.

i. Free distribution.

After a natural disaster, or a resulting displacement of people, or after an economic crisis, the population may have lost all of their goods, amongst those their productive materials, and may not have the money to recapitalise after the crisis. In these cases, it is relevant to put into practice a programme of recapitalization, distributing goods and materials to the population that has the capacity and knowledge necessary for reinitiating their activities, so that an impact can be felt in the short to medium term.

The same as with food distributions or seeds and tools distributions, this type of solution should not be considered unless we are facing a case of severe necessity that the population is not able to overcome themselves. Efforts should be made to minimize the risks that this intervention implies, avoiding:

- Systematic repetition of distributions
- Dependence
- Creation of distortions in local markets of goods and inputs

If the goods and inputs that the population needs are not available in the local market it is necessary to buy them in other zones and distribute them directly. However, when possible, it is recommended to buy locally and in this way to support the growth of the local economy. According to different scenarios, various types of distribution can be done:

- Direct distribution of goods and materials
- Vouchers
- Cash

Example 15: Free distribution of kits in Sri Lanka

In Jaffna peninsula and the districts of Tricomalee and Batticaloa, zones affected by the *tsunami* of December 2004, ACF carried out emergency and rehabilitation interventions. Along with water and sanitation activities, distributions of basic goods for agriculture and fishing, and a Cash for Work component, the programme also reinitiated IGA that the population had been carrying out before the catastrophe.

A total of 1923 families received 1790 kits for the recapitalization of their activities in order to restart their income generating activities. The intervention was carried out with individuals and small groups. The diversity of the IGA was significant; 27 different kits were designed according to the type of activity, each one requiring a specific investment.
Distribution of kits for IGA requires a large logistical capacity. The definition of the components that are to be distributed is complex, as each activity may require various different types and quantities of inputs and the use of standard kits may not be suitable for certain activities. In this type of distribution, the necessary materials and inputs must be included as well as the productive assets so that the IGA can be put into place, if not the lack of certain inputs may be a significant impediment to the recommencement of the activity.

When these goods are available in the local market, some of the risks of direct distribution of kits, such as distortion of local markets, operational overload and excessive standardisation of the activities, can be avoided through the distribution of vouchers. After arriving at agreements with local businesspeople, the vouchers are distributed and can be cashed in for goods and materials from the stores selected by ACF.

In cases where goods and materials are available in the zone the possibility of distributing money directly can also be considered, so that the population directly buys the goods themselves. The transfer can be carried out in various stages so that a monitoring system can be set up to assure that the money is being used properly and to reduce the possibilities that the money is detoured.

Example 16: Distribution of cash to promote IGA in Guinea Conakry

From 1990 onwards, Guinea Conakry received a total of 150,000 refugees from the neighbouring countries of Liberia, Sierra Leone and the Ivory Coast suffering from armed conflicts. Despite the improved political situation and the return of many refugees to their places of origin, Kissidougou still houses large numbers of neighbouring populations. ACF has intervened in refugee camps and with the local population through water and sanitation, nutrition and food security programmes.

Between April 2004 and March 2005, 380 families of Guinea, Sierra Leone and Liberia were beneficiaries of an IGA promotion programme. 74 groups were created (95% of them were women’s groups) that were dedicated to 9 types of IGA, amongst which small stores and basic processing were the most numerous. The programme gave initial capital to each group, between 89 and 112 dollars depending on the IGA. Training sessions as well as technical assistance were offered to support the management of funds and the activity.

ii. Creation of shops to sell inputs

When a problem exists in terms of local availability of certain goods that are necessary for IGA, one possibility to consider is the creation of a shop in order to improve the availability of goods in a sustainable manner.
These shops can be created if certain conditions are met:

- Existence of sources of provision that enable the sales of goods at reasonable prices for the local population
- Financial ability of the population to purchase the products offered
- Existence of local capacity and motivation to look after the shop
- The possibility of constructing or renovating a space that meets certain conditions for storage that has easy access and is secure

The shop itself will be an IGA, and if it appears to be the best option, a local committee could be set up to manage it, make a business plan, and define the accounting procedures. The shop must generate enough income to cover its operation, unless it is subsidized by a local producer’s organisation.

Example 17: Agricultural shops in Burundi

In 2005, in the province of Ruyigi, Burundi, ACF implemented an agricultural programme to improve the food security of the families that returned after a relative return to peace in the country. One of the main problems that the returning households faced in reinitiating their agricultural activities was the lack of availability of agricultural goods. The programme supported the creation of 3 IGA groups to start up shops selling agricultural and veterinary products in main cities in the region. With these shops, as well as improving the availability of goods for production, incomes were generated for the 30 families involved in shop management.

The shops were given an initial capital, a distribution system was set up, and the groups were trained in management. The seasonality of agricultural production meant that constant incomes could not be generated, and this threatened the sustainability of the shops. Therefore, it was decided to follow the suggestions of the beneficiaries and to stock products for basic needs so that through these sales the shops could stay in activity throughout the year.

iii. Other possibilities for access to goods

The management capacity of the vulnerable population may be quite low, and in many cases the level of vulnerability is directly correlated to the existing capacity. To improve the incomes of this sector of the population, it is not always suitable or accepted to distribute productive goods that require more capacity than the potential beneficiaries are able to assume.

In the first chapter, Example 3 shows a case in which the most vulnerable population did not consider very attractive the creation of a village drying plant for rosehips that they often collect, though this could have increased their incomes by improving the sales conditions as the fruit would be dried. Instead they preferred that the management
be carried out by a businessman rather than taking all the responsibility upon themselves. It is possible to improve access to productive assets for vulnerable people by investing in those who are in a better situation, always when there is an agreement assuring that the most vulnerable people will benefit from the use of these assets.

Example 18: Repairing of agricultural machinery in Armenia

In the district of Sisian, in the south of Armenia, one of the obstacles for land cultivation and income generation is the lack of access to necessary machinery. Through an ACF programme to improve the population’s food security, a part of the cost of repairing 22 machines in 9 villages was financed. The most vulnerable population received discount coupons to pay for services carried out by the repaired machines.

II.II. Access to cash

In some cases economic access to productive assets and inputs is the most important limitation faced by the population in developing their IGA. Depending on the vulnerability of the population and their ability to pay, certain initiatives to promote cash access can be put into place.

i. Donations

When the population is very vulnerable, they can receive donations or direct transfers to finance their activities. This refers to the distribution of cash to restart IGA that was explained in the earlier section. This alternative should not be continued for large periods of time without an evaluation of the relevance and the risk of creating dependence.

After a crisis, in situations where there are not adequate conditions to restart IGA, access to cash is a priority for the recuperation of food security, and programmes such as ‘cash for work’ can be designed. Through the implementation of community work, reconstruction, cleaning or other types of activities, the most vulnerable population with the ability to work can take part in the initiative and receive payment in return. In the book "Food Aid and Alternatives to Food Aid" of this same series or in the more recent "Cash based Interventions guidelines" more details regarding this type of intervention are available.

Example 19: Support to displaced people in Columbia

Colombia continues to suffer the consequences of an armed conflict that does not appear to have a solution in the short term. The displaced population as well as those confined to certain regions have lost their productive assets and with them the capacity to generate incomes. To respond to their needs, ACF began promoting of IGA.
Revolving funds, presented in Chapter 3 of this book, are a valid alternative for facilitating access to cash for the vulnerable population, while avoiding dependence and promoting the involvement in and the ownership of the programme by the beneficiaries. The definition of the type of system most suited to the zone will depend on the socio-cultural characteristics and the lending customs of the population.

In IGA support programmes, revolving systems to finance activities can be created in which individuals or groups of beneficiaries repay the total or a part of the financial support given by the programme to a revolving fund that permits the continuity of financing and support to the activities, or the creation of new IGA.

Example 20: Revolving funds in Azerbaijan

The districts of Beyлагan and Agjabedi, in the Republic of Azerbaijan, were especially affected by the conflict with Armenia over the control of Nagorno Karabaj. Due to their proximity, a large number of displaced people moved to the zone, which was already affected by the closure of the border.

ACF, after supporting the recapitalization of groups of vulnerable farmers, created a revolving fund to finance the improvement of the IGA being carried out. A committee formed by members of the team and by some of the members of the beneficiary groups makes the decisions about the distribution of funds and the repayment. For now ACF is carrying out the management of the money.

In order to clearly organize the system, several elements must be defined: the objectives of the fund, the criteria for selecting the activities to be financed, and the loan and repayment conditions. It is also necessary to create a management and monitoring system to guarantee good use of the fund. Appendix 15 gives an example of a revolving fund system and Appendix 16 shows a repayment agreement for beneficiaries using the service.

To assure the sustainability of these systems it is necessary to have a group that can take charge of the management of the fund once the intervention is over; it is easier to support already existing groups than to create a new one with this goal. Training, technical support and monitoring during a minimum period of two years is essential to guarantee correct functioning.
iii. Micro credit

ACF does not give out micro credit nor is it dedicated to micro finance; however, in those cases where access to the financial market is a limitation for the consolidation of IGA, it is possible to work in collaboration with a micro finance institution. This could imply the possibility of increasing their funds in order to direct them to the target population.

Example 21: Micro credit in Argentina

Through collaboration with the MFI IDEB (Instituto de Desarrollo Empresarial Bonaerense), ACF facilitated access to micro credit for vulnerable families in Partido Moreno, Buenos Aires, Argentina.

The funds given by the organisation and managed by IDEB, permitted more flexible conditions of access to micro credit than those normally used by this institution. The possibility of financing the creation of new IGA was introduced, as was the extension of the grace period to a week. Solidarity was used as a guarantee for repayment.

In a period of eleven months, 442 micro loans were given out, 78% were for women, and 72% of the IGA financed were small businesses.

In Chapter 3 some of the limitations regarding micro credit were discussed and Appendix 6 offers more details on the topic.

III. III. Applied technology

It may be that the production processes being used in the IGA are not the most suitable and that:

• Not all the possibilities for production are being taking advantage of considering the characteristics of the zone and the capacity of the population
• The quantity and/or quality of the final product are low
• Natural resources used in the production process are being degraded

If any of the above are key problems that are limiting the work of the IGA, the possibility of introducing improved production technology can be considered. In order to avoid the risk of low acceptance, weak results and frustration on the part of the beneficiaries, it is recommended to choose improvements that do not require a radical change in technology and for which experience already exists in nearby regions where good results have been obtained. To facilitate the acceptance by the beneficiaries, exchange sessions with people or groups that already have experience with these new technologies can be arranged.
Example 22: Technical improvement in honey production in Guinea Conakry

Honey forms part of the diet of the rural population of Guinea, as well as being a product that can be sold. However, in the region of Kissidougou, the usual extraction process, involving burning the hives, reduces production, quality and destroys the bees, weakening the capacity to continue the activity.

In the Dabola region, some associations specialized in beekeeping began to introduce new reusable hives that facilitate the extraction of higher quality honey. ACF proposed to the beneficiaries of the IGA programmes (see Example 18) the introduction of these new techniques. They were well accepted and the increase in production was considerable: the 3 to 4 liters that were produced per hive with traditional techniques grew to 25 liters per hive. Technical training was very important in order to guarantee that the goods and materials were used in the correct way.

Even though it is more risky, ACF has also introduced IGA dedicated to new types of production for the intervention zone. When a demand exists for a determined product that is not produced locally, it is first necessary to evaluate if the conditions in the zone are suited to the new product. Only when technical, social and economic viability is assured can the risk of starting new IGA be considered. It is advisable to carry out the production on a small scale at first, as a pilot experience, and when the results are seen, the possibility of reproducing the activity on a larger scale can be discussed.

Example 23: Introduction of mushroom cultivation in Vigan, the Philippines

On Luzon Island, in the Philippines, ACF introduced mushroom cultivation with the aim of diversifying the sources of income of the vulnerable population who made a living from fishing. Even though this product does not form part of the usual diet, mushrooms are in demand from restaurants and the sectors of the population with more resources. The market studies demonstrated that it would be an economically feasible activity for the area.

The intervention zone fulfilled the necessary requirements for the promotion of this product. Even though the initial investment was significant, as infrastructure under which the production would be carried out had to be constructed, the operational costs were seen to be low. At the same time, the beneficiaries received technical training in order to apply a simple technology that had already shown positive results in nearby zones.
III.IV. Commercialization

Commercialization is often one of the most difficult aspects that the vulnerable population faces with their IGA. From the beginning of the programme, we must pay attention to the information collected in the market studies and develop sales plans with the beneficiaries, which are adapted to the conditions of the zone.

Difficulties in the commercialization process can dissuade the vulnerable population from trying to start IGA. However, these limitations may be due to different factors: lack of access to the market, lack of information and contacts in the existing commercial networks, or inability to fulfill certain conditions that make the product attractive. As well as training sessions on sales techniques, improvements on packaging, product presentation and conserving, may provide other possible solutions.

i. Promotion of meetings and fairs

When the opportunities for exchange of experiences are scarce and there is not a constant product volume large enough to justify a permanent sales space, fairs and meetings for commerce can be good methods to promote the products and services of IGA. Fairs can be held sporadically or periodically, depending if the aim is to create commercial contacts and show the products, or if the aim is to create a stable system of periodic meetings. The participation of producers’ associations and local authorities in the organisation of this type of activity can contribute to its continuity in the medium term.

Various factors must be considered when planning fairs. The fair must be held in an easily accessible place, the space should have adequate conditions in terms of size and security for the storage of products as well as for the public. The decision regarding the date of the event will have to take into account the productive cycles of the IGA, especially when they are dedicated to agricultural production, given the very seasonal nature of the activity.

A publicity campaign should be carried out to ensure that the population and the targeted public know the date, the location, and the products and services that will be found at the fair. The means of publicity used must be suited to the conditions of the zone; radio announcements can be a good alternative, along with informative posters.

Example 24: Promotion of fairs for sale of cattle, northern Mali 2004

Within ACF food security programme in the north of Mali, various activities were developed to improve local sales. In response to the suggestions of the beneficiary communities, of whom the majority are pastoral population, a radio communication campaign was put into place to promote weekly animal fairs. During a month the two main radio stations in the region announced the message in French, Arab and Tmasheq (the local language) at least once every morning and once every afternoon, to attract transport businesses and Algerian traders to the fairs.
ii. Construction and renovation of markets

To find a solution to the lack of spaces for exchange, especially when a constant demand and supply of the products and services exist, a physical market space can be constructed. This initiative is comparable to the installation of a shop (case mentioned in section II.i ii.), that is, the market will have to be constructed and put into operation with a focus on the generation of income, at least to cover its maintenance.

The physical location of the market and the conditions regarding space and security are essential factors in the design of the structure. To manage the market the existence or formation of a trained group is necessary. The local authorities may be interested in this type of activity, as it could be a source of regular tax income.

iii. Creation of networks and commercial contacts

Solutions for commercialization problems are not always found in the creation of new physical spaces for exchange. Information, knowledge of existing commercial channels, and technical support to establish stable relationships with businesspeople and traders, can be the most useful resources when local demand for a product is insufficient but there are other sales opportunities elsewhere, or in cases where it is not viable to construct a market due to a lack of adequate space, or lack of management capacity.

The establishment of interest groups can improve commercial relationships where IGA with similar or complementary characteristics are being promoted, connecting the producers of primary materials to those processing them. Through the spread of information and the exchange of experiences between beneficiaries, relationships can be developed that reinforce the position of the products in the market, for example, by selling together, or by exchanging products or value-added services between IGA.

Example 25: Networking between IGA in Georgia

The strategy of the ACF mission in Georgia to promote IGA groups is structured in three phases. The first and second phases are directed towards the creation and consolidation of the income generating activities. The third and last phase, as well as offering specific training for each group, can include the creation of networks between the activities.

By August 2005, 14 interest groups had united 47 IGA of the Samegrelo and Abkhazia regions in a voluntary process. The networks were created by beneficiaries who considered them an advantage for carrying out certain tasks in coordination with other IGA. After several working sessions, the interest groups designed work plans together. Some of the proposed initiatives included actions to improve their production and planning of the development of commercial activities through the installation of stores managed by the interest group, the unification of all production for combined sales and the organisation of publicity campaigns.
CHAPTER 5: MONITORING, EVALUATION AND SYSTEMATIZATION OF PROGRAMMES

SUMMARY

- Monitoring, evaluation, and systematization are phases of project cycle management that aim to evaluate the progress in implementation and the results achieved, analyze the impact of the programme and extract lessons learned for future interventions.
- Each programme must have a monitoring and evaluation plan.
- These analytical exercises serve to improve the impact of the programmes and avoid negative results, thus they should be taken into account when revising the planning.
- Systematization is recommended when there are means to carry it out. It can be used to share information both internally and externally.

The monitoring, evaluation and systematization phases of project cycle management (PCM) are designed to measure the advances in project implementation and the results and impact achieved, as well as to recognize lessons learned in order to improve the quality of interventions and their impact, in this case, on the food security of the population.

The following section presents the concepts and some recommendations regarding the methodology that can be used for monitoring, evaluation and systematization of an income generation programme.

I. MONITORING

Monitoring aims to analyze:

- Progress in the programme, the goods and services that are offered through the programme
- How these goods and services are being used in order to obtain results
- The effects of unexpected external factors in achieving the results

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18 For more details on the topic consult the book “Introduction to Food Security” in this same series.
During the monitoring phase, attention must be paid to the previous conditions and hypothesis established during the programme formulation.

I.I. Indicators

To be able to carry out monitoring, it is necessary to establish indicators that will be regularly evaluated. The logical framework (LFW) of the programme contains this information, defined according to the objectives of the intervention. In the case of IGA, the most commonly used indicators for monitoring are:

- Production (whether it be agricultural products, processed products or services offered)
  - Productive goods and assets
  - Techniques applied
  - Productivity
- Sales
- Management of activities
- Knowledge acquired and applied

There should not be too many indicators, and they should be:

- **Sensitive**: The indicators must be sensitive to changes in the situation of the project; they must evaluate changes in the short term.
- **Measurable**: The necessary data should be easily collected and measured.
- **Achievable**
- **Specific**: The indicators must measure the specific conditions that the project is trying to influence.
- **Time bound**

Appendix 17 gives some examples of logical frameworks used for IGA.

I.II. Monitoring plan

The type of monitoring, the procedures (questionnaires, interviews etc.), and the division of responsibilities between team members will be outlined in a monitoring plan (Appendix 20 offers an example of a plan in a table format).

The initial parameters of the variables on which the programme is focused should be represented by a baseline that can be used to make comparisons to evaluate the
advances reached during programme implementation. The data collected during the identification and definition phase, along with the information obtained during the beneficiary selection will serve to create this baseline. It may be necessary to collect some additional complementary information. (Appendix 21 includes an extensive questionnaire for the elaboration of a baseline in a rural zone.).

The planning of monitoring phases will depend on the type of programme and activities developed; agricultural activities are subject to a production calendar that will differ from those dedicated to services. Other variables must be taken into account, such as time and resources available.

The monitoring of the recapitalization of IGA often uses two or three phases. The first, post-distribution monitoring, (PDM), is done in the weeks following the distribution of goods and inputs for production. During this phase, the main objective is to determine the reception of the goods, their suitability, and the perception of the beneficiaries regarding the distribution:

- Goods received
- Destination of the goods
- Perception of the quality and relevance of the goods distributed
- Use of the goods:
  - IGA
  - Sold
  - Exchange
- Origin and existence of other goods and inputs
- Initiation of the productive activity and the difficulties encountered

Appendix 18 gives an example of a PDM questionnaire.

The second and third phases consist of the analysis of the functioning IGA; these phases are implemented once some time has passed since recapitalization (these periods correspond with the post-harvest monitoring presented in the "Agricultural Rehabilitation" book). This step looks at:

- Production achieved or services given
- Functioning and profitability of the IGA:
  - Productive capital possessed
  - Production and yield
  - Sales volumes
  - Expenses covered
  - Income generated
— Debts incurred
— Access to required services

• Management of the activity, use of accounting records
• Difficulties encountered
• Perception of the results of the recapitalization
• Other help received

Example 26: Results of monitoring of recapitalization of IGA in Indonesia, 2002

In the province of Maluku, after the explosion of violence that hit the zone in January 1999, ACF intervened in order to cover the basic needs of the displaced population. Looking for alternatives to phase out food aid, two consecutive programmes of IGA recapitalization directed towards displaced and returning people were put into place in 2001.

The second programme supported 552 vulnerable families in the recommencement of their IGA through the distribution of kits of productive goods for 21 types of activities. These activities differed by production type (agriculture, fishing, business etc.) and by organisational character (individual or group).

The post distribution monitoring indicated a positive result: 82% of the distributed kits were used by families or small groups. However, it also identified some weaknesses, or negative aspects: the packages did not contain some necessary productive inputs that were expensive for the population, and this was the reason that 26% of the beneficiaries did not use the kits. In addition, some of the goods distributed did not fulfill the requirements for successful operation of the IGA, such as the canoes made from low quality wood, and the small sized fishing nets. The subsequent distributions took into account the results obtained from this monitoring phase.

For programmes directed towards the improvement of yield or the creation of new IGA, due to their duration and the variety of components that may be developed, a specific monitoring plan should be designed. Amongst other aspects, it may be necessary to monitor the following:

• Trainings:
  — Suited to the needs and the time availability of the beneficiaries
  — Attendance
  — Knowledge acquired
  — Operational aspects of the organisation
• Functioning of the revolving funds:
  — Loans given
  — Following of the repayment schedule
  — Overdue payments or unpaid debts

• Technical improvements introduced:
  — Use of new techniques
  — Results

• Commercialization channels:
  — Use of information disseminated
  — Functioning of the markets constructed
  — Contracts or formal sales relationships

In cases where beneficiaries work in groups, either pre-existing ones or those created through the ACF programme, the monitoring might collect information on the operation of the groups:

• Division of tasks
• Participation of the members
• Group management of the IGA
• Decision-making process
• Conflicts and mechanisms for their resolution
• Sharing of income
• Motivation of the group

(Appendix 22 includes a format to carry out monitoring of IGA groups). Income generating programmes have a great potential to work with women and when programme includes a gender component, some additional indicators might be necessary.

This information, as well as being used to measure the progress of the programme, the results obtained and the possible unforeseen directions the work has taken, should contribute to the improvement of the interventions, through incorporating changes when necessary.

I.III. Analysis of the information

The monitoring process analyses quantitative as well as qualitative information. Quantitative data is generally easier to measure and computer programmes aid in the data analysis. Qualitative information can be influenced by many subjective factors,
but proper methodology and software can facilitate the process. Field visits and technical support will give solid arguments on which to base a relevant evaluation of qualitative aspects.

The more flexible the programme and donor’s guidelines, the more value the monitoring will have. In some cases, as has already been mentioned, the monitoring can identify difficulties that impede the achievement of results, and it will become necessary to propose some variations in the programme, to eliminate some activities or readapt them according to the analysis obtained. (An example of a monitoring report can be found in Appendix 19.)

Example 27: Adaptation of the programme according to need, Burundi 2005

In the province of Kayanza, Burundi, IGA dedicated to the sale of agricultural inputs with the aim of improving access to productive goods were put into practice (details can be seen in Example 17).

The monthly monitoring of the operation of the shops demonstrated certain deficiencies in the management of this group activity that could have significant consequences on their sustainability. Scarce knowledge, complexity of some of the accounting procedures and weak product management were identified as factors that explained the deficiencies.

The ACF team adapted the established programme in order to offer more training in committee management, and also proposed new documents for the groups to help adapt the management procedures to the existing ability of the members.

II. EVALUATION

Evaluation consists in carrying out an appraisal of a programme in process or one already finished, as objectively and systematically as possible, focusing on the specific as well as the general objectives and using the baseline to check the impact of the programme. The evaluation can include the following subjects:

- Relevance: Was or is the programme one that best responds to the existing needs in the zone? Are the objectives well identified? Does this scheme continue to respond to the existing needs?
- Effectiveness: What was the level of achievement of the specific objectives? How have the results obtained led to the achievement of these objectives?
- Efficiency: Have the financial resources been used in an optimal form to achieve the results?
- Impact: What have the positive and negative consequences been? Was the desired impact achieved and what are the unexpected impacts of the programme?
• Sustainability: Will the achievements of the programme be maintained over time?

Depending on the duration of the programme, various evaluations can be planned. In programmes designed for two years or more, it is recommended to have both an intermediate and final impact evaluation.

The intermediate evaluation is often carried out by the team involved in project implementation and can be used as an internal exercise. This evaluation helps to determine the progress and identify the possible difficulties or unexpected effects; it is a good exercise to reorient, strengthen or improve the programme. The evaluation can focus on specific topics of interest or cover the programme in its entirety.

Example 28: Intermediate evaluation of group work in Azerbaijan 2004

The functioning of 52 groups supported by ACF in Azerbaijan was evaluated in the summer of 2004. The differences found between the groups made it possible to define four categories:

A: those that carry out all their work as a group and want to be legally registered

B: those that work together in some activities and individually in others, but in a stable and motivated manner

C: those that do not work as a group, but are still motivated to participate in the programme and follow the arranged agreements

D: those that do not work in groups and do not fulfill the commitments to the programme. These are called «non viable» groups.

The intervention strategy was adapted based on the results of this evaluation, defining working methods to respond to the different capacities, needs and motivation of categories A, B, and C. It was decided that groups labeled as non-viable, whose members had no interest in taking part in the programme, would not continue to be supported and would stop being programme beneficiaries after paying their debts to the revolving fund.

Measuring the programme impact is an integral part of the final evaluation, but analysis process depends on the nature of the programme and the objectives established. In the case of the IGA, the impact achieved should be analyzed on different levels:

• Impact on the livelihood systems of the family units:
  — Financial capital: Changes in income due to variations in quantity, sources, seasonality, etc. Increase in access to credit.
  — Variation in consumption and in the use of income: increase in expenses for food and other basic needs. Reduction of family debts and increase in sav-
ings are good indicators of improvement in the food security of the family unit.

— Social capital: strengthening of the networks of solidarity, creation of relationships of trust between individuals, etc.

— Human capital: new knowledge acquired, etc.

— Natural capital: improvements in the use, conservation of natural resources or in the access to and control over them.

— Physical capital: improvement in the productive assets in terms of access, quality and quantity.

The use and combination of these new resources will permit the strengthening of livelihood strategies and lead to an increased capacity to meet family needs through new incomes. This can be compared with the price of the basic needs basket (a measure of the cost of living) in order to evaluate the impact in terms of economic capacity of the families.

* Impact on IGA:

— Increase and improvement of productive capital of the activity

— Improvement of the labour force available for the activities

— More efficient and sustainable production processes

— More transparent management

— Better access to credit

— Better access to the market, as suppliers and/or consumers of productive inputs

Sustainability is another fundamental aspect that must be analyzed when evaluating programmes that promote IGA. When analyzing the income generated, it is necessary to investigate the division or sharing of this income and to check if part is reinvested by the beneficiaries to use for operational costs, if they are recovering the costs of their productive assets to avoid that they become obsolete and the activity stops functioning (see Appendix 23 for a brief study regarding financial sustainability of IGA).

Example 29: Example of profitability of agricultural IGA in Azerbaijan

The graph represents the income generated by the agricultural activities of 25 of the 52 groups supported by ACF in Beylagan and Adjabedi, in comparison with the investment made by the programme and by the beneficiaries.

All of these IGA produced incomes higher than the investments made and all were considered profitable. However, the profits were not similar in volume. Some
activities did not produce enough income to distribute amongst the beneficiaries and to reinvest in the operations for the next productive cycle.

To ensure the sustainability of the less successful IGA some external support is still necessary.

- Impact at the community and zone levels:
  - Improvements in the rate of employment in the community
  - Increase in the total income produced in the community by its members
  - Growth of economic activity, supplying of the markets and existence of services offered
  - Better civic participation

Example 30: Community impact of IGA in Angola

ACF has been working in the municipality of Caconda, Angola, since 1996. The intervention evolved from an emergency situation caused by the civil war and lasted through the current phase of reconstruction and development. As part of the exit strategy, a plan to strengthen civil society and public institutions was introduced, enabling them to take responsibility for the management of health structures. ACF offered technical and financial assistance, the municipal health office retook control of the management of the Therapeutic Feeding Center (TFC), and the association AMADA (Associação Mensageira de Ajuda para o Desenvolvimento de Angola) financed certain operational costs (gas and guards) as well as the fresh food for the TFC thanks to the IGA that were put into practice during the programme.
In case the support has not been sufficient, the evaluation is a good moment to make recommendations that will help to adapt the successive phases, allowing the intervention strategy to evolve.

Example 31: Recommendations of a final external evaluation in Armenia

ACF carried out an external evaluation during the last 2 months of an 18 month IGA programme in the south of Armenia. The evaluators analyzed the programme and all its components in depth, through fieldwork and reviewing both internal and external documents. The final report explained in detail the impact obtained, the weaknesses and strong points encountered and made recommendations for a subsequent 3 year phase including:

• Consolidation of groups and activities initiated in the first phase.
• Evolution of a financial system, avoiding donations, tending instead towards subsidized prices and interest-free loans.
• More flexible criteria and beneficiary selection.
• Search for alternative IGA to carry out at an individual level and with the most vulnerable people.
• Evolution of the role of ACF towards that of a facilitator of certain necessary services and of technical support
• Increased coordination with existing local organisations
At the intervention level, the most positive impact of an ACF income-generating programme is the establishment of solid bases on which the development process can start.

The terms of reference (ToR) elaborated before carrying out an evaluation will define the process to be followed, setting out:

- The objectives of the evaluation
- The description of the programme to be evaluated
- The main questions which should be answered
- The methodology to be used to collect and analyze data
- The work plan or chronogram
- The time period and the resources available
- The selection criteria of the evaluation team
- The proposed structure of the final report

Appendix 24 gives some general guidelines for ToR for an evaluation.

III. SYSTEMATIZATION

“Systemization is the critical interpretation of one or various experiences, that, from their ordering and reconstruction, unveil or make explicit the logic of the process lived, the factors that have intervened in the said process, how they have been interrelated, and why they have done so in this manner” (Jara, 199819).

It is an exercise of internal interpretation regarding what has been done, the ‘why’ of the applied focus, the results achieved and their utility. The systematization is carried out by the people who have participated in the programme, with the aim of improving the future work of the team and to share lessons learned.

The fundamental difference between capitalization and systematization is that systematization is participative: the actors who have been involved in the programme should take part. In practical terms, resources and time will be needed. The resources available will determine if a participative methodology is relevant and viable. In any case, it is important to underline the fact that not all programmes or even a complete programme can be reconstructed; only the aspects that offer special interest will be chosen.

Inside a programme, especially those directed towards improving the output and creating new IGA, distinct experiences will be found. Decisions to systematize certain experiences over others may be due to:

19 Cited in Rodríguez-Carmona, 1999.
• The success of the experience, we are interested in the reasons for this success
• The failure, we are interested to know why it failed
• We have put into practice an innovative experience that is worthwhile to re-
construct

A systematization methodology can be seen in the following chart:

**Figure 4: Systematization methodology**

<table>
<thead>
<tr>
<th>Initial situation</th>
<th>Intervention</th>
<th>Current situation</th>
</tr>
</thead>
</table>
| Describe the problem or development opportunity before the intervention. | What was done (activities)?
When was it done (time frame)?
Who did it (actors)?
How was it done (methods)?
With what was it done (means and costs)? | How does the current situation compare with the initial situation?
What are the tangible and intangible benefits?
Who has received these benefits? |
| **Contextual elements:**
• Causes of the problem or opportunity.
• Factors that limited the possibilities for local action in order to resolve the problem or take advantage of the opportunity. | **Contextual elements:**
• Factors that worked in favor of the intervention.
• Factors that made the intervention difficult. | **Contextual elements:**
Factors that amplified the magnitude of the effects or the number of beneficiaries.
Factors that restricted the magnitude of the effects or the number of beneficiaries. |

**Lessons learned**
What would be done in the same way if something similar were to be implemented again?
What would be done differently if something similar were to be implemented again?
Example 32: Systematization of a beekeeping experience in Nicaragua

In the department of Madriz a pilot beekeeping experience was carried out to diversify the livelihood strategies of vulnerable families and improve their incomes. The zone has natural conditions suited to the development of this activity. Once the intervention was finished, the ACF team carried out a systematization of this component because of its innovative character. The lessons learned, mentioned by the team as well as by the participants in the experience, included the following:

1. A substantial change in the families’ perception of the activity took place caused partly by the increase in incomes.

2. Technical training and accompaniment were adequate, even though it was felt that the implementation period was short (two years) and that support was still necessary.

3. It was considered necessary to reinforce certain aspects, especially those related to sales and technical support.

Currently a programme with these aims is now being carried out in the same region.
CHAPTER 6: LESSONS LEARNED

Some of the lessons learned that could help improve the impact of IGA programmes are:

- The promotion of IGA is not a usually a suitable strategy for the most vulnerable people, especially those who:
  - Cannot work because of certain handicaps, chronic illness or very old age. In some cases it is possible to find mechanisms to include these sectors of the population, for example the formation of groups in which some of the members have certain incapacities is a solution that can be considered.
  - Prefer to be employed by someone and receive a regular salary, given that they do not have the necessary assets to start and develop an independent IGA. The few that have the financial capacity prefer to use it in more urgent necessities such as food, medicine, housing, etc.
  - Want to avoid any risks.
  - Do not have knowledge and/or minimum capacity on which to base the initiation of an IGA.

- Market opportunities must guide the IGA.

- In those zones where commercial exchanges are scarce because movement is difficult due to conflict, insecurity or isolation, IGA have a low possibility of success.

- Training and technical support is fundamental for the creation of new IGA.

- Incomes from IGA will very rarely cover 100% of the families’ needs. They must simply be considered as an extra source of income that contributes to covering their total needs and the lessening of risk through the diversification of activities.

- It is always better to start with activities of which the population has cultural knowledge and previous experience.

- When the level of vulnerability is higher, the initial capital and the technical ability required from the population for development of the IGA should be lower.

- The potential of handicraft activities is systematically overestimated.

- In many cases the population is already developing IGA and the best direction is to support them in these IGA, helping to reduce the obstacles encountered.

- Connections between different IGA or with other types of initiatives can bring very positive results.
• The initiative for the creation of new IGA should come from the population itself.

• The scale on which to develop the IGA should be taken into consideration. For example, to have market access it may be necessary to create or strengthen some type of organisation that improves negotiation capacity.

• Two useful questions during the implementation of a programme to support and promote IGA are: Is it a competitive and profitable activity? This question must be answered from the essentially lucrative point of view, evaluating the profit to be gained by the beneficiary population. The IGA must be economically productive. It is important to consider how this profit will materialize; in some cases it will not be possible to evaluate it in terms of liquid cash, but rather in terms of an increase in productive capital or social services. In the case that the answer to the first question is yes, it is necessary to also ask the following: how many vulnerable people will experience an increase in their incomes?

Finally, it is necessary to consider that the success of IGA does not depend on the type of activity, but rather the abilities and the knowledge of the person or group that carry out the IGA and the socioeconomic context.
CHAPTER 7: FREQUENTLY ASKED QUESTIONS

1. What is an income generation programme?

Within the area of food security these programmes aim to help vulnerable populations cover their basic needs and food needs through implementing or improving income generating activities. These interventions can be carried out in urban zones as well as in rural zones; however, they are not designed for the most vulnerable people, as they require the ability to work and some minimum knowledge and training.

An IGA is any activity that generates income for the family; the activities can include agriculture, livestock raising, fishing, post harvest processing and services. Income generating programmes are directed towards an economic focus, and aim to increase the cash available to the family, improve the local economy, and strengthen the livelihood strategies so that the population is less vulnerable.

IGA can be supported through training, improving access to productive assets and increasing sales channels. The guidelines for designing the components of the programme will be based on the context in which the initiative is developed and the specific difficulties of the population.

2. What types of income generating activities are sustainable?

Even though it is true that universal recipes cannot be given and specific activities cannot be recommended, some criteria from which to choose the IGA can be defined. The existence of a demand for a product is always a necessary condition, the possibility to produce it in the zone under advantageous conditions, for example for a lower price, with better productivity or higher quality, is another parameter to evaluate.

It is essential to take into account the capacity of the population with whom the programme will work, their specific knowledge about the production process or the service, and their motivation to get involved.

In summary, the activities that are most likely to be sustainable are those that: produce a product in demand, are adapted to the potential of the area and the capacities of the people involved, and that rely on financial, commercial and other necessary services that already exist.

The planning of the activity and elaboration of business plans will help define the requirements of the IGA and foresee future needs.
3. Can IGA be carried out in any type of context?

No, some conditions exist under which it is not recommended to initiate this type of programme. In contexts where movement is very restricted, or where there is insecurity due to a conflict, IGA should not be initiated. Also it is important to consider that these types of programmes are not going to help the population to cover their immediate food needs; in a situation of food crisis they are not the most suitable interventions unless they are carried out in parallel with a food aid programme.

4. What type of support should we offer?

The type of support will be designed according to each specific context. The limitations that a specific population faces will suggest the focus the programme should follow. Support can be directed towards: improvement of productive assets, strengthening knowledge, increasing access to money, supporting commercial networks, etc. The options that are most useful for the problems faced will have to be considered and several of these possibilities can be carried out in conjunction, always after having studied their relevance and potential impact.

5. What financial support is needed?

Experience has shown that the more that is invested, or the more initial capital that an IGA has to work with, the greater the chance of success. However, the quantity to be invested by the programme will differ according to the vulnerability and the management capacity of the people. For more vulnerable populations, it is preferable to initiate IGA that require lower amounts of capital. Also, the profitability of the IGA must be taken into account; the quantity invested must be sufficient to assure the continuity of the activity with the income generated, while at the same time producing some profit for the group members or their families.

Another distinct aspect to consider is the origin of the investment, and in what form the funds are allocated. While considering the options, it is recommended to keep in mind the possibility that the beneficiaries put in some money, either savings or productive assets, so that their involvement will be greater and therefore the possibilities of success will be stronger. Also, it is necessary to think about the evolution of the financial support to the IGA. A system can be designed that strengthens the independence of the activity, through permanent access to finance in the form of revolving funds or micro finance institutions.
6. Should family units (individuals) or groups be supported to carry out IGA?

Group work can bring increased benefits by uniting capacities, abilities and labour of a greater number of individuals. Groups should be favored in cases where they are culturally accepted and traditionally used for the activities. However, the formation of new groups supposes a significant effort in terms of training and a greater time investment. It is more realistic to work with small groups between 10 to 20 members for group businesses, given that amongst other reasons, each member has to have an active role within the IGA, and large groups can have more difficulties in terms of internal operations.

Some productive activities may need a certain scale of organisation to ensure a good economic output or profit, and this factor must also be taken into account. Cooperatives or associations can also be supported when experience and interest exists. This can be a way for the programme to have a long-term impact on a large number of beneficiaries.

When it is not possible to work with groups, because of an existing tendency to work on an individual level, group work must not be forced. The monitoring and technical support needed for individual IGA will reduce the number of beneficiaries possible for the programme.

7. Is micro credit a useful tool for income generation?

Micro credit has created many expectations because it tries to correct an imperfection in the market that is the lack of financial services for the vulnerable population who are considered not bankable. The expectations created by micro finance are many. However, the existing experience to date refers to tools to be used for certain productive activities that have a short cycle of income generation. These systems do not favor the most vulnerable population, for whom savings may sometimes be more useful than credit.

It is important to take into account that micro credit can be a means to improve the IGA of the vulnerable population, but it is not a goal in itself. Alone it cannot resolve the problems faced by the poor.

8. When should support for an income generation intervention finish?

It is impossible to establish a time limit after which to end the support offered by these types of programmes, but instead some parameters can be established that help to evaluate when the withdrawal may occur.

Once the activities are reinitiated or implemented, there are clear indicators of sustainability and the required services such as access to financial capital, sales channels, etc, exist and are accessible, the initiatives can finish.
9. Is there a relationship between this type of programme and the other programmes developed by ACF?

Income generating programmes are closely related with the other food security programmes as well as with the other technical sectors of ACF. To respond to the needs of the population it may be necessary to coordinate different types of interventions.

IGA can be used when phasing out food aid programmes or be linked to agricultural activities.

At the same time, coordination with water and sanitation programmes can be done, supporting beneficiaries with IGA who can also help construct or rehabilitate the water and sanitation activities. Improvements in production and availability of food in quantity and quality can also strengthen health and nutrition programmes.

As has been demonstrated, income-generating programmes, depending on the context, can be a positive alternative in order to improve the food security of the population. In addition, they can help to increase the impact and the sustainability of ACF’s strategy in the zone.
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APPENDIX 1: GLOSSARY OF ABBREVIATIONS

ACF-E: Action Against Hunger Spain
ACF: Action contre la Faim International
CEPAL: United Nations Economic Commission for Latin America
CFW: Cash for work
ECHO: European Commission Humanitarian Office/ Aid
FA: Food aid
FAO: Food and Agricultural organisation of the United Nations
FFW: Food for work
FS: Food Security
HoM: Head of Mission
HoP: Head of Project
IDP: Internally Displaced Population
IGA: Income Generating Activity
LEZ: Livelihood Economic Zone
LFW: Logical Framework
MFI: Micro finance Institutions
MoA: Ministry of Agriculture
MoU: Memorandum of Understanding
NGO: Non-Governmental Organisation
PCM: Project Cycle Management
PDM: Post Distribution Monitoring
RF: Revolving Fund
SNC: Supplementary Nutrition Center
TFC: Therapeutic Feeding Center
ToR: Terms of Reference
UN: United Nations
UNCTAD: United Nations Conference on Trade and Development
WFP: World Food Programme of the United Nations
APPENDIX 2: GLOSSARY OF KEY TERMS

Alternatives to food aid: Actions to ensure that food products and primary needs (in areas of health, hygiene, water, clothing, etc) can be covered through an increase in access of a determined population, to prevent underlying or direct causes of malnutrition.

Baseline: The result of collection and analysis of information that offers a detailed view of the situation of the population and the zone before starting the work. Later comparisons can be made between these initial levels and those achieved during and at the end of the intervention to be able to evaluate the changes that have taken place.

Basic family basket: Collection of goods and services of primary necessity that represent the basic consumption of an average family.

Coping strategies or adaptation mechanisms: Behaviour adopted by the vulnerable population before a crisis, or unfavourable event, to reduce risks and threats to subsistence. When these strategies are not sustainable they may endanger the food security of the population.

Debt capacity: Concept that reflects the ability of an individual, family unit or production unit to make monthly payments. This is used in the process of granting loans to evaluate the total amount that can be given without putting at risk the future productive and economic capacity of the borrower.

Exit strategy: Strategy that establishes the different stages that will lead to a gradual end to the support of the organisation and the subsequent closure of the mission.

Food Aid: Making foodstuffs available and accessible to a given population, in terms of quality and quantity, in such way as to avoid malnutrition and diseases.

Food needs: Quantity and quality of minimum necessary food required by the human body for complete development.

Food Security: Food security is ensured when all people, at all times, have access economically, socially and physically to sufficient, safe, and nutrition food that satisfies their nutritional needs and dietary preferences, allowing them to live active and healthy lives. Food security of households corresponds to the application of this concept on the family level, with the centre of attention focusing on the individuals making up the household (FAO, 1996).

Impact evaluation: A study that measures the realisation of the fixed quantitative and qualitative objectives and determines the positive and negative effects of the activities.

Income: Monetary resources or in kind that an individual, or family unit, gains as a result of productive activities.
**Income Generating Activities**: Any type of activity that enables a person or a household to generate revenue. Incomes generating activities are important in terms of creating sustainability and improving accessibility to basic food and non-food products.

**Indicator**: A measurement that shows the changes or the results of an observed activity. (Euronaid, 2002).

**Informal economy**: Part of the economic activity that is not seen in statistical or fiscal records.

**Livelihood**: The combination of all activities carried out in relation to the available resources that allow a family to cover their needs, to continue surviving and to develop.

**Logical framework**: The logical framework is a tool for programme planning. It presents, in a matrix form, the relationship between the programme’s overall objective, the specific objectives, the expected results and the activities. For each of these, the following must be specified: objectively verifiable indicators, sources of verification and assumptions or external factors. The inputs (costs and resources) are also included. The LFA serves as a basis for the proposal.

**Micro business**: Small business with limited production systems, financial sources and labour. The production is often small-scale and can be industrial, agricultural or service oriented.

**Micro credit**: Small loans given to people with scarce resources and without access to commercial banks. In general these funds are directed towards financing activities of self-employment that encourage the economic self-sufficiency of the vulnerable population.

**Micro finance**: Sector dedicated to offering financial services to the vulnerable population, including credit, savings and other services such as leasing.

**Monitoring**: Monitoring is the continual process of data collection and analysis, which should take place as the project is being implemented. It is based on indicators that are collected regularly. The actual progress is compared to the planned outcomes and activities, in order to identify necessary remedial actions.

**Moral hazard**: Refers to situations in which one side of the market cannot recognise the type or the quality of the goods of the other.

**Participative Approach**: All methodologies that are based on the participation of the local population. With this focus the aim is to promote work with the population, in this way we can identify the priorities and problems of the population and propose suitable solutions.

**Process of de-capitalisation**: Occurs when the coping strategies, or adaptation strategies, put into practice by vulnerable families bring about a loss of productive assets and for that reason threaten the productive capacity of the family.
Productive Capital: Any type of asset that contributes to the family economy. Productive capital can be tools, animal or land that aid in an economic or subsistence activity.

Profit: Difference between the total income obtained and the costs that are incurred in the production and sale of a good.

Profitability: Concept that is used to reflect the capacity of an activity, or productive process, to produce benefits during a determined period of time. The evaluation of profitability of an activity depends on the income achieved, the stability of the profit, the relative value in terms of local prices, etc.

Project Cycle Management: The project cycle includes the various stages of a project: programming, identification, formulation, financing, implementation, monitoring, and evaluation. PCM is an approach that aims to improve the management of the project cycle, using various tools (e.g. causal analysis, LFA, monitoring and evaluation techniques, etc.).

Purchasing power or power of acquisition: Level of income that permits purchases or access to markets.

Risk aversion: When a person does not want to take risks; in economic terms it can be said that it is preferred to have a steady, secure income, even if it is scarce, rather than taking a risk with something unsure. The most vulnerable population is often averse to taking risks.

Savings: Part of income that is not spent on goods or services for everyday consumption.

Subsidized price: Price that does not reflect the real price, as a percentage is financed through some type of donation.

Sustainability: Concept that reflects that the objectives or impacts aimed for by a programme are maintained in the medium and long term.

Unit cost: Cost for one unit of a product that includes all the expenses for production and services that have been used during the process.

Value Chain: Description of all the activities that are required from the beginning, passing through the various phases of production (including all combinations of physical transformation and the different services necessary) until a product or service arrives to the final consumer.
APPENDIX 3: PROBLEM TREE, SISIAN, ARMENIA

Food Insecurity

Shortage of Food

Insufficient income

- Low employment opportunities
- Inexistence of working industries
- Decreased working capital

- Low self-organisation
- Low self-reliance knowledge and skills

- Large distances to markets
- Limited access to fair markets

- Limited availability of agricultural land
- Limited access to inputs

- Low agricultural knowledge and skills.
- Ignorance in resource management
- Poor individual inter and intra community organisation

Outdated and unsuitable technology (machinery, irrigation, seeds, etc)

Limited availability of productive resources

Low agricultural production

- Mismanagement of resources
- Low availability at local market
- Low demand
- Low availability nationally

Inexistent upgrade of technology

Low reparation and maintenance of existing technology

High % of poor quality soils

High distance between household and quality land

Inappropriate land privatisation process

Limited purchasing power

Ignorance in crop production management

Climatic, unavoidable factors, such as drought

Ignorance in resource management

Limited availability of agricultural land

Low availability of agricultural land

Low agricultural production

Food Insecurity

Shortage of Food

Income generating activities: a key concept in sustainable food security
APPENDIX 4: VALUE CHAIN ANALYSIS

Map of Actual Situation of Dairy Sector

To see how the villagers are using and selling their milk, it is useful as a first step to map the steps and directions of the dairy business from the village to the final market. It is important to find out about constraints at each step, and to get a rough idea of quantities and prices. It is equally important to talk to the businesses involved as well as the villagers who sell milk. This map lacks detail regarding real volumes and costs, and has little information about the conditions of sale in the final market. However, a main conclusion can be drawn that the villagers have a lack of access to market for their milk and so are either using a lot of dairy products at home or are selling and bartering in irregular conditions. Cheese production is being carried out at home because of a lack of alternative, which could face even further obstacles as quality requirements from Yerevan traders increase.

Map of Proposed Dairy Development from Dzorer Valley

This second map includes suggestions from local actors in the dairy business on how they would see the development of the dairy sector in order to solve this problem of lack of access to milk market for villagers. Two main opportunities include the establishment of a milk-cooling center owned by the milk collector, who already has regular business connections to a well-known milk buyer, but who has no infrastructure. A second option would be the establishment of a small but modern cheese factory in Lor village to replace the practice of cheese making at home. This option was proposed by many villagers who would prefer to sell raw milk within the village and later collect whey for pigs, therefore having a secure milk market and avoiding the risk that they have to barter homemade cheese for low prices.

This second map is a tentative look at the options villagers and local businesses suggest in regards to the problems that were raised in the first map. The next step would be to look at real feasibility studies of the two businesses and to understand in more detail the market potential for the cheese made in the new Lor factory.
**Present Situation of Dairy Sector in Dzorer Valley**

**Shamb**
- Less than 10 cows

**Darbas**
- 421 cows
- Almost all farms have 1-2 cows only, 1 large farmer with more than 20 cows
- 600 t annually

**Lor**
- 250 cows
- Almost all farms have 1-2 cows only
- 200 t milk annually

**Shenatagh**
- Less than 100 cows

**Milk collector (Manvel)**
- Collects up to 70 t during the summer season
- Constraint: Has no milk cooling equipment, so milk is low quality and sometimes refused by buyer
- Can only collect low quantity

**Cheese making at home (Lor)**
- Five households with higher quality cheese, up to 10 with lower fat (lower priced) cheese during summer months when milk yield high
- Constraint: no sanitary conditions, often made because of lack of alternative (no market for raw milk)

**Home use**
- Milk, butter, yoghurt, cheese 90 t Lor, 370 t Darbas, or around half of all production
- Demand more than satisfied

**Ashtarak Kat collection centre**
- 80 - 100 AMD per liter
- Interested in buying more milk but must be properly cooled

**Darbas cheese factory**
- Large farmer only uses milk from own cows to make cheese, 12 t per year
- Constraint: badly run business

**Village trader**
- Brings village cheese to Yerevan, up to 18 t, 800-1000 per kilo
- Constraint: low volumes of high quality cheese to sell

**Traders arrive in the village**
- Buy low fat cheese 700 per kilo
- Constraint: usually bartered, irregular market, often no traders arrive

**Use whey for feeding pigs (50 pigs in village)**

**Ashtarak Kat processing factory (yogurt, ice cream)**

**Cheese delivered to Yerevan distributors**
- Increasing conditions re quality, sanitation, regular delivery

**Supermarkets**
- Sold by weight to consumer sliced from larger packages, usually without brands, may be identified by region

**Open markets**
- Little guarantee of food safety, sold in open air
### Proposed Dairy Development from Dzoror Valley

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<tr>
<th>Village</th>
<th>Milk Cows</th>
<th>Notes</th>
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<td>Shamb</td>
<td>Less than 10 cows</td>
<td>Establishes small sanitary cheese factory in partnership with cheese maker. Will collect 250 t a year from above 4 villages, 30 - 35 t cheese per year, Chanahk and Lori type. Constraint: estimated minimum cost 15,000 US$ to establish.</td>
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<tr>
<td>Darbas</td>
<td>421 cows</td>
<td>Village trader. Milch collector (Manvel) installs cooling tank of 1.2 t capacity. Would collect mainly from Darbas, Shamb and other nearby villages not mentioned here, up to 200 t annually.</td>
</tr>
<tr>
<td>Lor</td>
<td>250 cows</td>
<td>Home use: Milk, butter, yoghurt, cheese. 90 t Lor, 370 t Darbas, or around half of all production. Demand more than satisfied.</td>
</tr>
<tr>
<td>Shenatagh</td>
<td>Less than 100 cows</td>
<td>Shanatagh</td>
</tr>
</tbody>
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**Shenatagh**
- Proposed Dairy Development from Dzoror Valley

- Less than 100 cows
- Almost all farms have 1-2 cows only.
- 200 t milk annually
- Export: High demand in Russia. Low export capacity because of lack of access to credit to finance purchase and shipping.

- Vacuum packing in 5 kg pack with brand.

- Whey for feeding pigs (50 pigs in village): Villagers can receive whey back from local cheese factory.

- Supermarkets: Sold by weight to consumer sliced from 4-5 kg package, starting to introduce small individual packs.

**Shamb**
- Less than 10 cows
- Almost all farms have 1-2 cows only, 1 large farmer with more than 20 cows.
- 600 t annually
- Home use: Milk, butter, yoghurt, cheese.

- Milk collector (Manvel): Installs cooling tank of 1.2 t capacity. Would collect mainly from Darbas, Shamb and other nearby villages not mentioned here, up to 200 t annually.

**Darbas**
- 421 cows
- Almost all farms have 1-2 cows only.
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**Proposed Dairy Development from Dzoror Valley**

- Milk collector (Manvel): Installs cooling tank of 1.2 t capacity. Would collect mainly from Darbas, Shamb and other nearby villages not mentioned here, up to 200 t annually.

- Village trader: Establishes small sanitary cheese factory in partnership with cheese maker. Will collect 250 t a year from above 4 villages, 30 - 35 t cheese per year, Chanahk and Lori type. Constraint: estimated minimum cost 15,000 US$ to establish.

- Cheese delivered to Yerevan packager/distributor: Packs with own brand, but marks origin. Estimated 20 t per year, pays after 10 days, 800 AMD.

- Export: High demand in Russia. Low export capacity because of lack of access to credit to finance purchase and shipping.

- Vacuum packing in 5 kg pack with brand.

- Whey for feeding pigs (50 pigs in village): Villagers can receive whey back from local cheese factory.

- Supermarkets: Sold by weight to consumer sliced from 4-5 kg package, starting to introduce small individual packs.

**Shenatagh**
- Proposed Dairy Development from Dzoror Valley

- Less than 100 cows
- Almost all farms have 1-2 cows only.
- 200 t milk annually
- Export: High demand in Russia. Low export capacity because of lack of access to credit to finance purchase and shipping.

- Vacuum packing in 5 kg pack with brand.

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APPENDIX 5: SUMMARY OF THE ACF-F FOOD SECURITY STRATEGY FOR ACEH 2005

1. Introduction

Immediate recovery of sustainable livelihoods is not possible and large sections of populations will remain dependent on external aid in the mid- and longer-term. Food aid will continue to be an important need (with or without ACF involvement), but it must be ensured that it will not (i) be used as a political tool to control the populations, (ii) lead to dependency, (iii) result in food and labour market price and wage distortions\(^\text{20}\), or/and (iv) create disincentives to food producers and traders. At the same time, sustainable recovery will be promoted wherever and whenever possible, without creating future vulnerabilities\(^\text{21}\), and encouraging an early return. ACF will use an integrated FS and Watsan (Water and Sanitation) approach to accompany the affected populations to their chosen resettlement sites (host communities, return to affected lands/villages), without creating incentives for people to settle in areas contrary to their preference. The risk of humanitarian aid being used as a pull factor, particularly in the barracks, will be monitored closely. Hence, ACF will concentrate its aid outside the barracks in the first phase\(^\text{22}\).

The affected populations are well educated, the soil is fertile, and the economy was well monetized and organised before the tsunami. These offer good grounds for recovery. A participatory, bottom-up approach is hence a must, in order to capitalise the existing know-how and to promote a quick recovery, adapted to the local context. The emphasis will be put in recovering the economy, not in creating new activities.

Coordination with other key actors and follow up of implemented projects and results (e.g. reconstruction of roads) is crucial in order to avoid duplication and to benefit from lessons-learnt. Additionally, the final results of ACF FS activities may be linked with other projects (e.g. marketing of fish is dependent on access to trade networks).

The **overall objective** of ACF food security activities in Aceh is to:

- Improve the basic living conditions of populations affected by the tsunami or/and the earthquake.

The **project purposes** are to:

- Address the immediate food needs of the affected populations.

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\(^{20}\) Aceh province is a rice surplus production area.

\(^{21}\) Sustainability and impact on environment are key issues in the rehabilitation/recovery, e.g. over-fishing was common in Aceh prior to the tsunami and a return to the same unsustainable situation must be avoided.

\(^{22}\) Food aid will be distributed to all population, including those who have moved to the barracks.
Contribute to a rapid and sustainable recovery of livelihoods of the affected populations.

**Type of beneficiaries:** People directly or indirectly affected by the tsunami (host communities)

Potential responses to FS needs can be categorized roughly into three groups:

1) *Needs that can be addressed only through long-term intervention strategy and commitment* and will have a long-term impact (i.e. are sustainable). E.g. agriculture on affected lands, fishing with support structure (e.g. ice plants, commercial networks and access), rehabilitation of communication and commercial networks, including roads, ...

2) *Needs that can be addressed immediately, but the interventions have a long/mid-term impact (i.e. are sustainable).* These Quick Impact Projects will help people to rapidly re-establish an activity, drawing on already existing support networks, social organisation and know-how, and will provide rapid results\(^2\). E.g. distribution of material for making fishing nets, construction of boats, grants to encourage petty trade, distribution of material for skilled workers (masons, carpenters, tailors...) and potential to link these with ACF activities (cash for work or we purchase, currently done for latrine roofs, water filters).

3) *Needs that must be addressed immediately, but the interventions are unsustainable in the long run,* e.g. food aid or cash for work.

Food security activities will be put in place in 3 phases. These involve a gradual phasing out of an emergency approach (notably food aid) towards more sustainable activities in the long-term and promote recovery and independence of the affected populations:

**First phase: Immediate aftermath of the tsunami (Jan - Feb/March)**
- The immediate food needs are covered in the immediate aftermath of the tsunami: 89,000 directly and indirectly affected people receive a daily food ration
- The impact of food aid is monitored and its adequacy evaluated: Study and evaluation of Food Aid and PDM
- Rapid assessments

**Second phase: Transition phase from emergency to post emergency (March - April)**
- Phasing out of food aid while maintaining a capacity of reaction:

\(^{2}\) These activities should not tie the people to their current place of settlement, given that the government relocation policy is not clear.
Handover of general food distributions to other organisations
Creation of an emergency food stock of 2,000 15-day rations
Distribution of nutritional complements

- An improved understanding of the food security and livelihood situation is gained: FS assessment

- Access to income and the economic recovery is promoted (1st phase):
  - Cash is injected to the society: 4,000 people are involved in cash for work activities for 20 days (80,000 man days)
  - 1,040 people benefit from grants or material kits to support the quick re-establishment of their income generating capacity (distribution of 120 kits to groups and to individuals).

Third phase: Post emergency and recovery (April - December)

- Access to income and the economic recovery is promoted (2nd phase):
  - 5,280 people benefit from grants or material kits to support the quick re-establishment of their income generating capacity (distribution of 880 kits to groups and to individuals).
  - 5 market places are reconstructed directly benefiting 100 trader households (400 people).

- Agricultural rehabilitation and recovery is enhanced:
  - 300 Ha of land are rehabilitated and seed, tool and fertilizer kits are distributed, benefiting 320 farmer households (1,280 people)
  - 5,000 vegetable and/or rice seeds kits are distributed to indirectly affected households (20,000 people)

- Sustainable recovery of fishing activities encouraged: 100 fishermen households (400 people) benefit from improved access to boats and fishing equipment

- Access to adequate housing is improved:
  - Construction of housing or distribution of housing kits to directly affected population

- Food security and livelihood situation is followed up in a systematic manner: Food security surveillance

Total number of direct beneficiaries:
Food aid: 89,000
IGA and economic recovery: 11,720
Agricultural rehabilitation and fishing: 22,680
2. Presence of other FS/livelihood agencies in ACF intervention areas

ACF is the only agency implementing food aid in its intervention areas. The table below presents key FS/livelihood agencies per sub-district and activity.

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<th>Sub-distric</th>
<th>IRC</th>
<th>Mercy Corp</th>
<th>Oxfam</th>
<th>MSF-B</th>
<th>Other FS</th>
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<tr>
<td>Lamno-Jaya</td>
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<td>CFW, integrated livelihood</td>
<td>Fishing</td>
<td>Potentially World Vision, Millenium</td>
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<td>Wyola Barat*</td>
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<td>Wyola Tengah*</td>
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* Not directly affected by the tsunami, but a zone hosting displaced people.
APPENDIX 6: FINANCIAL SERVICES FOR VULNERABLE POPULATIONS: AN EFFICIENT TOOL TO REACH ACF MISSION?

1. Summary

The modern microfinance movement started in the 1970s when pilot programs in Bangladesh, Bolivia, and other countries began to provide small loans to groups of vulnerable women to invest in economic activities.

By lending to groups of women where every member of the group guaranteed the repayment of all members, these microcredit programs challenged the prevailing conventional wisdom that vulnerable people were not able to repay loans or save on a regular basis. It appeared that when offered appropriate services meeting their needs, a very important percentage of them would repay loans with interest. As a result, microfinance institutions (MFIs) providing financial services to vulnerable populations developed. The range of products - credit, savings, money transfers, microinsurance - has expanded as MFIs developed a better understanding of the needs of their beneficiaries.

In 2004, ACF issued a first positioning paper on microcredit in which ACF decided not to develop microfinance activities but would explore the creation of revolving funds and partnership with microfinance institutions. Since then ACF has implemented several programs using financial services. In the meanwhile the microfinance sector changed significantly and new literature was published.

The objective of this Positioning Paper is to update and clarify ACF positioning vis-à-vis the use of financial activities to reach its mission.

Note: for the purpose of this Positioning Paper “Income Generating Activities” is taken with a broader sense. They include household IGAs as well as IGAs for small groups within the community. WASH programs sometimes include this second type of IGA.

Main ACF Recommendations

> ACF recommends analyzing whenever appropriate microcredit as a potential funding mechanism for IGA projects;
> ACF should never become a formal microfinance institution or register as a banking institution;
> ACF recommends identifying in advance potential partner MFI in areas of activity;
> ACF encourages microfinance activities done in partnership with specialised organizations (credit & saving cooperatives, rural banks, village banks, NGOs specialized in the microfinance sector etc)
ACF does not recommend setting up new revolving funds

ACF recommends introducing beneficiaries with MFIs offering formal saving services

Alternatively, ACF encourages setting up saving groups in partnership with previously established community organizations

2. Main Microfinance Concepts

What is microfinance?

Microfinance offers vulnerable people access to basic financial services such as loans (or microcredit), savings, money transfer services and micro-insurance.

Vulnerable people usually address their need for financial services through a variety of financial relationships, mostly informal. Credit is available from informal moneylenders, but usually at a very high cost to borrowers. Savings services are available through a variety of informal relationships like savings clubs, rotating savings and credit associations, and other mutual savings societies. But these tend to be erratic and somewhat insecure.

With time and experience, microfinance institutions have developed a variety of financial services to meet the needs of vulnerable populations. The main financial services that MFIs offer are:

- **Loans**: the best-known microfinance product, microcredit provides an amount of money to beneficiaries to develop income-generating activities. It can be used for working capital or investment in equipment, livestock, seeds etc. Loans are repaid with an interest.

- **Savings**: because traditional commercial banks tend to ignore vulnerable populations, MFIs developed saving services to offer safe, secure and accessible deposit services. Some programs require compulsory savings before a loan is provided. Other MFIs developed voluntary saving products, which have been particularly well received by vulnerable beneficiaries. But in some countries NGO microfinance institutions are not permitted to collect deposits.

- **Remittances and money transfers** are used by many people as a safe way to send money home. Remittances are subject to technology innovation such as money transfer using mobile phones to reach more people living in isolated areas.

- **Micro-insurance** helps cover vulnerable populations against specific external risk in exchange for regular premium payments proportionate to the likelihood and cost of the risk involved. Main micro-insurance products cover the death of the borrower and health risks.
Who provides microfinance services?

A microfinance institution (MFI) is an organization that provides financial services to vulnerable populations. This very broad definition includes a wide range of providers that vary in their legal structure, mission, and methodology: NGOs; cooperatives; community-based development institutions like self-help groups and credit unions; commercial and state banks; insurance and credit card companies; telecommunications and wire services; post offices; and other points of sale. However, all share the common characteristic of providing financial services to beneficiaries who are poorer and more vulnerable than traditional bank clients.

The main differences to classify these institutions are:

- **The mission:**
  - Socially-oriented MFIs see microfinance as a tool to fight against poverty. Their programs and services are developed in order to maximise the impact of microfinance on the beneficiaries. The first NGOs providing microfinance had a clear social mission. The main problem faced by these MFIs is how to reach sustainability while keeping a strong social focus.
  - Profit-maximizing MFIs see microfinance as a business like any other, or “retail banking for the lower-end market”. Examples include the microfinance banks in Eastern Europe.
  - Meeting the double bottom-line: a large number of MFIs try to reach a double-bottom line, meaning that the developmental or social objective of the MFI is made possible by sustainable financial performance. Financial performance is considered a means to a social end rather than an end in and of itself.

- **The legal structure:**
  - Formal providers are sometimes defined as those that are subject not only to general laws but also to specific banking regulation and supervision. They include commercial banks, development banks, postal banks etc.
  - Semiformal providers are registered entities subject to general and commercial laws but are not usually under bank regulation and supervision: cooperatives, credit unions, financial NGOs...
  - Informal providers are non-registered groups such as rotating savings and credit associations (ROSCAs) and self-help groups.

- **The ownership structure:**
  - Government owned such as the rural credit cooperatives in China
  - Member-owned, like the credit unions in West Africa;
  - Privately-owned, like NGOs but also commercial MFIs owned by a group of shareholders
In which contexts is microfinance most suitable?

While many vulnerable people can benefit from a microcredit, not everyone wants or can use credit. To use credit effectively, beneficiaries must be able to generate income at a rate higher than the interest they are paying. Providing credit to those not able to use it productively can push already-vulnerable people into debt problems.

For the chronically destitute, credit is unlikely to succeed without complementary efforts to reduce vulnerability and to build skills, confidence, and a minimal financial base. Projects linking safety-nets and microfinance can help graduate the chronically destitute into microcredit. Similarly, when illness keeps people from productive activities, credit is less able to bring benefits over time unless specific health programs are built-in jointly.

In addition, for microcredit to be appropriate, a pre-existing level of security, ongoing economic activity and stability of the population is needed. An immediate post-emergency environment or places with absence of law and order will make microfinance more difficult. Infrastructure, access to markets and cash economy are pre-requisite.

Finally, some limiting conditions make it hard for MFI's to be sustainable. For example disperse population make it costly to reach beneficiaries on a regular basis.

ACF & microfinance: where is the match?

ACF is specialized in the fight against hunger and defends the fundamental rights of vulnerable populations at risk of food insecurity and malnutrition.

Developing microfinance services for vulnerable populations is not one of the core activities of ACF. However, microfinance is interesting as a tool to reach ACF’s mission. To prepare this positioning paper, a review of existing ACF programs was carried out. Projects implemented by other organizations were reviewed and discussions with microfinance specialists were organized. It appears that microfinance can be an efficient tool at various levels of ACF’s activities if implemented in partnership with specialized microfinance organizations. The following paragraphs give recommendations on how to use microfinance to reinforce ACF operations.

3. Microfinance as a funding option for income generating activities

An IGA is any activity that generates income for a household or a small group within the community; the activities can include agriculture, livestock raising, fishing, post harvest processing, trade and services. ACF is involved in numerous IGA development projects to support sustainable livelihood and enhance the food security of vulnera-
ble populations. IGAs are also developed around WASH projects to enhance sustainability of water, sanitation and hygiene programs and equipments.

When defining IGA programs, it is important to decide which funding mechanism is most suited to the level of vulnerability of the target population and to the context: subsidies or donations, partial or total repayment of investment through community-managed revolving funds, or micro credit.

While donations can be used to fund the activities, continual transfer of money or goods can lead to the creation of dependency. In sufficiently stable contexts and for populations that are not the most vulnerable, funding IGA through microcredit is a more suitable option. ACF does not encourage the use of credit in all cases but recommends analyzing microcredit as a potential funding mechanism for IGA projects when the context and environment allows it.

**Recommendation 1:**

ACF recommends analyzing whenever appropriate microcredit as a potential funding mechanism for IGA projects

Looking at IGAs funding mechanisms at the community level, donations may also undermine local structures and systems which traditionally fund IGAs in the community. These systems can be informal (local merchants, informal money lenders) or formal microfinance institutions.

Traditional funding mechanisms can be extremely costly for beneficiaries so ACF does not systematically support the reinforcement of these mechanisms. But ACF does recommend always including in the IGA program assessment the identification of local funding mechanisms and the analysis of the impact donations may have on these mechanisms that traditionally fund IGAs in the community.

Supporting long-term local financing mechanisms while pushing for a reduction of the cost for beneficiaries also prepare ACF’s exit strategy of the region.

**Recommendation 2:**

When designing IGA programs, ACF recommends analyzing the possible negative impact of donations on existing local IGA financing mechanisms

However, ACF is not a microfinance organization and does not have in-house microfinance expertise. The 2004 positioning on microcredit stated that ACF should never become a microfinance institution. This positioning has not changed. The main reasons are:

- **Timeframe:** Managing microfinance activities requires a long-term involvement with the community. Given the fact that ACF missions are not set up to stay permanently in a country (rather leave when the situation in the country stabilises) the timeframe to set up microfinance activities is not suitable.
• **Financial investment**: Setting up a sustainable microfinance institution takes time and requires significant investment before reaching sustainability. As microfinance is not a core activity of ACF this type of investment is not a priority for the organization.

• **Professionalism**: A microfinance institution is a complex organization in terms of operations. Managing the institution in a sustainable manner requires specific inhouse expertise that ACF does not have today. Building this expertise would be long and costly and is not deemed a priority given ACFs mandate.

• **Legal constraints**: Although the situation varies country by country, microfinance activities often have to respect a set of legal constraints (such as minimum capital to set up a microfinance institution and risk-management ratios to respect). It may be necessary to apply for a licence before operating microfinance activities, in particular to offer saving services.

In addition international microfinance “Best Practices” recommend that financial services should not be delivered by the same institutions that provide non-financial services (food and cash donations, social programs, skills development, market access etc).

Therefore, as in the 2004 positioning paper, ACF does not recommend directly carrying out microfinance activities.

**Recommendation 3:**

ACF should never become a formal microfinance institution or register as a banking institution;

ACF should not create microfinance subsidiaries;

ACF should not directly manage microfinance funds

When deemed suitable, in order to provide beneficiaries with microcredit to fund IGAs, while not taking on the burden of managing microfinance activities directly, the way to explore is to develop partnerships with local microfinance institutions.

The objective of a partnership with a microfinance institution is to widen the options to fund IGAs while at the same type avoiding managing complex financial projects which are not part of ACF’s core expertise.

Working with MFIs has several benefits:

• Working with an established organization ⇒ no need to set up a new organization or structure

• Working with an organization specialized in financial services ⇒ added value from a specialized partner

• Working with a sustainable organization in the region ⇒ easier for ACF to have an exit strategy as long-term presence is ensured by the partner
The MFI provides credit and ACF provides donations → clear separation of roles for the beneficiaries.

The main issues that ACF will have to face are:

1. That there may be no MFI in the area. In this case it will be difficult to provide microfinance activities to beneficiaries. ACF can contact MFIs based in other regions, or international NGOs specialized in microfinance to see if they would be interested in developing microfinance activities in a new region. Once again, ACF does not have the expertise to offer microfinance services alone. Alternative options are discussed in section 4 of this document.

2. That the existing MFIs may not be considered as suitable partners by ACF.

3. That the MFI may not be interested in partnering with ACF. ACF can offer incentives to these organizations in order for them to manage the microcredit part.

The Technical Form “Partnering with a Microfinance Institution to Finance IGAS” provides more information on how to develop successful partnerships with MFIs.

**Recommendation 4:**

ACF encourages microfinance activities done in partnership with specialised organizations (credit & saving cooperatives, rural banks, village banks, NGOs specialized in the microfinance sector etc).

As with all partnerships, identifying and assessing potential partners takes time. Building confidence and designing common programs needs to be done step by step.

ACF is currently engaging in a larger debate about how to work with local partners. Working with MFIs enters this larger scope. As recommended to develop successful partnership, potential partners should be identified in advance in order to have the necessary time to evaluate the potential partner and build the trust. As all microfinance activities should be done in partnership with MFIs it is recommended that ACF missions identify in advance potential microfinance partners.

To develop successful partnerships with MFIs it is recommended to refer to the ACF documents on how to establish successful partnerships with local organizations.

**Recommendation 5:**

ACF recommends identifying in advance potential partner MFI in areas of activity;

ACF recommends analyzing the potential partner MFI, the key aspect being to share a common mission.
4. Community-managed funding mechanisms (revolving funds)

In remote, rural communities and in post-conflict settings, when no microfinance institutions are active, another option that NGOs have favoured is to set up community-based loan funds, also called revolving funds. In the revolving fund model, credit to the members of a small group is managed by the members themselves, with no professional management or supervision of the approval, disbursement, and collection of loans.

Most revolving funds developed by NGOs and donors start by providing the group with the loan-fund capital (as a grant or as a highly-subsidized loan). Case studies show that revolving funds are hard to sustain. The main reason is the member’s perceptions about the importance of the capital. Outsiders’ money, usually from donors or NGOs, is often treated with little respect. Repayment may not be a priority, even if the money goes back into a revolving fund for other members of the community to use. Furthermore, past experience of NGOs giving out donations make people assume that repayment expectations are low for any money received from donors or NGOs.

Another major limitation of revolving funds is the absence of professional management and permanent structure. It is easier for a formal MFI to carefully follow-up on loan repayments. Revolving funds therefore tend to be less stable than MFIs.

ACF already developed externally-funded revolving funds in some countries. Impact on beneficiaries has been mixed and repayment problems have made it difficult for these revolving funds to be sustainable. Therefore, ACF does not recommend setting up revolving funds from scratch.

Recommendation 6:

ACF does not recommend setting up new revolving funds

5. Savings

Contrary to a common belief, vulnerable populations do save. They save mostly in informal ways: they invest in assets such as gold, jewellery, domestic animals, building materials, and things that can be easily exchanged for cash. Savings are used to manage crises (a sudden illness, bad harvest etc), to invest when an opportunity appears, or to pay for expected but large expenses (school fees, weddings, funerals etc). Savings are particularly important as safety nets to avoid falling into destitution when facing these expenses.

Some MFIs offer saving services for vulnerable populations. Savings is a service that is highly valued by vulnerable populations. According to CGAP\textsuperscript{24}, vulnerable households are

\textsuperscript{24} CGAP (Consultative Group to Assist the Poor): CGAP is an independent policy and research center dedicated to advancing financial access for the world’s poor.
even willing to pay for a safe place to save their money. When institutions offering saving services exist in the region where ACF is working, it is worthwhile developing links between them and ACF beneficiaries. ACF can negotiate on behalf of its beneficiaries with the MFI, train beneficiaries on how to open saving accounts, and give an incentive to beneficiaries to encourage them to set up regular saving mechanisms.

A limiting factor for formal saving services is that in most countries, deposit mobilization is regulated by the banking law. Only institutions like banks, credit unions or postal banks are allowed to provide saving services. These institutions are often too far away, or the time and procedures needed to complete transactions are too expensive for vulnerable populations. Informal savings will continue to be the norm in most of ACF intervention areas.

In that case, ACF can promote alternative saving mechanisms based on existing community organizations. Special caution has to be taken when promoting informal saving-groups. Setting up new saving mechanisms can be risky for the savers. There are many examples where people lose their savings if the group is not well established or managed. Therefore, when developing saving groups ACF recommends working with already established community organizations who have a strong acceptance from the community to ensure long-term sustainability of these savings groups.

In any case, ACF should not manage directly the community-based saving mechanisms nor be responsible for the banking account where the funds are located. The community itself should own and manage the funds.

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<th>Recommendation 7:</th>
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<tr>
<td>ACF recommends introducing beneficiaries with MFIs offering formal saving services</td>
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<tr>
<td>Alternatively, when no MFIs offering saving services are active in the region, ACF encourages setting up saving groups in partnership with previously established community organizations</td>
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An advantage of saving-groups is that they can start putting together a saving fund that can be lent out to members. They then become a specific type of revolving funds: “saving-based revolving funds” where the capital of the loans comes from the accumulated savings of the members. According to microfinance specialists, this type of revolving funds that use no external capital perform better in the long term as capital accumulated through local savings feels important because it comes from one’s neighbours. Borrowers are more likely to take repayment seriously. The main issue that these groups face is that it takes time to gather a capital that is large enough for an important loan activity for the members.

External support is important for saving groups to start providing loans. Support to the groups, such as organization, training, bookkeeping, networking, liquidity management, and performance monitoring is key to reach long term sustainability. As ACF is not
specialized in this type of support, it is recommended working with a specialised partner that will bring the necessary support to the groups.

6. Graduating the most vulnerable populations into microfinance: linking safety nets & financial services

One of the recurring debates when talking about microfinance is whether microfinance is an effective tool to reach the poorest.

In reality few MFIs reach the most vulnerable populations. They tend to focus on slightly better off beneficiaries. One reason is that the most vulnerable beneficiaries may prefer not to borrow to avoid the risk of over-indebtness. Another is that MFIs need to cover their costs to be sustainable and therefore avoid lending to beneficiaries that will be too affected by external shocks and therefore unable to repay their loans.

A more suitable type of program for the people at the bottom of the economic ladder are safety net programs: transfer programs targeted at the poor or those vulnerable to shocks. Safety net programs usually take the form of cash transfers, food aid, or price subsidies. However, while safety programs are able to alleviate poverty, they do not develop income generating activities or build assets to move people out of poverty.

Given the evolution of food security and livelihoods situation worldwide and the increasing number of protracted crisis that needs long term responses, ACF thinks that safety nets measures are a good complementary activity to current ACF activities. Specific expertise is currently being built internally.

Models linking safety net programs and microfinance exist: they are called “graduation projects”. Graduation projects use the targeting and transfer elements of safety net programs, but introduce entrepreneurial activity through training, an asset grant and credit. The key to the graduation model is the careful sequencing of several development services to facilitate consumption stability and, subsequently, enterprise development.

Given ACF beneficiaries characteristics, graduation programs are suitable to support beneficiaries in a more sustainable way. Pilot graduation projects could be developed by ACF to extend the benefits of safety net programs.

Recommendation 8:

When appropriate ACF could develop pilot projects that aim at graduating beneficiaries from safety nets into microfinance
APPENDIX 7: EXAMPLES OF JOB DESCRIPTIONS

PROJECT MANAGER ASSISTANT

Position location: SISIAN (Syunik area), Armenia

Purpose

To assist the project manager in the management of the project in Sisian base.

Basic rules

• Respect of the ACF internal regulation

• Respect of working hours: Monday to Friday from 9:00 to 18:00, with one hour lunch break. Extension of working time is possible according to the project needs and will not be subject to any payment of overtime.

Responsibilities

• To actively participate in collaboration with the project manager in the management of the project team

• To plan and follow the activities of the project with the project team

• To ensure the proper implementation of the project

• To participate actively in the monitoring of the project in collaboration with the monitoring team

• To elaborate reports regarding the follow-up of the project

• To strengthen links between the local authorities and ACF

• To work on the partnership between local organisations and ACF

• To assist the project manager in the identification of new projects

• To analyze with the project manager the development of food security in the area

• To assist the project manager in any additional study or task
Experience and skills

Experience in an international organisation in project management

Very good management and organisational skills

Good team player

Fluent English oral and written

Reporting skills

Socio-economic background preferably

Knowledge in community and capacity building

Knowledge of Suynik area and / or agriculture would be an advantage

I am aware of ACF charter and internal regulation and undersign that I understand and agree with the above job description.

ACF project manager

The employee

Name: ........................................

Name: ........................................

Signature: .................................

Signature: .................................

Position location: SISIAN (Syunik area), Armenia.

Purpose

To provide assistance to the Income Generating Activity Groups (IGA) in economic and financial management and to ensure their successful functioning during the project implementation.

Basic rules

• Respect of the ACF internal regulation.

• Respect of working hours: Monday to Friday from 9:00 to 18:00, with one hour of lunch break. Extension of working time is possible according to the project needs and will not be subject to any payment of overtime.
Responsibilities

- To help the IGA Working Group to assess Income Generating Activities and draw up accurate budgets for the project implementation.
- To help the trainers in development of training plans and materials on economical and financial issues for IGA beneficiaries.
- To assess the capacity and competency of external trainers and make recommendations.
- To conduct training on economical and financial issues, business plan writing and local tax code for the IGA beneficiaries.
- To supervise, monitor and evaluate the training process on economics, finance, marketing, and business related issues to be conducted for IGA beneficiaries by external trainers.
- To assist the Project Manager in any additional study or task.

Experience and skills

Trained in the field of economics or finance.

At least two years’ experience in the field of economics and finance, experience in agribusiness is a plus.

Experience in training and working with communities.

Excellent communication skills.

Good team player.

Knowledge of Sissian district would be an advantage.

I am aware of ACF charter and internal regulation and undersign that I understand and agree with the above job description.
ACCOUNTANT SPECIALIST

Position location: **SISIAN (Syunik area), Armenia**

**Purpose**

To technically assist the two Component Coordinators in all the projects related to generate incomes needing to keep accountancy, under the direct supervision of the Head of Base.

**Basic rules**

- Respect of the ACF internal regulation
- Respect of working hours: Monday to Friday from 9:00 to 18:00, with one hour of lunch break. Extension of working time is possible according to the project needs and will not be subject to any payment of overtime.

**Responsibilities**

- To plan and follow the activities of the different Income Generating Activities of the project with the coordinators and the other persons responsible for the income generating projects.
- To implement technical training in appropriate specialities.
- To provide assistance in appropriate specialties.
- To participate actively in the monitoring of Income Generating projects in collaboration with the rest of the team.
- To elaborate a planning for every month and to write a monthly report related to this planning.
- To assist the Project Manager in any additional study or task.

**Experience and skills**

Experience in accountancy

Excellent communication skills and good abilities to work with groups of villagers.

Planning skills.
Good team player.

Knowledge of Syunik area is a must.

I am aware of ACF charter and internal regulation and undersign that I understand and agree with the above job description.

<table>
<thead>
<tr>
<th>ACF project manager</th>
<th>The employee</th>
</tr>
</thead>
<tbody>
<tr>
<td>Name: . . . . . . . .</td>
<td>Name: . . . . . . . .</td>
</tr>
<tr>
<td>Signature: . . . . . .</td>
<td>Signature: . . . . . .</td>
</tr>
</tbody>
</table>
AGREEMENT
between
Action contre la Faim
in ____ and _______________________
concerning “______________________________________________”
for the period from _____________ to ________________

Action contre la Faim represented by the ACF office in _______ (hereinafter ACF) and __________, __________ (hereinafter the Project Executor, partner) agree as follows:

Article 1 Object of the Agreement
1.1 ACF grants the Project Executor a contribution (hereinafter the Contribution) of maximum ________ for the project “ ___________” (hereinafter the Project) as per the Project Document (Annex 1), which forms an integral part of the present agreement, and Agreement with ___________ (Annex 2).

1.2 The Project Executor undertakes to use the Contribution solely for the objective of the Project and the appropriate use of the granted Contribution.

Article 2 Budget
The Budget agreed by the parties and detailed in Annex 1 of the Project Document must be respected. The confirmed detailed version of this budget will be presented and signed in the last week of __________ (changes may be made to the equipment cost but cannot go beyond this total budget). Any later modification requires the prior approval of ACF.

Article 3 Activity reports and financial statements
3.1 Activity reports
The Project Executor shall provide ACF with the following activity reports:
— Brief oral activity report at the end of each field visit, detailing activities and progress made towards project goals as described in Annex 1.
— Written reports will be provided on a quarterly basis.

3.2 Financial statements
The financial statement should conform to the budget and the specific lines of expenses. Project executor must submit invoices or bills for all expenses on a monthly basis, during the following month.
Article 4 Payment

The Contribution shall be transferred to the bank account of "____" Bank ______________

a)

<table>
<thead>
<tr>
<th>Installment and period</th>
<th>Amount in AMD</th>
<th>Terms and conditions for payment</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

b) If it is determined that activities not foreseen in the present Agreement have been financed by the contribution, the costs of such activities shall be deducted from the next installment or reimbursed on demand to ACF.

Article 5 General provisions

5.1. The Project Executor undertakes to execute the present agreement with due care and diligence.

Article 6 Annexes

Following documents attached to the present Agreement shall be deemed to form an integral part of said Agreement thereof:

- Project Document including Budget (Annex 1)
- Agreement with ______________ (Annex 2)

Article 7 Termination

7.1 The present Agreement may be terminated at any time by each of the parties, subject to written notice given 15 days in advance.

7.2 In the event of non-compliance, non-execution or breach by one of the parties of the obligation binding upon it, the other party may, after written notice, terminate the agreement with immediate effect and request financial reimbursement based on the actual expenditures justified.

7.3 If an event resulting from force majeure (natural disaster, etc.) prevents the execution of this agreement, either party may terminate the agreement from the moment when it becomes impossible to carry it out.
Article 8 Duration
The Agreement covers the period from ___________ to ___________. It shall come into force on signature by both parties and shall end when each party has fulfilled all its contractual obligations.

Article 9 Applicable law and place of jurisdiction
In case of controversy arising out of or relating to the present Agreement, the parties agree to undertake all efforts to find an adequate settlement before instituting any legal procedures. The law applicable to this Agreement shall be the civil law of the Republic of Armenia.

Done in two copies, in Armenian and English on 10.10.2005 in Yerevan.

10. Addresses, Bank Requisites And Signatures of the Parties

_________________________________
signature

_________________________________
signature
APPENDIX 9: EXAMPLES OF EXTERNAL COLLABORATION WITHIN AN ACF PROJECT IN ARMENIA.

<table>
<thead>
<tr>
<th>ORGANISATION</th>
<th>ROLE INSIDE THE PROJECT</th>
<th>CONTRIBUTION TO THE PROJECT</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gender Expert</td>
<td>___________</td>
<td>Linking the project with women networks, other donors, etc.</td>
</tr>
<tr>
<td>Related to the Civic Activism</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Transparency International</td>
<td>Consultant, trainer and close collaborator specialized in Local Governance</td>
<td>Free of charge follow-up of activities</td>
</tr>
<tr>
<td>Civic Activism Consultant</td>
<td>To lead and monitor the Civic Activism work</td>
<td></td>
</tr>
<tr>
<td>Sisian Teachers Union</td>
<td>Counterpart for the implementation of the integration of Young Population in Community Development project.</td>
<td>Material for students</td>
</tr>
<tr>
<td>Shaghat and Darbas Secondary Schools</td>
<td>The directors follow up the activities with the students</td>
<td>Use of the school</td>
</tr>
<tr>
<td>Sisian Civic Center</td>
<td>Through FAVL they support civic training in the Sisian context</td>
<td>Discounts on their services</td>
</tr>
<tr>
<td>Marketing Research</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Strategic Development Agency</td>
<td>Initial Sisian market opportunities, dairy strategy and chickpea, lentil market research</td>
<td>Studies</td>
</tr>
<tr>
<td>AMERIA</td>
<td>Fruit, rosehip market opportunities</td>
<td>Studies</td>
</tr>
<tr>
<td>VISTAA</td>
<td>Lamb and mutton market</td>
<td>Studies</td>
</tr>
<tr>
<td></td>
<td>IGA and Diversification activities</td>
<td></td>
</tr>
<tr>
<td>Center for Agribusiness and Rural Development NGO</td>
<td>Partner in Tolors Milk Association, especially for Mountain Pasture project, and will also advise in other ACF dairy activities.</td>
<td>$2,000 for Mountain Pasture project</td>
</tr>
</tbody>
</table>

(continuous in following page)
<table>
<thead>
<tr>
<th>ORGANISATION</th>
<th>ROLE INSIDE THE PROJECT</th>
<th>CONTRIBUTION TO THE PROJECT</th>
</tr>
</thead>
<tbody>
<tr>
<td>Green Lane Agricultural Support NGO</td>
<td>Cooperative specialist for Tolors Milk Association and potential new milk coops, Legume Specialist for chickpea training and trial supervision, and pasture improvement</td>
<td>Facilitation with necessary experts, contacts, testing labs</td>
</tr>
<tr>
<td>SHEN</td>
<td>Micro finance opportunities for beneficiaries</td>
<td>Micro finance advice</td>
</tr>
<tr>
<td>FAO</td>
<td>Coordination of activities in Salvard village (honey project and school renovation) as part of FAO Sustainable Mountain Development pilot project.</td>
<td>10.000$ - 15.000$?</td>
</tr>
<tr>
<td>Strategic Development Agency, NGO</td>
<td>Vet project implementation</td>
<td>In kind: staff and office</td>
</tr>
<tr>
<td>Community Finance Officer A.</td>
<td>Providing trainings related to Local Governance</td>
<td></td>
</tr>
<tr>
<td>USDA - CARD</td>
<td>Past and current employees trained by USDA as dairy experts, to be hired for ACF training programme</td>
<td>Current employees to provide, free of charge, special training for vets</td>
</tr>
<tr>
<td>Eco-Sys</td>
<td>Providing training related to the better use of community resources</td>
<td></td>
</tr>
</tbody>
</table>

Trainings

(continued from previous page)
# Appendix 10: Training Topics

## Group Formation Training
- **# of sessions:** 7 / 2.5 hours each
- **Topics Covered:**
  - Concept of group work
  - Stages of group development
  - Leadership and motivation
  - Decision making models
  - Group members; their functions and responsibilities
  - Managing team conflict
  - Strategic Planning

## Business Plan Writing
- **# of sessions:** 5 / 2.5 hours each
- **Topics Covered:**
  - Planning idea
  - Structure of Business Plan
  - Group/Company background and description
  - Organisation structure
  - Marketing plan
  - Production plan
  - Financial plan
  - Risk management

## Management
- **# of sessions:** 5 / 2.5 hours each
- **Topics Covered:**
  - Introduction to management
  - Planning
  - Strategy formulation and implementation
  - Decision making
  - Leadership
  - Motivation
  - Communication
  - Controlling

## Internal Regulation Training
- **# of sessions:** 2 / 2.5 hours each
- **Topics Covered:**
  - Concept of a legal entity
  - State registration of legal entities, re-registering and liquidation
  - Structure of Internal Regulation for NGO and CBO (Community Based Organisations)
  - Elaboration of an Internal Regulation

## Accountancy
- **# of sessions:** 8 / 2.5 hours each
- **Topics Covered:**
  - Concept of Accountancy and Finances
  - Accounting for Non-current Assets
  - Accounting for Intangible Assets
    - Accounting for Cash
  - Accounting for Inventory
    - Accounting for Prepayments
    - Accounting for Operational and Other Accounts Receivables
  - Accounting for Operational and Other Current Liabilities
    - Accounting for Equity
    - Accounting for Loans
  - Accounting for Income
    - Accounting for Expenditure
  - Presentation of Financial Statements
    - Management Accounting
  - Cash Flow Statement
    - Accounts Relating to State Budget, Social Insurance and Security
  - Income Taxes
APPENDIX 11: EXAMPLE OF INTERNAL REGULATIONS

1. General points

1.1. Group “Zor-Zor” (hereinafter “Group”) is the IGA beneficiaries’ group founded within the Community Development programme of ACF. Members of the group are chosen according to criteria presented at point 6.1.

1.2. From the moment of State registration, the group is given the status of a legal person and acts according to civil Law, other laws of __________ and is submitted to existing regulation.

1.3. The groups postal address is: _____________________.

2. Objectives and subject

2.1. The objectives of the group are:

2.1.1. To make profit through economical activities and distribute equally to the members.

2.2. The subjects of the group activities are:

2.2.1. Sheep-breeding and other agricultural activities.

2.2.2. Any kind of activity not forbidden by ________ legislation.

3. Rights and obligations

3.1. From the moment of State registration, the group is given the status of legal person and according to the existing law has the following rights and obligations:

3.2. The group has its own property, as an owner, and in case the group does not carry out its obligations, a penalty can be incurred, the group can sign contracts, acquire and implement material and non-personal material rights, have obligations, act as a plaintiff or respondent in court.

3.3. The group has its balance settlement accounts (in ________, currency) in the national bank __________ and in a foreign bank.

3.4. The group can be the founder (founding member) of another company, cases assigned by the Legislation or other laws excluded.
3.5. The group has the following rights:

3.5.1. To obtain property by all means not-forbidden by Legislation of the __________, also securities, to use and manage them and with profit or other useful results received.

3.5.2. To form financial resources itself, including bonds, obtain bank and trading loans including currency in the Republic __________and other countries, to publish and distribute securities.

3.5.3. To sell, give for rent, exchange, transfer property rights by all means not-forbidden by Legislation, to be depositor and pledge.

3.5.4. To export and import its property, products produced, bought or legally obtained, according to the procedures defined by the Legislation; carry out services and work for foreign legal persons and (or) organisations and citizens, use their work and services, make investments in other countries according to their Legislation, make legal persons and (or) participate with legal persons and (or) take advantage of other rights.

3.6. The group is obliged to:

3.6.1. Carry out business accounting and present a statistics report according to the procedures defined by Legislation or other legal documents.

3.6.2. Sign contracts with workers of the Company.

3.6.3. Take responsibility and cover the damage in case of break in the contract or breach of ownership rights of other people.

3.6.4. Declare the Group’s bankruptcy according to the procedure defined by the Legislation in case of impossibility to satisfy requirements of lender.

3.6.5. Provide reservations of the Groups documents (the Legislation of the Group, documents approving property rights, internal documents of the Group, yearly reports, business accounting papers of the separate departments and organisations, minutes of governmental bodies’ meetings, other documents assigned by the laws of ________ and other legal documents).

3.6.6. Meet other obligations defined by the Legislation and this Regulation.

4. Property

4.1. The Group is the owner of:

4.1.1. The property presented to the group via charity presentation contract within the Self Insurance Development Programme of ACF.
4.1.2. Group members’ investments and the property consequent to these investments.

4.1.3. The produced goods and property obtained through the groups economic activities.

4.1.4. The profit earned.

4.1.5. The property obtained by means authorised by existing legislation.

4.2. The group members investment can be money, securities, any property or property rights, as well as other money estimation rights.

4.2.1. Pecuniary valuation of non-monetary deposits invested by group members or third parties included in the group is approved unanimously by the General Assembly.

4.3. Capital is being formed in the group. The foundation of this capital is formed from the shares with held yearly out of the profit.

4.3.1. Reserve capital shares stimming from the profit correspond to 5% of yearly net profit.

4.3.2. The expenditure procedures for the reserve capital are defined by two thirds of Group members participating in the General Assembly.

5. Untouchable fund

5.1. The Group’s untouchable fund is formed from the main means given back to the group within the Village communities’ self-insurance development programme. The group members have no right to sell, distribute among themselves, lend or pawn.

5.2. The list of main means registered in the untouchable fund is confirmed by the charity presentation contract.

5.3. The untouchable fund can be increased.

5.3.1. The matter of decreasing the means of the untouchable fund can be discussed only once in five years.

5.4. Besides the Group’s untouchable fund, the members have equal, undivided share in case of remaining property. Persons resigning their membership or excluded from membership by the decision of General Assembly have no share in the untouchable fund.

5.5. The damage caused by illegal activity or inactivity of the group during the implementation of economic activities should be covered by the person or people who are to blame during the period defined by internal agreement. If the dispute is not solved by internal agreement, the relations should be coordinated according to the procedure defined by the Legislation of ________.
6. Membership

6.1. Members of the group can be those who have had permanent residence in the community for one or more years and any person above 16 years who meets the following criteria:

6.1.1. Lack of means of production /soil, agricultural techniques, animals/ or unable to obtain or use them.

6.1.2. Extended families with unemployed members.

6.1.3. Families who do not get assistance from other organisations.

6.1.4. Families who do not get pecuniary or other aid from a refugee relative.

6.1.5. Monoparent families or those with a woman in charge.

6.1.6. The member /candidate to become member/ should be considered by village committee as active, conscientious, responsible and hard-working person, he should be able to carry out physical activities together with the group.

6.1.7. The member /candidate to become member/ should agree to work together with the group of income generation and should commit to acting according to the current regulation.

6.2. Each family of the community can have only one member in the Group.

6.3. During the first two years of the Group’s activities, the number of the group members should not decrease.

6.3.1. The General Assembly of the Group admits a new member in conformity with criteria defined in this Regulation among the candidates proposed by the Village Committee within ten days. Members resigned themselves in the period defined in the point 6.3 of this Regulation or members are excluded from the Group according to the procedure defined in this Regulation.

6.4. In order to become a member of the group, the person has to present an application, a copy of an identity document, two photos, fills in the appropriate questionnaire, pay the fee for registration and procedure of which is defined by the General Assembly of the Group.

6.4.1. Rejection of membership should be avoided.

6.4.2. Probation period can be defined by the Group General Assembly.

6.4.3. People who pass the probation period successfully, meet the criteria defined by this Legislation, have paid the registration fee can become authorized member of the Group enjoy rights and accept the defined liabilities.

6.4.4. During the whole probation period the registered members cannot enjoy rights mentioned in the points 7.1.2. and 7.1.5., but have to take on all the liabilities defined by this Legislation considered for the members.
7. Rights and obligations of the members

7.1. Member of the Group have the following rights:

7.1.1. Participate in the Group General Assembly.
7.1.2. Choose and be chosen for leading positions.
7.1.3. Participate in arrangements carried out by the Group.
7.1.4. Put forward suggestions.
7.1.5. Participate in control works of the Group activities.
7.1.6. Receive their share of the net profit.
7.1.7. Accept other responsibilities defined by this Legislation or the leaders.
7.1.8. Resign their membership unilaterally at any time.
7.1.9. In case of resignation, ask for their share of the capital.

7.2. Members of the Group are obliged to:

7.2.1. Submit to this Legislation and decisions of authorities.
7.2.2. Perform conscientiously the tasks given by authorities or mentioned by this Legislation, as well as the accepted activities.
7.2.3. Participate in any activity useful for the company assigned by the General Assembly of the Group.
7.2.4. Create an atmosphere of cooperation, mutual assistance and respect in the Group.
7.2.5. Not divulge confidential data concerning economics of the Group.
7.2.6. Demonstrate initiative in general work. In case of unequal volume of job responsibilities compared to other members of the Group, they should inform the head department in advance and take more responsibilities.
7.2.7. Inform immediately, in writing, the inspecting commission about anything liable to have a negative effect on the Group activities.
7.2.8. Solve any argument arisen during the work with the assistance of authorities. In case satisfactory solutions are not reached, the matter should be settled by the procedures assigned by the Legislation of RoA.
7.2.9. Cover losses (money, property, extra work or their part of net profit) in case of harm to the Group by activity or inactivity.
7.2.10. Accept other obligations assigned by this Regulation and or Legislation of R____.

7.3. Members of the Group can be excluded or penalised by the decision of the General Assembly of the Group in case of violation of the decisions of this
7.4. The General Assembly, Directorate of the Group, the Council of Village committee can impose the following summary punishments to the member in case of violating this Regulation:

7.4.1. Reproof.
7.4.2. Warning.
7.4.3. Severe warning.
7.4.4. Firing

7.5. The member can be fired from the Group only by the decision of the General Assembly.

7.6. The punished member can appeal the Directorate decision only at the Group General Assembly.

7.6.1. The Group General Assembly decision cannot be revoked
7.6.2. The Village committee council’s decision on penalties can be appealed only in case of decision of two thirds members of the Group General Assembly.

8. General assembly

8.1. The Group General Assembly is the highest governing body of the Group.

8.2. The Group General Assembly is competent if two thirds of group members take part in the meeting.

8.3. The group member cannot pass his suffrage at the Group General Assembly to another member.

8.4. Each member of the Group General Assembly has the right to one vote.

8.5. The chairman of the Directorate is in charge of the Group General Assembly.

8.6. The Group General Assembly is held twice a year.

8.7. The General Assembly has the following rights:

8.7.1. Make changes and additions in this Regulation and approve it with new editions.
8.7.2. Approve new members’ membership or their resignations.
8.7.3. Choose governing body members and take away the responsibilities.
8.7.4. Approve yearly reports of governing body.
8.7.5. Approve activities, planning and budget for the year.
8.7.6. Set down distribution procedures, place, date and time.
8.7.7. Form temporary committee groups with defined tasks and approve their reports.
8.7.8. Form permanent committee groups for disciplinary matters and coordinate their activities.
8.7.9. Award “Honorary member” title to some members.
8.7.10. Make changes in undividable fund.
8.7.11. Fix objective percentage of profit exclusion during distribution.
8.7.12. Give rewards, incentive prizes, diplomas to some members.
8.7.13. Take decisions on Group’s reforming or liquidating.

8.8. The decisions of points 8.7.1., 8.7.10. and 8.7.13. of this Regulation come into force of law when approved by Village committee council.

8.9. The liabilities of the Group General Assembly cannot be passed to other members.

8.10. More than half the group members, one third of Village committee council, one third of inspection commission are authorized to hold extraordinary General Assemblies for solving problems of exclusive responsibility of General Assembly.

8.11. The Group General Assembly is held according to the order of regular general meeting and is authorized to discuss only the issues for which the meeting has been held.

9. General assembly procedure for decision-taking

9.1. The Group General Assembly decisions are taken by simple majority of participants excluding points 8.7.1., 8.7.2., 8.7.9., 8.7.10., 8.7.11., which are accepted by two third of the members.

9.1.1. Decisions concerning the liquidation, re-formation of the Group and decreasing the indivisible fund can only be made by unanimous vote in the General Assembly.
10. **Group directorate**

10.1. The directorate is responsible for the IGA collective and executive management.

10.2. The Directorate is chosen by the Group General Assembly for one year’s period. It consists of three members.

10.3. The Directorate members are the Directorate chairman /head of the group/, the accountant, the cashier.

10.4. The Directorate should report the Group General Assembly for Income generating activities.
   10.4.1. The report is considered to be approved if two thirds of the Group General Assembly have voted.
   10.4.2. In case of the report is not approved, a temporary committee is formed by the Group General Assembly which has to give corresponding conclusions to the Group special general meeting within ten days.

10.5. The Directorate can form departments for carrying out the activities, the heads of which are appointed and dismissed by the Directorate.

10.6. The Directorate meetings are held at least twice a month.

10.7. The Group special General Assemblies are held at the request of half of Group members by Council chairman’s initiative one third of Council members or at the request of inspectorate commission according to undertakings’ agenda.

10.8. The Directorate meetings can work if more than half of its members are present.

10.9. The Directorate decisions are taken by simple majority of its members.

10.10. The Directorate members have the right to one vote.

10.11. The Directorate has the following rights:
   10.11.1. Appoint the executive director.
   10.11.2. Approve the working plan and timetable, and make necessary changes.
   10.11.3. Hiring permanent or contracted employees or dismissing according to the directorate chairman’s suggestion.
   10.11.4. Confirmation of employees’ job descriptions.
   10.11.5. Confirmation of working reports and balance sheet.
10.11.6. Fixing date, place, time and agenda of regular General Assembly.

10.11.7. Control of income generating activities.

10.12. The Directorate members have the same rights as all the members and the same obligations.

11. Directorate chairman

11.1. The directorate chairman is elected by General Assembly for one year’s period.

11.2. The Group General Assembly defines the procedures for announcing and registering the candidacy for the directorate chairman’s position, as well as the preparation order of voting bulletins.

11.3. The directorate chairman is elected by secret ballot.

11.4. The candidate who gets the simple majority is elected.

11.4.1. If more than two candidates take part in the election and no one gets the simple majority, a second round of voting is held for the two candidates with the most votes. The candidate who gets the simple majority in the second round is elected.

11.4.2. In case of one candidate has been announced for election, he is considered to be elected if he receives more than half of the votes.

11.5. Withdrawal of directorate chairman’s candidacy is adopted by two thirds votes of the General Assembly members.

11.6. The directorate chairman:

11.6.1. Carries out the Group management.

11.6.2. Concludes contracts, agreements, markets, and certifies other documents on behalf of the Group.

11.6.3. Nominates and dismisses members of the staff.

11.6.4. Makes registration of members’ participation in the Group activities registration book.

11.6.5. Gives credentials.

11.6.6. Conducts the Group General Assemblies and Directorate meetings.

11.6.7. Represents the Group in collaboration with other organisations.

11.6.8. Verifies the Groups financial documents.

11.6.9. Carries out other authorities defined by this Regulation and the Legislation of RoA.
11.7. The newly elected directorate chairman occupies his position starting from the date of the end of the out-going chairman’s mandate.

11.8. The newly elected chairman takes his position in ten days period after the election.

11.9. The chairman’s mandate can be stopped at the request of two thirds of directorate or General Assembly members’ if:

11.9.1. The chairman abuses his power.

11.9.2. The Group suffered financially and/or morally as a result of the chairman’s violation of his obligations or mismanagement.

11.10. The chairman has a right of veto in the council’s meeting.

12. Financial and economic control

12.1. The inspection commission, being elected by the organisation’s General Meeting for a two-year period and consisting of three members, carries out control over the Group’s financial and economic activities.

12.2. The inspection commission holds meetings at least once a month. Special meetings can be held at the request of one third of Group, commission members, directorate chairman or directorate members.

12.3. The inspection commission chairman is elected during the inspection commission meeting by majority of members’ votes.

12.4. The inspection commission has competence if two third of members participate in the meeting. The decisions of commission are adopted by majority of votes. The chairman’s vote is decisive if the votes are equal.

12.5. The Group inspection commission has the right to check the Group’s financial and economic activities and get familiar with all the documents.

12.6. The Directorate members have to give necessary information, clarifications (explanations) on the Group inspection commission’s demand.

12.7. The Group inspection commission checks the Group’s yearly reports and balance sheet and gives conclusions/recommendations concerning them.

12.8. The inspection commission is obliged to demand a extraordinary meeting of Directorate or General Assembly if:

12.8.1. The Group interests have suffered.
Abuse of power by Group officials is founded.

12.9. The procedure of covering expenses of Group inspection commission is defined by Directorate.
12.10 An audit can be included in order to double-check the Group financial and economic activities by the Group General Assembly.

13. Business accountancy and financial report

13.1. The Group carries out business accountancy and gives financial and statistic reports according to the procedure defined by the Legislation of RoA.

13.2. The Group accountant is responsible for business accountancy, which is a Directorate member at the same time and is elected by the Group General Assembly.

13.3. The Directorate is responsible for the quality of organisation of the Group business accountancy and its authenticity, for timely accomplishment of yearly, financial and statistic reports and giving them to the state bodies, as well as for information about the Group given to the Group creditors and media.

14. Profit distribution

14.1. The net profit formed as a result of economic activities of the Group is distributed between the Group members equally.

14.2. The distributed profit is calculated taking out all direct and indirect expenses of yearly income, as well as the necessary expenditures foreseen for the production and salary calculations of the following year.

14.2.1. The salary calculations are carried out according to the attendance sheet.

14.2.2. The Group General Assembly can fix salary amounts for each working norm based on the prices in the area.

14.3. The profit distribution date, time and place are defined by the General Assembly.

14.4. The profit distribution control is realised by the Council for each activity.

14.5. Distributing commission is elected by General Assembly members of which distribute the small parts between each other.

14.6. Disputes during the distribution should be settled through negotiations.
15. Group reform and liquidation

15.1. The Group activities are stopped on liquidation and its rights and obligations cannot be passed on to other people.

15.2. The Group can be liquidated by the decision of General Assembly or court.

15.3. The General Assembly can take the decision on liquidation only by unanimous vote.

15.3.1. The decision of the General Assembly on liquidation comes into force from the moment of approval by the Council.

15.4. The liquidation commission, in case of the Group’s liquidation, uses the remaining property (after making obligatory payments and meeting the needs of creditors), as defined by the body that has taken the decision on liquidation in order to carry out the Group Legislations objectives.

15.5. The Group can be reorganised by the decision of the General Assembly according to the defined procedure.
APPENDIX 12: EXAMPLE OF A MARKET STUDY

Executive Summary

The purpose of this study is to estimate the sheep industry, lamb/mutton market in Armenia: potential buyers, possibility of using mutton in sausage production, selling milk in a specified region (Syuniq), consumers’ preferences, wool market, possibility of breeding the sheep in Syuniq region in Sisian.

The study conducted 220 interviews with customers, 18 with food store sellers, 10 with food market sellers, 5 with restaurant managers, 3 with butchers, 3 with wool processors, and 5 with milk processors, in order to identify whether there is a potential market for lamb/mutton (milk, meat and wool) in Armenia in general, and for the restaurant trade in particular. The interviews were conducted from June 1 to June 30, 2004.

There is evidence that the lamb/mutton consumption is seasonal (during the summer more outdoor picnics are organised and lamb/mutton consumption increases for the period) and consumers use it mainly to make various dishes for hosting guests. According to the results of consumer survey, beef is the main meat type used by consumers.

The study highlights a specific demand for sheep milk, as importers want some dairy products and sheep cheese, which is currently undeveloped in Armenia. There are several markets with sheep milk dairy products’ demand. It is important to consider that the dairy product processors and cheese making factories do not use sheep milk because of lack of high quality milk (they only use milk processed in hygienic conditions and kept and delivered by special cooling tanks).

The interviews suggest that there is a potential market for white wool by the wool processors. The demand for white wool grows annually because of increases in wool processing, mainly by carpet making factories.

Also, there is a potential market for lamb/mutton for restaurants that have a fixed menu with lamb/mutton. The restaurants in “Barbeque Street” (Center region, Proshyan street) prefer a certified quality product with reasonable prices.

The meat processors interview showed that the factories didn’t use lamb/mutton in meat products, but they had an experience of making goat sausages. It is worth mentioning that lamb/mutton meat might be used in semi-cooked products.

Meat and milk processors’ markets are in their early stages of development.

Based on the overall analysis, it is recommended to develop combined strategy to breed appropriate sheep varieties, which will allow differentiating the market by providing several products such as high quality wool, milk and lamb/mutton.
Introduction

Understanding the determinants and trends in consumer demand for lamb is critical for the industry to develop appropriate production and marketing strategies specific for Armenia.

Lamb is the oldest domesticated meat species. It has been raised for over 9,000 years in the Middle East. In many countries, lamb is the major source of meat eaten, while others consider it to be seasonal (spring). Lamb and mutton were major source of meat eaten in Armenia for thousands of years and continues to be widely eaten today. It is important to know the market trends in order to develop or improve a specific area(s) of production. The level of consumption, the consumer preference on meat meals, the preference / situation on milk and wool market -should be studied in a global manner.

Lamb & mutton market situation in Armenia

1. Demographics of Armenia

According to the Armenia’s 2003 Statistical Yearbook, the population consists of more than 3.2 million people as of January 1, 2003. The gender and age ratio is presented in the graph 1. According to this graph, there is a gender balance at most ages.

Graph 1 Population Pyramid for 2003, age and sex distribution for the year 2003
2. Lamb & mutton market situation in Armenia: Industry analysis, milk, meat, and wool market situation

Starting from 1995, the food industry has been one of leading sectors in Armenian economy and currently makes up 59% of the country’s processing industry gross product. Food processing mainly specialize in production of fruit and vegetable preserves (fruit juices, jams, tomato paste, marinades, baby food, etc.), beverages (wine, beer, champagne, mineral water, etc.), meat and meat products (smoked meat, sausage, etc.), milk and other dairy products (cheese, curds, sour cream, ice-cream, etc.), flour and bread, tobacco and cigarettes.

The Armenian Statistical Yearbook estimates the total output of agriculture is 377.6 billion Armenian drams for 2002, decreasing continually over a 5-year period. In agricultural output, animal husbandry produced 151.0 billion AMD for 2002, from which 9.3 billion is by commercial organisations, and 141.7 billion is by family farming.

According to the data (main indicators of peasant farms for 2002), livestock ownership is dominated by poultry and followed next by goat and sheep. The quantity of other meat than poultry consumed is sensitive to price.

The Statistical Yearbook also estimates 541.1 thousand head of sheep and goats for 2002. This number has decreased compared to 558.9 thousand heads in 2001. Commercial organisations and family farms produced 79 tons meat, 489.5 tons milk, and 1120 tons wool together for year 2002; family farms produced the main part of all three productions.

It is important to mention that meat production by commercial organisations increased significantly over 5 years from 0.3 tons to 3.2 tons, from 1998 to 2002 respectively. It is true also for milk produced by family farms: the milk production increased from 444.9 to 486.7 tons in year 2002. It is mainly related with the growth of cheese and dairy product processing market - increased number of processing companies and increased demand in local and foreign markets.

Sheep milk makes up only a small percentage of this volume. Currently, there is a problem of quality and hygienic conditions in sheep milk production, as the fresh sheep milk has a unique flavour, and there is a problem in milk delivery.

The increase of meat production by commercial organisations and decrease of family farms are connected with demand of high-quality slaughter and certified meat.

It is important to mention that the number of animals increased over 5 years (from 1999 to 2003, January 1). The number of sheep and goats increased from 546.3 to 602.6 thousands. Heads. This increase could be attributed to the improvement of living standards in Armenia, as well as development of economy.

In the overall market analysis it is important to refer to production of main agricultural goods per capita and the consumption of those goods. It should be stated that the production of most of agricultural goods increased in the 5-year period, except
fruit (slight decreased), and potatoes (constant). The production of total meat per capita was 15.6 kg for year 2002; production of milk was 152.4 kg.

The breakdown of consumption level shows that meat (including poultry and fish) was 17.7% in year 2002, which increased from the previous years. Meat is considered an expensive good for the general public.

The table on household consumption of main food products shows that in meat consumption, mutton is the lowest, 0.9 kg per capita compared with 6.4 kg beef, 1.4 kg pork and 3.6 kg chicken. However, it should be mentioned that the consumption of mutton had increased over 6 years (from 1996 to 2002).

### Research purpose

The purpose of this study is to estimate the sheep industry, lamb/mutton market in Armenia, potential buyers, possibility of using mutton in sausage production, selling milk in a specified region, Syuniq, consumers’ preferences, wool market, possibility of breeding the sheep in Syuniq region in Sisian.

In particular, factors including retail lamb, beef, pork, and chicken prices, customer preference, meat and milk processing factories will be examined for their impact on long-term lamb demand. In addition, wool-processing companies also are included in the study analysis.

### Research data: Executive Interviews and surveys

A total of seven interviews and surveys have been conducted from June 1 to June 30, 2004.

These have been grouped into customer, market, and restaurant surveys, and milk, meat and wool processors’ interviews. The interviews and surveys are presented below.

#### 3. Consumer Survey

**Survey preparation:** The following preparatory work was carried out before starting with the main implementation of the survey:

A pilot 3-page consumer questionnaire was designed and tested in two regions (Center & Shengavit). The pilot interviews made suggestions for improving the questionnaire, making it more user friendly and shorter (7-10 minutes maximum).

**Consumer survey methodology:** 220 interviews with customers doing shopping in ten regions of Yerevan were conducted. In each region, 20 people next to food stores were asked by simple sampling. The interviews were conducted from June 10 to June 24, 2004.
The results are intended as a quantitative assessment and can be statistically projected onto the industry at large.

Since the centre is the biggest region of Yerevan, and the town centre is in this region, it was decided to interview 40 people, instead of 20. Among customers of centre region, there were also people living in other regions, but doing shopping in the centre after work. Those opinions are considered as information from the centre region. Interviewers were introduced as students to make interviewees feel more confident and give answers more correctly.

Customer survey interviewees’ demographics: Out of 220 interviewees the ratio of female and male was 58% and 42%; the family size of more than half of interviewees was 4-5 people; and 50% were from 36-50 age group. Interviewees holding a university degree are 54% among all interviewees, only 1% had 8-year school education. The rest are people with high-school education, which is equivalent to 10-year school in Armenian education system.

Customer Survey: The interviewer records the consumer preferences for meat purchases, including lamb/mutton, for 3 occasions: “everyday meal”, “hosting guests”, and “picnic”. While the purchasing intensity was estimated applying the following time-scale: “every day”, “once or twice in a week”, “once or twice in a month”, and “once or twice in a year”, the interviewees were separated to the following categories: “myself”, “anyone”, “spouse / husband”, and “other”.

This approach helped develop consumers’ preferences for all 3 occasions by finding out the purchaser and purchasing intensity rate per month by types of meat.

Beef consumption is predominant compared to other meat consumption. In the second place is chicken, and in the third place is fish. Lamb consumption is in the fifth place; it comes after pork. In Armenian culture meals are made of mainly beef and chicken. Fish is used as a lower and fresh price meat product.

The Armenian cuisine is a wonderful world of many different tastes and smells. It is a very specific part of the mysterious Oriental cuisine. Armenians are well known for their hospitality, and for hosting guests they prepare special dishes mainly from meat products. In this case, beef is the most commonly (Armenian “dolma”, which is grape leaf wrapped meat, beef “kufta” - balls of minced meat, beef “khashlama” - boiled meat, and etc.) For hosting guests customers prefer using beef, pork and chicken. Lamb and fish are in fourth and fifth places in the figure accordingly.

Armenians like outdoor activities, including picnics, parties. The main food used in picnics is Armenian barbequed pork, lamb and vegetables. Thus, Armenians prefer using mainly pork, and chicken and lamb. Fish and beef are in the same consumption level after above stated meat types.

High consumption level of pork for hosting and picnic occasions can be explained by the Armenian tradition of using fried pork or pork barbeque.
According to the survey, meat is not an impulsive purchase meat product. Among the questions asked the common reply was the following one: "I always decide before coming to store", in 99% of cases, and only 1% of interviewees take a decision in the store.

The frequency of meat purchase is important in analysis, to find out the demand. Most people buy meat quite frequently, 14% of them - everyday, 55% - once or twice in a week. Only 1% buys rarely - once or twice in a year.

Consumer preference structure analysis included (a) preference among domestically produced and imported meat and (b) purchasing place. The domestically produced, local meat has the prevalent share of preferences comprising about 73% of responses. This is explained by customers' preference for buying fresh meat.

According to the meat consumers, freshness and price are the most important factors conditioning the purchasing decision.

The meat is purchased according to priority in: market, nearby store, specialized store, and supermarket. This is again explained by the customer preference for buying fresh meat.

Concerning sausage type, the highest percentage had: "no preference/doesn't matter" (57%) and "I buy beef" (30%), while in the direct question about buying lamb/mutton sausage, 47% of interviewees think that they will not buy lamb/mutton sausage. 29% were not sure if they would buy or not. Only 24% are confident in buying lamb / mutton sausage.

To analyze price preference we need to compare month spending of all interviewees on meat with month spending of lamb/mutton user interviewees. Only 48% of customers spend more than 7000 AMD on meat, and 65% of the lamb/mutton users spend that same amount.

Most of respondents thought that hygienic conditions and availability of certified meat products in the stores were the best ways to improve the meat supply market.

Target group definition: Out of 220 interviewers only 102 people use lamb/mutton. To define target market we separate the analysis taking only lamb/mutton into consideration.

**Figure 16** How much do you spend on meat in a month

<table>
<thead>
<tr>
<th>Category</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>More than 7000 AMD</td>
<td>48%</td>
</tr>
<tr>
<td>2000-7000 AMD</td>
<td>38%</td>
</tr>
<tr>
<td>Less than 2000 AMD</td>
<td>14%</td>
</tr>
</tbody>
</table>

**Figure L2.2** How much do you spend on meat in a month (lamb/mutton users)?

<table>
<thead>
<tr>
<th>Category</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>More than 7000 AMD</td>
<td>65%</td>
</tr>
<tr>
<td>2000-7000 AMD</td>
<td>29%</td>
</tr>
<tr>
<td>Less than 2000 AMD</td>
<td>6%</td>
</tr>
</tbody>
</table>
The target group demographics, where most of people are between 36 and 51 years old, 64% of them hold a bachelor or masters degree. Most buyers are female. The family size for 53% interviewees is 4-5.

Those who prefer lamb/mutton spend more on meat in a month, than those who prefer another meat.

People who buy lamb/mutton mainly prefer local meat and plan purchases before coming to the store. From those who prefer lamb/mutton the ratio of freshness and price in comparing the importance factor of meat purchase is 76 % versus 8 % consequently. It means this target group is not price sensitive since freshness and quality of product is more important.

4. Food Store Sellers Survey

Food store sellers’ survey methodology: During the survey 18 interviews with sellers from different food stores of different regions were conducted. Since the amount of interviews had to be limited, the stores were chosen to represent all Yerevan regions. The results are not intended as a quantitative assessment and cannot be statistically projected onto the industry at large. Since the same person did all the interviews, overall impression based on additional information gathered during interviews is presented.

Food store sellers’ survey: According to food store sellers it is obvious that the most popular types of meat in the stores are beef, pork and lamb respectively.

The main suppliers for meat are farmers, mediators, and importers.

Food store sellers testify that the main reasons of purchasing the meat from specified suppliers are quality, price and availability of certificate of origin.

Most of interviewee sellers (60%) buy meat for selling everyday to have fresh product available in their stores, while 55% of sellers buy lamb/mutton once a week, and 39% only for holidays. In all cases they prefer local meat versus imported.
To the question "how often do people ask for lamb/mutton?", the reply was 72% - sometimes, 22% - often, and 6% - not often.

5. Food Market Sellers Survey

Food market survey methodology: During the survey 10 interviews with meat sellers from different markets (Gum, Malatia and Komitas markets) were conducted. Since the amount of interviews had to be limited, the markets were chosen to cover main meat markets in Yerevan. Points of meat sales were chosen with presence of lamb/mutton meat. Since interviews were done by different people, but controlled by the same person, overall impression based on additional information gathered during interviews, also will be presented.

Food market survey: It became possible to get the real picture of meat assortment displayed in the markets. The picture for meat type proportion according to sales volume, is the following: in the first place it is beef (90%), in the second place is lamb/mutton (60%), and in the third place pork and lamb (40% each). The main suppliers for meat are farmers (80% buy from them) and mediators (50% buy from them). The reasons of purchasing the meat from specified supplier(s) are quality and price.

Most of food market sellers buy meat daily (80%), and 10% buy weekly and 10% buy every other day. According to sellers, 50% of them buy lamb/mutton daily, 10% every other day, and 40% weekly.

According to food market sellers, consumers buy lamb/mutton for "khashlama" (boiled meat), and for making a meal (in Armenian cuisine there are several dishes made of lamb/mutton). Consumers ask for lamb/mutton sometimes - 50% and often - 50%. As all interviewees were chosen since they were selling lamb, it is obvious that most of consumers were asking for lamb knowing that the market store is selling it.

Food market sellers estimate the preference of consumers on colour, weight, fatty tail, and sex as following: (1) no colour preference - 60%, black - 40%; (2) 8-12 kg - 60%, less than 8 kg and no preference - each 20%; (3) fatty tail - 80%, no preference - 20%; (4) no preference - 40%, ewe lamb - 40%, ewe - 20%.

The sellers were asked about the price range of lamb/mutton. It was found that minimum retail price range is 1200-1400 AMD and maximum price range is 1300-1600 AMD. Descriptive statistics for minimum and maximum lamb/mutton price is the following:

Table  Descriptive Statistics for Minimum and Maximum Lamb/Mutton price in AMD

<table>
<thead>
<tr>
<th>Minimum price</th>
<th>Mean</th>
<th>1250</th>
</tr>
</thead>
<tbody>
<tr>
<td>Standard Error</td>
<td>22.36067977</td>
<td></td>
</tr>
<tr>
<td>Median</td>
<td>1200</td>
<td></td>
</tr>
<tr>
<td>Standard Deviation</td>
<td>70.71067812</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Maximum price</th>
<th>Mean</th>
<th>1510</th>
</tr>
</thead>
<tbody>
<tr>
<td>Standard Error</td>
<td>34.8010217</td>
<td></td>
</tr>
<tr>
<td>Median</td>
<td>1500</td>
<td></td>
</tr>
<tr>
<td>Standard Deviation</td>
<td>110.0504935</td>
<td></td>
</tr>
</tbody>
</table>
6. Restaurant Survey

Restaurant survey methodology: During the survey 5 restaurants were visited. Since the amount of interviews had to be limited, the restaurants were chosen in the center of Yerevan, mainly in Proshyan Street (the main consumer of lamb/mutton meat are their customers). Interviews were conducted with Tufenkian Restaurant with Eastern and Western Armenian cuisine, and with four restaurants in Proshian Street with availability of Armenian barbeque with pork and lamb. The results are not intended as a quantitative assessment and cannot be statistically projected onto the industry at large. The interviewer gathered extra information, and since the same person did all restaurant interviews, it will be presented during analyses as overall impression about current situation.

Restaurant survey: Chefs prefer to purchase lamb / mutton from one supplier, for chain of Tufenkian Restaurants it is a supermarket, and for the remaining it is “Ezdis”.

In the restaurant trade, customers only see a cooked product. However, the chefs are concerned that lamb / mutton should have a delicate taste, which is conditioned with its colour, weight-age, sex, fatty tail, and slaughtering.

7. Meat Processors Interview

Interview of meat processors methodology: Survey of meat processors based on personal interviews with company as well as on non-confidential information provide by USDA MAP about companies. Three companies were included in a survey to identify possibilities of mutton usage in the sausage production.

Interview of meat processors: Three meat processors companies, A. Bilian, Atenq and Ice Food, have been included in this study for finding out about the meat market in Armenia. Since there was not production of lamb/mutton sausage in the first two companies, it was decided to choose a company producing frozen semi-cooked products.

Key points about the finding: Two meat processors don’t have experience of production of lamb/mutton sausage, but they have experience in production of goat sausage. Project was possible to implement only with support of USDA MAP.

There is a need of market research to find out the reliable supplier in terms of quality consistence and price. Usage of lamb in sausage production is not appropriate at this moment. Since, to start production there should be 3 main components: (1) availability of appropriate technology of lamb/mutton usage in sausage production, (2) there should be market demand developed for the lamb/mutton sausage usage, and (3) there should be a supplier in terms of quality consistence and price.

With the case of semi-cooked product producing companies is different. Use of lamb/mutton in several semi-cooked products is possible, taking into account Armenian
cuisine (see lamb/mutton consumption in restaurants in Armenia). It is possible to use lamb/mutton in production of “khinkali” and “kiabab” (barbeque of ground lamb/mutton). Since the production of semi-cooked products is developing in Armenia and day-by-day there are new companies producing them, thus increasing the demand. It will be more realistic in the presence of high quality lamb/mutton offered for a lower price.

One thing is evident, there is a huge opportunity for any industry to tap into the food market, in the form of supermarket retail ready packs complete with garnishes and condiments. This has proven successful with beef and chicken products and so paves the way for lamb and mutton.

8. Milk Processors Interview (cheese makers)

Milk processors interview (cheese makers) methodology: A total of 5 milk processors (cheese-making factories) were chosen. By preliminary plan only two cheese makers had to be involved in research. Both of them are in a Sisian region, but since they were experienced in production of sheep cheese, 3 additional companies were included in the survey.

Key points about the finding: The results include information about the milk processing companies, their operation areas, production volume, and their plans of starting or expanding production of sheep cheese. The interviews revealed that the companies mainly use cow milk (a few of them use small quantities of goat / sheep milk) for their productions. However, most of them will start or expand their business to produce sheep cheese, and thus to use sheep milk, if a high-quality sheep milk will be produced. Among those companies are Balaki Lchak (Balak village, Syuniq region), Boti Cooperative (Sisian, Syuniq region).

In the local market, there is a high-quality sheep milk demand, as the existing milk can be provided mainly by Ezdies which is does not adhere to appropriate sanitation conditions (information is non-confidential, and is provided by USDA MAP).

9. Wool Processors Interview

Wool processors interview methodology: A total of three managers participated in in-depth interviews concerning wool processing. Companies were chosen by their production volume and wool purchase.

Interview of wool processing companies: Among the interviewees were Tufenkian Trans Caucasus, Armen Carpet, and House of Davidian. All of those companies are in carpet production business in Armenia. The interviews included questions about wool type, colour, and annual volume of purchase, price, and regions of production.

Key points about the finding: The in-depth interviews revealed that the main wool bought by industry players is white wool of “balbas” sheep, and the price range for
washed wool is 1300-1500 AMD and non-washed wool is 400-500 AMD. It is important to mention that milk and meat of this type of sheep also can be used.

They buy most of wool from Vayots Dzor and Syuniq regions. The demand of wool by all companies together is about 136 tons of white wool of "balbas" sheep annually.

Findings

The findings of this study are the following:

There is evidence that the lamb/mutton consumption is seasonal and consumers use it mainly to make various dishes for hosting guests. According to the results of a consumer survey, beef is the main meat type used by consumers. There is a need of undertaking a new market research with the purpose of finding out the reason why people don’t buy from stores.

Food market sellers’ interviews revealed that the market is supplied mainly by a few suppliers on behalf of "Ezdis", specializing in breeding sheep.

For restaurant trade it was found that menus are in place for several months without change, so the ability to source a product over the medium and long-term is important.

The interview with the executive chef of Tufenkian restaurants suggested that when consumers eat in luxury restaurants, they are buying not just the food; they are buying the atmosphere, the service and the overall dining experience. It is a given in the consumer’s mind that the food quality is beyond reproach. Producers selling to the restaurant trade, either directly or through wholesalers should expect that 9-15 kg sheep are the most common size.

Chefs of all restaurants have purchased certified lamb/mutton for their restaurants. However, they will be willing to buy from the slaughterhouses as long as it is a single supplier.

The interviews suggested that restaurants are predominantly concerned with the quality of the lamb/mutton they serve. While the price is an important part of the decision for consumers to buy (mainly for Proshian street restaurants, it is not the case for the restaurants who will add a bonus for certified lamb/mutton products.

Producers that want to sell directly to restaurants or to restaurant supply companies should expect to produce high quality meat and distribute it using refrigerated trucks and have sanitation certificate for lamb/mutton.

The study makes known that there is a specific demand for sheep milk, as importers want some dairy products and sheep cheese, which is currently undeveloped in Armenia. There are several markets with sheep cheese demand. It is important to consider that the dairy product processors and cheese making factories don’t use sheep milk because of lack of high quality milk (they will use milk processed in hygienic con-
ditions with special equipment, including cooling tanks). USDA MAP is planning a project of sheep cheese production, and it might be appropriate to negotiate with them in bringing a consultant over to Armenia for this project.

The interviews suggest that there is a potential market in specific white wool for wool processors. The demand on white wool grows annually because of increase of volume of production of wool processing factories, mainly carpet making factories.

The meat processors interviews have shown that the factories did not use lamb/mutton in meat products, but they had an experience of making goat sausages. It is worth mentioning that lamb/mutton meat can be used in semi-cooked products. By supporting consultant agribusiness organisations in setting up lamb/mutton sausage - by advising in specific technology usage, lamb/mutton sausage might be produced.

**Recommendations**

Results of this study reveal several strategies for the lamb/mutton industry:

1. Different sheep should be bred for milk, meat and wool. It should be noted that the white “balbas” are used primarily for wool.

2. There conditions of milk production should be improved to offer the market high quality hygienic milk. Special cooling tanks should be used in keeping and delivering sheep milk to dairy product and cheese processing factories. The market of Roquefort cheese (where sheep milk is used) and other sheep cheeses should be taken into consideration for future development.

3. A slaughterhouse should be developed to provide markets (restaurants, retail stores and markets) with high quality certified lamb/mutton, with special colour, weight, and age preferences of the market. The packaging will be important. Customer awareness should be raised by education process. Also, receipts should be accompanying the pre-packed lamb/mutton sold in the food market and food stores.

4. A new detailed research is required to find out the usage of lamb/mutton by consumers.

**References**


3. www.usda.gov/nass

corderos con Denominación Específica "Cordero de Extremadura" y "Cordero Manchego". In: XXIV Jornadas Científicas y 3ª Internacionales de la SEOC. Producción Ovina y Caprina, Soria (Spain), 23-25 Sept. 1999. SEOC (Sociedad Española de Ovinotecnia y Caprinotecnia), Soria.


6. EEC Regulation No. 2137/92 and 461/93, "Modelo comunitario de clasificación de canales de corderos ligeros".


APPENDIX I

Questionnaire for customers’ survey

*The survey has been undertaken by VISTAA Consulting Company for ACF*

**The name of region**  Center  Komitas  Malatya  Shengavit  Mashtots  Avan  Nork  Davitashen  Erebuni  Zeytun

1. **Who is doing shopping in your family?**

   *myself*  *anyone*  *spouse / husband*  *other (specify)__________________*

2. **What is the frequency of meat purchase?**

   *everyday*  *once or twice in a month*  *once or twice a week*  *once or twice in a year*
3. **What meat do you use for everyday meal (you can choose more than 1 answer, 1-3)?**

- chicken ____  fish ____  lamb / mutton ____
- pork ____  beef ____  don’t use ____

4. **What meat do you use for hosting guests (you can choose more than 1 answer, 1-3)?**

- chicken ____  fish ____  lamb / mutton ____
- pork ____  beef ____  don’t use ____

5. **What meat do you use for picnic (you can choose more than 1 answer, 1-3)?**

- chicken ____  fish ____  lamb / mutton ____
- pork ____  beef ____  don’t use ____

6. **How much do you spend on meat in a month?**

- less than 2000 AMD
- 2000-7000 AMD
- more than 7000 AMD

7. **Where do you buy meat products?**

*you can choose more than 1 answer, maximum 3 answers, please specify them according to the importance.*

- _____ market
- _____ Specialized meat store
- _____ nearby store
- _____ Supermarket

8. **When do you make decision on meat purchase?**

- before coming to store
- in the store
- both
9. **What sausage do you use (meat)?**

<table>
<thead>
<tr>
<th>chicken</th>
<th>bee</th>
<th>lamb / mutton</th>
</tr>
</thead>
<tbody>
<tr>
<td>pork</td>
<td>doesn’t matter</td>
<td>vegetable (soy based)</td>
</tr>
</tbody>
</table>

10. **Will you buy sausage with lamb / mutton?**

| yes | no | don’t know |

11. **Do you buy local or imported meat?**

| local | imported | both |

12. **What is the most important for meat purchase (you can choose more than 1 answer, by importance 1-3)?**

<table>
<thead>
<tr>
<th>store location</th>
<th>freshness</th>
<th>price</th>
</tr>
</thead>
<tbody>
<tr>
<td>service</td>
<td>availability of meat products</td>
<td></td>
</tr>
</tbody>
</table>

13. **Sex**

| male | female |

14. **How many people are in your family?**

| 1 | 2-3 | 4-5 | 6 or more |

15. **How old are you?**

| under 25 | 26-35 | 36-50 | 51 or more |

16. **What is your education?**

| school 8 years | high school | bachelor | master |

17. **Recommendation on improvement of meat market**
Questionnaire for food sellers’ survey

The survey has been undertaken by VISTAA Consulting Company for ACF foundation.

Date of interview June ______ 2004

The name of region  Center  Komitas  Malatya  Shengavit  Mashtots
              Avan  Nork  Davitashen  Erebuni  Zeytun

1. What kind of meat do you sell?

   local  imported  both

2. Please specify the meat sold and the proportion according to sales volume, total 100%.

   chicken _____  lamb / mutton _____
   pork _____  beef _____

3. From whom do you buy the meat (you can specify more than one answer)?

   slaughter house  mediator
   importer  farmer  other (specify)

4. How often do you buy meat?

   everyday  once a week
   once in two days  only in holidays

5. When do you buy meat?

   in the morning  in the evening
   in afternoon  any time

6. How do you pay for meat?

   immediately, cash, just in buying
   after selling the meat
   partially, part in buying and another part after selling the meat
7. **Why do you buy the meat of that individual / organisation?**

- the quality certificate
- quality
- price
- on-time delivery
- service
- good distributor
- other (specify) _____________________

8. **Do you return remained meat or not?**

    no   sometimes   often   always

9. **How often customers ask for the lamb / mutton meat?**

    often   sometimes   no often   they don’t ask

10. **When do you buy lamb / mutton meat?**

    everyday       once in a week
    once in two days only in holidays

11. **Recommendations on lamb / mutton meat supply market improvement.**

    __________________________________________

    __________________________________________
Questionnaire for food market sellers’ survey

The survey has been undertaken by VISTAA Consulting Company for ACF foundation.

Date of interview June _____ 2004

Name of market __________________________ _____________________

1. What kind of meat do you sell?

<table>
<thead>
<tr>
<th>local</th>
<th>imported</th>
<th>both</th>
</tr>
</thead>
</table>

2. Please specify the meat sold and the proportion according to sales volume, total 100%.

<table>
<thead>
<tr>
<th>chicken</th>
<th>lamb / mutton</th>
<th>pork</th>
<th>beef</th>
</tr>
</thead>
</table>

3. From whom do you buy the meat (you can specify more than one answer)?

<table>
<thead>
<tr>
<th>slaughter house</th>
<th>importer</th>
<th>farmer</th>
</tr>
</thead>
<tbody>
<tr>
<td>own farm</td>
<td>other (specify)</td>
<td>mediator</td>
</tr>
</tbody>
</table>

4. How often do you buy meat?

<table>
<thead>
<tr>
<th>everyday</th>
<th>once a week</th>
<th>every other day</th>
<th>only on holidays</th>
</tr>
</thead>
</table>

5. When do you buy meat?

<table>
<thead>
<tr>
<th>in the morning</th>
<th>in the evening</th>
<th>in afternoon</th>
<th>any time</th>
</tr>
</thead>
</table>
6. **How do you pay for meat?**

- immediately, cash, just in buying
- after selling the meat
- partially, part in buying and another part after selling the meat
- I sell the production from my own farm

7. **Why do you buy the meat of that individual / organisation?**

- the quality certificate
- quality
- price
- on-time delivery
- service
- good distributor
- other (specify) _____________________

8. **Do you return remained meat or not?**

- no
- sometime
- often
- always

9. **How often customers ask for the lamb / mutton meat?**

- often
- sometimes
- not often
- they don’t ask

10. **When do you buy lamb / mutton meat?**

- often
- sometimes
- not often
- they don’t ask
11. **For what purpose customers buy lamb / mutton meat?**

<table>
<thead>
<tr>
<th>Purpose</th>
<th>Options</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>for a meal (piti)</td>
</tr>
<tr>
<td></td>
<td>for khashlama</td>
</tr>
<tr>
<td></td>
<td>for barbeque</td>
</tr>
<tr>
<td></td>
<td>for sacrifice event</td>
</tr>
<tr>
<td></td>
<td>don’t know</td>
</tr>
</tbody>
</table>

12. **In buying lamb / mutton meat do customers have a preference in its colour?**

- they prefer a white one
- they prefer a black one
- they prefer a dark one
- don’t have any preference

13. **In buying lamb / mutton meat do customers have a preference in its weight?**

- they prefer less than 5 kg
- they prefer from 6 to 9 kg
- they prefer from 9 to 15 kg
- they prefer more than 16 kg
- don’t have any preference

14. **In buying lamb / mutton meat do you have a preference in its sex?**

- they prefer a lamb
- they prefer an ewe
- they prefer a ram
- don’t have any preference

15. **In buying lamb / mutton meat do you have a preference in its fat?**

- they prefer a fat one
- they prefer non-fat one
- don’t have any preference

16. **How much does 1 kg lamb / mutton meat costs?**

<table>
<thead>
<tr>
<th>Price</th>
<th>Options</th>
</tr>
</thead>
<tbody>
<tr>
<td>minimum price</td>
<td>___________</td>
</tr>
<tr>
<td>maximum price</td>
<td>___________</td>
</tr>
</tbody>
</table>

17. **Recommendations on lamb /mutton meat supply market improvement.**
Questionnaire for restaurant survey

The survey has been undertaken by VISTAA Consulting Company for ACF foundation.

Date of interview ______________________

Restaurant name ______________________

1. What is your title in the restaurant?
   - owner
   - manager
   - cook
   - other (specify) ______________

2. Who is the decision maker in purchasing?
   - owner
   - cook
   - manager
   - other (specify) ______________

3. How is your business?
   - it is increasing
   - it is seasonal
   - it is constant
   - it is decreasing

4. How would you describe your customers?
   - lower income
   - higher income
   - middle income
   - mixed income

5. What kind of meat do you buy?
   - only local
   - only imported
   - both
6. Please specify the meat bought and the proportion according to the buying volume, total 100%.

- chicken _______
- beef _______
- fish _______
- pork _______
- lamb /mutton _______

7. From whom do you buy the meat? (you can indicate more than one answer).

- slaughter house
- importer
- farmer
- mediator
- other (specify) ______________

8. How often do you buy meat?

- every day
- every other day
- weekly
- only on holidays
- any time when there is a need, after the stored meat is finished

9. When do you buy the meat?

- in the morning
- in afternoon
- in the evening
- any time _______

10. How do you pay for meat?

- immediately, cash, just in buying
- after selling the meat
- partially, part in buying and another part after selling the meat
11. **Why do you buy the meat of that individual / organisation?**

<table>
<thead>
<tr>
<th>the quality certificate</th>
<th>on-time delivery</th>
</tr>
</thead>
<tbody>
<tr>
<td>quality</td>
<td>service</td>
</tr>
<tr>
<td>price</td>
<td>good distributor</td>
</tr>
<tr>
<td></td>
<td>other (specify)</td>
</tr>
</tbody>
</table>

12. **From whom do you buy the lamb / mutton meat?**

- slaughter house / local producer
- importer
- mediator
- farmer
- ezdi

13. **In buying lamb / mutton meat do you have a preference on its colour?**

- I prefer a white one
- I prefer a black one
- I prefer a dark one
- don’t have any preference

14. **In buying lamb / mutton meat do you have a preference in its weight?**

- I prefer less than 5 kg ______________
- I prefer from 6 to 9 kg ______________
- I prefer from 9 to 15 kg ______________
- I prefer more than 16 kg ______________
- don’t have any preference ______________

15. **In buying lamb / mutton meat do you have a preference in its sex?**

- I prefer a lamb ______________
- I prefer an ewe ______________
- I prefer a ram ______________
- don’t have any preference ______________
16. **In buying lamb / mutton meat do you have a preference in its fat?**

   - I prefer a fat one ___________
   - I prefer non-fat one ___________
   - don’t have any preference ___________

17. **How do you satisfied with the distributor of lamb / mutton meat?**

   - completely satisfied
   - partially satisfied
   - I am not satisfied
   - I am not sure

18. **How the lamb / mutton meat should be cut?**

   - complete, without cutting
   - all cut
   - only the needed cut parts
   - purchase only live animals

19. **How fresh the lamb / mutton meat should be?**

   - fresh
   - frozen

20. **How much is 1 kg lamb / mutton meat costs in Armenian dram?**

   - minimum price ___________
   - maximum price ___________

21. **Will you pay 150 AMD more to buy meat cut in hygienic conditions?**

   - yes
   - no

22. **Recommendations on lamb / mutton meat supply market improvement**
APPENDIX 13: EXAMPLE OF A BUSINESS PLAN

BUSINESS PLAN
For «Gisastgh» IGA Group
In Darbas
Village Darbas, Syunik Region
The Republic of Armenia

Business plan data sheet

Business Name          "Gisastgh" IGA group of Darbas
Address and telephone  Village Darbas, Syunik region, RA.
Business Description   This business will produce and sell lamb and wool.
Main buyers of lamb are brokers.
Business Activity Period March 2005 - March 2006

Business Purposes
➢ To produce high quality and organic lamb meat.
➢ To breed healthy lambs (10-12 kg of weight for 3-4 months old lambs)
➢ To obtain clean wool
➢ To achieve 1,953,000 drams of sales volume during the reporting period
➢ Increase amount for IGA up to 274,000 drams

Brief Business Description

Darbas is one of those communities involved in "Rural Self Reliance Development Project" implemented by ACF-E; it is located in Sisian area of Syunik Region, situated at 1500m above sea level and 25km distance from Sisian and the main road. Out of 258 families of the community 180 are considered vulnerable. 100 ha of arable, irrigated land are close to the village and the rest of 427 ha of lands are located at 30-35 km from the village in "Yerablur" area. The residents get good yields of cultivated vegetables, especially cabbage, however the absence of market affects the selling opportunities. Taking into consideration the climatic conditions and availability of pastures, it is reasonable to develop sheep breeding. The area is especially favorable in winter when climate conditions allow shortening storage period for sheep. This circumstance has influence on lamb and wool production costs. For provision of fodder for sheep and lambs, ACF-E project planted sainfoin on 22 ha of land area in 2003. In 2005, it is intended to plant barley and spelt on 12 ha of land area. The expectation of yield from 1 ha of barley or spelt is 1500 kg and from 1 ha of sainfoin is 2000 kg. The higher yield will also reduce the production costs.

In 2004, the beneficiaries of the programme earned 972,300 drams. In 2005, the beneficiaries are expected to earn 274,000 drams, investing some part of their income
in expansion of business. The main production of this business is lamb meat and wool. The demand for lamb is quite good and exceeds the supply. Lamb and wool will mainly be sold through brokers. Lamb sales in 2005 are expected to return 1,413,000 drams and wool sale 140,000 drams.

Lambs will be sold at 3-4 months age and with the intensive feeding, they should reach 12kg. 70-80% of the lambs will be sold and the rest will be kept for reproduction.

There are veterinarians and specialists in that field among group members who assist in organizing the group work. The group, by its own means, acquired a type of shed that helps to organize the summer season properly. The group has plans to start construction of a stone or a concrete outhouse that will help to organize a correct transition of guarding during wintertime. ACF-E provides not only financial and material support, but also vocational assistance in sheep breeding, land processing, market research, management and accounting.

History and description of group foundation

The project is implemented by ACF-E and financed by Swiss Development Corporation. The main objective of the project is to improve the living standards of men and women in rural Sisian. The best way of assisting vulnerable families is to provide them with an activity with a long-term stable income. “Gisastgh” sheep breeding group was founded in March of 2003. In July 2004 the first phase of the project finished and the second phase started. According to the procedure of the second phase of the project, the IGA groups should be formed on a voluntary basis. “Gisastgh” sheep breeding IGA group consists of 15 members and all the members decided themselves to be members of the group. According to requirements of the new phase, a new Memorandum of Understanding was signed by and between ACF-E and IGA group. A new Internal Regulation was elaborated and accepted after discussions about it with the group. The group elected a leader for planning of works, coordinating and implementing them. Form of ownership is collective. The group members have no rights to sell or alienate the animals received from ACF-E. They can sell only new generation of animals (increase of herd through their work).

Production and Service

The main production is lamb and wool. Lamb meat is in high demand. Taking into consideration the fact that qualitative characteristics of the lambs in highlands and foothills are better than those of Ararat valley, the middlemen resell the meat in regions of Ararat valley and Yerevan markets where they easily find consumers.

The characteristics of lamb meat are:

- Taste
- Fattiness
Usually the lambs are bought by live weight, that’s to say 600-650 drams are paid for 1 kg of live weight. Lamb, as a product, is always in demand. Currently the supply does not satisfy the demands.

From point of view of fatness the lambs are divided into 3 groups:

- Lower to middle fatness
- Middle fatness
- Higher to middle fatness

We get 5-6 kg of meat from 4-5 months old lambs if they are classified as lower to middle fatness. If it is of middle fatness - 7-9kg meat, and if it is higher to middle fatness - 12-13kg.

IGA group members should work well to reach the expected result. The wool quality will depend on sheep’s conditions, feeding, care and cleanliness. They will get two types of wool: clean (pure) and half-soft. It is planned to get 70% white and 30% coloured wool. It will be 8-12cm long.

Marketing plan

Description of the main market

Darbas sheep breeding group produces lamb and wool for consumer markets. Current consumers are those who know and praise high quality lamb and wool. Sisian district lamb is quite famous in Yerevan and in Ararat valley. The consumers appreciate the taste and organic quality of meat produced here. Currently the lamb meat has a high, unsatisfied demand. The main consumers are middlemen that visit Sisian district villages and do wholesale buying. They sell the lamb in the markets of Yerevan and Ararat valley.

Marketing Strategy

The following strategy is applied by the sheep-breeding group: high quality and marketing average price. In case of intensive feeding and normal care, the group produces above average lambs. The lambs are fed with the mother’s milk and get additional feeding of cereal fodders (barley or sainfoin). This will affect the taste of meat and weight. Proper care of sheep will give high quality wool. Qualitative criteria are the following: cleanness, softness, length, colour and type. Everything will depend on the feeding and keeping them clean. Cost of quality wool in Sisian area differs from 400 to 500 dram per 1 kg and average price of lamb is 1200 dram.
Production Plan

Production Volumes

Darbas IGA group produces lamb and wool in Shamb village. It is situated 17 km far from Sisian. The majority of members live in Darbas village and there is a problem of transport of members. Presently Darbas IGA group has 177 ewes, 7 rams and 85 lambs. At the end of April 2005 the group will receive 15 ewes and 15 lambs as investment from ACF-E. From the 207 sheep, it is intended to produce 202 lambs. The birthing season is from November to February. The newborn lambs are fed with milk, grains and grass. 70-80% of the lambs are sold and the rest are kept for reproduction, using a selective process to improve the breeding stock. The lambs will be sold at 3-4 month having weight of 10-12 kg. In regard to wool production, the sheep are sheared in May and the lambs in August. The group purchased a shearing machine that allows for increasing, quality production. The group can produce 300 kg of sheep wool and 30-40 kg of lamb wool annually. The wool is sold in August.

Records of annual lamb growth are displayed in the following chart.

<table>
<thead>
<tr>
<th>Name</th>
<th>Forecast 2005</th>
<th>2006</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>March</td>
<td>April</td>
</tr>
<tr>
<td>1 Lamb /unit/</td>
<td>60</td>
<td>20</td>
</tr>
<tr>
<td>2 Wool /kg/</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3 Spelt /kg/</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

In autumn 2005 there will be 37 lambs available of which 32 will be group sheep and 5 of which were provided by ACF-E

Capital Assets

For lamb production, the main assets are sheep and the tools and equipment that the group has in the sheep-breeding farm. The following chart introduces the main conditions of capital assets:
Raw materials and means

Fodder is considered a raw material especially hay, barley or spelt and salt. Sainfoin was planted and it is foreseen to plant barley and spelt. Barley, spelt and sainfoin were planned on the basis of intended fodder norms of sheep and lambs and 1500 kg/ha of harvest will provide 4000 kg of spelt sale. The norms are:

<table>
<thead>
<tr>
<th>Fodder name</th>
<th>Ewes</th>
<th>Lamb</th>
<th>Lamb</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>day/kg</td>
<td>month/kg</td>
<td>day/kg</td>
</tr>
<tr>
<td>Hay</td>
<td>1.5</td>
<td>45</td>
<td>0.5</td>
</tr>
<tr>
<td>Barley</td>
<td>0.3</td>
<td>9</td>
<td>0.3</td>
</tr>
<tr>
<td>Salt</td>
<td>0.007</td>
<td>0.21</td>
<td>0.004</td>
</tr>
</tbody>
</table>

Taking into account these norms and feeding periods it is possible to calculate necessary quantity of fodder for the whole herd.

<table>
<thead>
<tr>
<th>##</th>
<th>Name</th>
<th>Average norm/kg/ day</th>
<th>Feeding period/day</th>
<th>Necessary quantity per head /kg/</th>
<th>Total fed livestock</th>
<th>Total necessary quantity /kg/</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ewes</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>Barley/spelt</td>
<td>0.3</td>
<td>90</td>
<td>27</td>
<td>210</td>
<td>5670</td>
</tr>
<tr>
<td>2</td>
<td>Sainfoin</td>
<td>1.5</td>
<td>110</td>
<td>165</td>
<td>210</td>
<td>34650</td>
</tr>
<tr>
<td>3</td>
<td>Salt</td>
<td>0.007</td>
<td>365</td>
<td>2.555</td>
<td>210</td>
<td>537</td>
</tr>
</tbody>
</table>
Labour

Sheep breeding IGA group in Darbas consists of 15 members. The group has a leader, an accountant and other members.

The main work include:

- Pasture care
- Birthing
- Daily care and feeding
- Basic veterinary care
- Barley and spelt planting, mowing and storing
- Hay mowing, baling and piling

The group leader coordinates the work and each member actively participates. The work schedule is formed and the group members carry out by shifting their obligations. Shepherds were chosen and are responsible for sheep pasture care. Work distribution helps everyone to become professional in his or her work.
Payment

The amount foreseen for group members will be given as following: distributed amount will be calculated after taking out all direct and indirect expenses and necessary amounts for reproduction for the next year. Each month a list of income distribution will be drafted, signed and kept. A part of received profit will be invested in business for the purpose of future reproduction and the other part will be distributed among the beneficiaries according to the work done. The workers are paid with products as well. Charitable aids are provided to orphans and the families of lost soldiers.

Management and Organisation

Organisational Structure

IGA group organisational structure is the following:

- **Group General Meeting**
- **Group Leader**
  - **Accountant**
  - **Members**

Responsibilities of members

**Group leader**

- Manages and coordinates group work
- Manages group finances
- Finds new markets
- Signs contracts with providers
- Follows regular information on financial reports

**Accountant**

- Establishes productive-financial calculations of group activity
- Runs necessary accountancy for group
• Keeps accounting and other documents regarding the group
• Drafts Financial reports
• Presents reports to ACF-E

Members
• Participate in shed renovation
• Participate in land cultivation
• Participate in vet measurements
• Daily feeding and care of sheep and lambs

Legal regulation of the groups

Ownership                    Collective ownership
Contracts                 Shed and land rent contracts
Taxes and Payments       Free of profit tax, inventory tax and VAT. The group pays land tax, pasture and shed payments.
Internal Regulations It regulates internal legal relations of the group, membership, rights and obligations of members, formation of legal bodies, and financial economic supervision of group, reformation and income distribution.
Group general meeting It is the highest leading body of the group. It changes and amends regulations, makes decisions regarding new member involvement in the group and deprives former members of their rights. The general meeting decides the rule of profit distribution.

Business Structure

IGA “Gisastgh” group of Darbas village is the owner of all assets provided by ACF-E organisation. The group cannot alienate the assets provided by the organisation. The group can alienate only the increased assets created by group work for justified current expenses.
Financial Plan

Price and Sales volume

Prices and assumed sales volumes are shown in the chart for reporting period that is the following:

<table>
<thead>
<tr>
<th>Name</th>
<th>Assumptions for 2005 (dram)</th>
<th>2006 (dram)</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Mar</td>
<td>Apr</td>
<td>May</td>
</tr>
<tr>
<td>1 Price of 1 sold lamb</td>
<td>10300</td>
<td>11000</td>
<td>11500</td>
</tr>
<tr>
<td>Quantity of sold lambs</td>
<td>60</td>
<td>20</td>
<td>30</td>
</tr>
<tr>
<td>Revenue of sold lambs</td>
<td>618000</td>
<td>220000</td>
<td>345000</td>
</tr>
<tr>
<td>2 Price of 1 kg sold wool/dram</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Quantity of sold wool/kg</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Revenue of wool sold</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>3 Price of 1 kg sold spelt</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Quantity of sold spelt/kg</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Revenue of sold spelt</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>4 Total revenue</td>
<td>618000</td>
<td>220000</td>
<td>345000</td>
</tr>
</tbody>
</table>
### Assumptions for 2005 dram

<table>
<thead>
<tr>
<th>Expenses</th>
<th>Feb</th>
<th>Mar</th>
<th>Apr</th>
<th>May</th>
<th>Jun</th>
<th>Jul</th>
<th>Aug</th>
<th>Sep</th>
<th>Oct</th>
<th>Nov</th>
<th>Dec</th>
<th>Jan</th>
<th>Feb</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hay</td>
<td></td>
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<td>Barley</td>
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</tr>
<tr>
<td>Veterinary</td>
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<tr>
<td>Land tax</td>
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<td></td>
</tr>
<tr>
<td>Pasture rent</td>
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<td></td>
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</tr>
<tr>
<td>Shed rent</td>
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<td></td>
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</tr>
<tr>
<td>Income distribution</td>
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<td></td>
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<td>Transport</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Fence and guardhouse construction</td>
<td></td>
<td></td>
<td></td>
<td></td>
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<td></td>
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</tr>
<tr>
<td>Other expenses</td>
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<td></td>
<td></td>
<td></td>
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<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total expenses</td>
<td>12500</td>
<td>12500</td>
<td>12500</td>
<td>12500</td>
<td>12500</td>
<td>12500</td>
<td>12500</td>
<td>12500</td>
<td>12500</td>
<td>12500</td>
<td>12500</td>
<td>12500</td>
<td>12500</td>
</tr>
</tbody>
</table>

Foreseen investments for planned period are the following:

- Hay
- Sal
- Barley
- Electricity
- Veterinary
- Land tax
- Pasture rent
- Shed rent
- Income distribution
- Transport
- Fence and guardhouse construction
- Other expenses
- Total expenses

Expenses for 2006 dram:

<table>
<thead>
<tr>
<th>Expenses</th>
<th>Jan</th>
<th>Feb</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hay</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sal</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Barley</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Electricity</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Veterinary</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Land tax</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Pasture rent</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Shed rent</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Income distribution</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Transport</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fence and guardhouse construction</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other expenses</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total expenses</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

- Hay: 438000, 438000
- Sal: 43000, 43000
- Barley: 613000, 613000
- Electricity: 60000, 60000
- Veterinary: 22500, 22500
- Land tax: 170000, 170000
- Pasture rent: 274000, 274000
- Shed rent: 36000, 36000
- Income distribution: 125000, 125000
- Transport: 125000, 125000
- Fence and guardhouse construction: 125000, 125000
- Other expenses: 125000, 125000
- Total expenses: 1849500, 1849500
Group planned the following way for hay harvest:

<table>
<thead>
<tr>
<th>Work</th>
<th>Quantity</th>
<th>Unit price/dram</th>
<th>Total /dram</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mowing /ha/</td>
<td>22</td>
<td>6,000</td>
<td>132,000</td>
</tr>
<tr>
<td>Baling /unit/</td>
<td>2,200</td>
<td>30</td>
<td>66,000</td>
</tr>
<tr>
<td>Twine /kg/</td>
<td>22</td>
<td>1,500</td>
<td>33,000</td>
</tr>
<tr>
<td>Diesel /l/</td>
<td>400</td>
<td>250</td>
<td>100,000</td>
</tr>
<tr>
<td>Petrol /l/</td>
<td>20</td>
<td>350</td>
<td>7,000</td>
</tr>
<tr>
<td>Transport /trip/</td>
<td>20</td>
<td>5,000</td>
<td>100,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td></td>
<td><strong>438,000</strong></td>
</tr>
</tbody>
</table>

Planning the expenses of barley and spelt harvest:

<table>
<thead>
<tr>
<th>Work</th>
<th>Unit price/dram</th>
<th>Quantity</th>
<th>Total /dram</th>
</tr>
</thead>
<tbody>
<tr>
<td>Spring plough /ha/</td>
<td>6,000</td>
<td>12</td>
<td>72,000</td>
</tr>
<tr>
<td>Raking /ha/</td>
<td>3,000</td>
<td>12</td>
<td>36,000</td>
</tr>
<tr>
<td>Sowing /ha/</td>
<td>3,000</td>
<td>12</td>
<td>36,000</td>
</tr>
<tr>
<td>Diesel /l/</td>
<td>250</td>
<td>300</td>
<td>75,000</td>
</tr>
<tr>
<td>Fertilizer /package/</td>
<td>5,000</td>
<td>36</td>
<td>180,000</td>
</tr>
<tr>
<td>Transport /trip/</td>
<td>5,000</td>
<td>2</td>
<td>10,000</td>
</tr>
<tr>
<td>Spraying of fertilizer /ha/</td>
<td>2,000</td>
<td>12</td>
<td>24,000</td>
</tr>
<tr>
<td><strong>Total spring cultivation</strong></td>
<td></td>
<td></td>
<td><strong>433,000</strong></td>
</tr>
<tr>
<td>Mowing /ha/</td>
<td>8,000</td>
<td>12</td>
<td>96,000</td>
</tr>
<tr>
<td>Transport /trip/</td>
<td>3,000</td>
<td>3</td>
<td>9,000</td>
</tr>
<tr>
<td>Diesel /l/</td>
<td>250</td>
<td>300</td>
<td>75,000</td>
</tr>
<tr>
<td><strong>Total harvesting</strong></td>
<td></td>
<td></td>
<td><strong>180,000</strong></td>
</tr>
<tr>
<td><strong>Total costs</strong></td>
<td></td>
<td></td>
<td><strong>613,000</strong></td>
</tr>
</tbody>
</table>
The group plowed 12 ha in 2004 with total cost of 196800 drams (16400 dram/ha). For winter plowing the group used a loan provided by ACF-E of 90000 drams. Winter plowing and seed expenses are not included in the presented chart. 2400 kg of barley and spelt from 2004’s production will be used as seed. The group analyzed the cost price of produced products in the following way: the total annual expense is 2286300 dram (including winter plowing and seed expenses) of which expenses of every product are displayed as follows:

<table>
<thead>
<tr>
<th>##</th>
<th>Production</th>
<th>Share in total expenses %</th>
<th>Cost /dram/</th>
<th>Herd /head/</th>
<th>Average weight /kg/</th>
<th>Total production /kg/</th>
<th>Unit production cost price /dram/</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Lamb meat</td>
<td>48</td>
<td>1,097,424</td>
<td>202</td>
<td>12</td>
<td>2424</td>
<td>453</td>
</tr>
<tr>
<td>2</td>
<td>Wool</td>
<td>5</td>
<td>114,315</td>
<td>210</td>
<td>1.7</td>
<td>357</td>
<td>320</td>
</tr>
<tr>
<td>3</td>
<td>Barley, spelt</td>
<td>47</td>
<td>1,097,000</td>
<td>12</td>
<td>1500</td>
<td>18000</td>
<td>61</td>
</tr>
<tr>
<td>4</td>
<td>Total</td>
<td>100</td>
<td>2,286,300</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Cash flow of the group activity during reporting period is as follows:

<table>
<thead>
<tr>
<th>Name</th>
<th>2005 Forecast (dram)</th>
<th>2006 (dram)</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Mar</td>
<td>Apr</td>
<td>May</td>
</tr>
<tr>
<td>1 Remaining</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2 ACF-S loan</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3 Sales income</td>
<td>618000</td>
<td>220000</td>
<td>345000</td>
</tr>
<tr>
<td>4 Other inputs</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5 Total cash in-flow</td>
<td>618000</td>
<td>220000</td>
<td>345000</td>
</tr>
<tr>
<td>Cash out-flow</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>6 Expenses</td>
<td>13500</td>
<td>562400</td>
<td>21500</td>
</tr>
<tr>
<td>7 ACF-S loan re-payment</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>8 Total cash out-flow</td>
<td>13500</td>
<td>562400</td>
<td>21500</td>
</tr>
<tr>
<td>9 Cash flow</td>
<td>604500</td>
<td>262100</td>
<td>585600</td>
</tr>
</tbody>
</table>
"Gisastgh" IGA group balance on 31.12.2005

<table>
<thead>
<tr>
<th>N:</th>
<th>Assets</th>
<th>Cost dram</th>
<th>N:</th>
<th>Liabilities</th>
<th>Cost dram</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Capital assets</td>
<td></td>
<td></td>
<td>Own capital</td>
<td>5954518</td>
</tr>
<tr>
<td></td>
<td>Animals</td>
<td>3780000</td>
<td>4</td>
<td>Total own capital</td>
<td>5954518</td>
</tr>
<tr>
<td></td>
<td>Inventory and tools</td>
<td>250000</td>
<td></td>
<td>Debts</td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>Total capital assets</td>
<td>4030000</td>
<td></td>
<td>Loans</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Working capital</td>
<td></td>
<td></td>
<td>Credit debts</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Growing animals</td>
<td>1055000</td>
<td></td>
<td>Other debts</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Fodder</td>
<td>831018</td>
<td>5</td>
<td>Total debts</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>Total working capital</td>
<td>1886018.3</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Cash</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Cash</td>
<td>38500</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Accounting</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Debts</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>Total cash</td>
<td>38500</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Total assets</td>
<td>5954518</td>
<td></td>
<td>Total liabilities</td>
<td>5954518</td>
</tr>
<tr>
<td></td>
<td>(total of 1, 2, 3 lines)</td>
<td></td>
<td></td>
<td>(total of 4 and 5 lines)</td>
<td></td>
</tr>
</tbody>
</table>

Foreseen amounts for animals were calculated as follows:

<table>
<thead>
<tr>
<th></th>
<th>Animals</th>
<th>Existing quantity 31.12.2005</th>
<th>Average cost of 1 animal</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Sheep</td>
<td>210</td>
<td>18000</td>
<td>3780000</td>
</tr>
<tr>
<td>2</td>
<td>Total</td>
<td></td>
<td></td>
<td>3780000</td>
</tr>
<tr>
<td>3</td>
<td>Lamb</td>
<td>37</td>
<td>15000</td>
<td>555000</td>
</tr>
<tr>
<td>4</td>
<td>1-2 month old lamb</td>
<td>100</td>
<td>5000</td>
<td>500000</td>
</tr>
<tr>
<td>5</td>
<td>Total</td>
<td></td>
<td></td>
<td>1055000</td>
</tr>
</tbody>
</table>
For fodder articles is the following:

<table>
<thead>
<tr>
<th>Fodder</th>
<th>Remaining on 01.12.2005</th>
<th>Cost price of 1 kg or procurement cost /dram/</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Barley</td>
<td>8713</td>
<td>61</td>
<td>531017</td>
</tr>
<tr>
<td>2 Sainfoin</td>
<td>29936</td>
<td>10</td>
<td>298002</td>
</tr>
<tr>
<td>3 Salt</td>
<td>20</td>
<td>100</td>
<td>2000</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td></td>
<td>831018</td>
</tr>
</tbody>
</table>

Expenses of winter tillage, seed, summer sowing and harvesting were included in barley cost price and for calculating hay cost price harvesting, transport and piling expenses were included. Salt is procured at market price: 100 dram/kg.

Risk Management

1. Unsatisfactory product sale
   a) To try to influence price changes
   b) To use ACF-E organisation to find buyers
2. Unforeseen infections diseases, contaminated food
   a) To use assistance of ACF-E specialists
   b) To call on other specialists of agricultural and veterinary organisations
   c) To implement appropriate curing processes
APPENDIX 14: BRIEF MANAGEMENT TRAINING GUIDE

Training of administrative, financial and management committees

Introduction:

The training sessions have been organised by Action contre la Faim in order to help the group’s committees improve their management skills in order to ensure the proper functioning of the mill or rice husker donated by ACF. Given that the beneficiaries are vulnerable rural families with little or no schooling, the training is extremely important to ensure the sustainability of the project.

At the end of the training, the beneficiaries should have the necessary skills to face problems that they might encounter in the daily management of the mill/husker. They will also be trained in the use of basic management and control processes. The beneficiaries will complete a series of practical exercises at the end of the session; this experience should help the participants prepare for any future difficulties and prepare acceptable management solutions.

A participative methodology will be used, encouraging exchanges of ideas and experiences. The trainer will act as a facilitator, allowing the participants to find the solutions themselves. A memory guide will be created using the different solutions found during the training sessions and will serve the participants in their daily follow-up and management.

1. Training topics:

The training will cover 5 pre-selected subjects; however, other topics can be added as necessary. The topics include:

- The rights and duties of the administrative, management and finance committee members.
- The use and importance of receipts and how to use the scale.
- The register and in and out books.
- Needs identification.
- Financial control and reporting (technical and financial).

1.1. Rights and duties of the committee members.

a) Management committee.
   - Ensures internal rules and regulations are met.
   - Ensures the daily and proper financial management of the group.
— Makes proposals to the General Assembly concerning appropriation of profit.
— Ensures the administrative and technical management of the group and its properties.
— Finds funding opportunities for the different group activities.
— Writes reports and sends them to the appropriate recipients.

b) Monitoring committee.
— It is the watch dog for the General Assembly.
— Oversees the management committee.
— Makes reports to the General Assembly.
— Ensures the respect of the internal rules and regulations.

Note: Neither the management committee nor the monitoring committee can replace the General Assembly. The final decision must always remain with the General Assembly.

1.2. Use and importance of receipts and how to use a scale.

a) Use and importance of receipts.
Each receipt should contain:
— The type and quantity of the milled/husked product.
— The amount paid.
— The name of the person giving the receipt.

The receipts should be made using carbon paper, allowing for the following:
— One receipt is given to the client.
— The client then gives his/her receipt to the mill/husker attendant (the attendant should then verify the validity of the receipt before milling/husking the amount forwarded).
— Special care must be used to ensure the correct use of the carbon paper.

b) The scale.
The proper use of a scale is essential to create customer trust and ensure the proper management of the mills/huskers. Before each weighing, the counter should be adjusted and set at zero. The attendant should read the weight to the client. When there is a doubt, the customer has the right to ask for a second opinion to confirm the weight.

Note: For optimum transparency, the scale should be placed in front of the shop within the client’s view.
1.3. The register and in and out books

The two financial tools most important for the administration of the group are the register and the in and out books.

a) The register should include:
   - The daily quantities milled/husked.
   - The daily consumption of diesel and oil.
   - All other expenses made throughout the day (supplies, repairs, payments, etc.).

b) The in and out book should be updated daily to show:
   - The withdrawals made from the account and their justification.
   - The deposits made and their source.
   - The deposits made on the “amortisation” account and their source.
   - The final balance for the day.

Note: All the banking transactions should be conform with the internal regulations. The account should reflect the same amounts as those reflected in the in and out book. The General Assembly should be regularly informed of the group’s financial status.

1.4. Needs identification

The committee should identify the various needs of the group and present them to the General Assembly for approval. Depending on the available resources, the committee should be able to evaluate the profitability of new projects and determine the basic needs for their commencement. If necessary, the group can solicit external advice or aid.

Note: the training on needs identification will continue as required during further sessions.

1.5. Financial control and reporting (technical and financial).

a) Financial control.
   - The control should be made at the end of every working day and includes:
     - The type and quantity of milled/husked products.
     - The daily receipts.
     - The breakdowns and maintenance made during the day.
     - All the expenses made during the day.
     - Any problems encountered during the day.

   All of these findings should be noted in the register and signed by the involved parties.
b) Financial and technical reporting

The reports should be made weekly and reflect the general conditions of the mill/husker. The financial reports should include the following information:

- Quantities milled/husked.
- Receipts.
- Expenses.
- Supplies.
- Problems and solutions.
- Any other pertinent information.

The technical report should include the following information:

- Any breakdowns or malfunctioning.
- Maintenance or repairs.
- Spare parts purchased.
- Any other technical problems.
- Other appropriate information.

2. Case study:

- The president of the financial committee is accused of corruption and the monitoring committee confirms the incident, but the President denies any implication and refuses to call a General Assembly to discuss the situation. Some members regret the decision and accuse the other members of the committee of being on the side of the President. Given that the articles 12 and 16 do not allow any other members to call a General Assembly, what should be done to resolve this standstill?

- After writing the financial report, you notice that a large sum of money has been given to cover the debts of a few members. At the same time, you realise that these debts could engender the proper functioning of the activities and there are no dates given for the repayment of the debts. What actions do you suggest to ensure the proper continuation of the activities?

- During the General Assembly, many group members propose that the profits be used to pay the rent for agricultural lands and to buy agricultural inputs. They suggest that the harvest be shared among the group members.
  - As a member of a committee, do you agree with the proposition? Why?
  - What advice would you give?
What would be the expected results of such situation?

During a daily control, you realise that the amount of cash in the register does not correspond to the receipts. How can you explain this discrepancy? What are the concrete solutions that you propose to avoid this situation in the future?

After 3 months, you realise that your mill is no longer working because three pieces of equipment have worn out (the price per item is 180,000 Fbu).

How would you deal with this situation?

What can you conclude from this situation?

What recommendations would you make? And to whom would you address them?

What are the consequences of:

No control or late controls?

No reports or late presentation of reports?

At the end of the year you realise that there is a 1,340,000 Fbu profit. Which new projects would you propose to the General Assembly?
APPENDIX 15: INTERNAL REGULATIONS OF A REVOLVING FUND

INTERNAL REGULATIONS OF THE REVOLVING FUND COMMITTEE

Republic of Azerbaijan

Article 1. Introduction

ACF-E is implementing a Community Based Agricultural Project in Agjabedi and Beylagan regions, Republic of Azerbaijan. The project will focus on stabilizing households’ economical basis by generating income. The target groups are vulnerable local families, refugees and IDP’s in the above-mentioned rural region.

In the framework of its activities, ACF-E established a Revolving Fund Committee in the District of Agjabedi, in order to manage the procedures of the Revolving Funds.

This document aims to establish the Internal Regulations of the Revolving Fund Committee.

Article 2. The purpose of the Revolving Fund Committee

One important component of the project is the efficient and transparent management of the fund, destined to procure advances in inputs to beneficiary groups involved in the ACF-E Community Based Agricultural Project. The Revolving Fund Committee will discuss and decide the conditions and the limitations of the funds in a participatory way, and Committee membership is on voluntary basis.

The Revolving Fund Committee will take decisions on the allocation of these funds in regular meetings.

Article 3. Objectives of the Revolving Fund Committee

1. To study with beneficiaries or groups their needs in term of advances in inputs.
2. To set up the amount of advances which have to be allocated to each application (mostly husbandry or crop production).
3. To have adequate choice of production inputs.
4. To establish repayment capacity of the groups according to farm outputs.
5. To set up criteria for reimbursements in due time.
6. To follow-up reimbursements.
7. To follow-up investments.
8. To solve the problems that occur in the groups related with reimbursements.
9. To follow-up the productions and results obtained.
10. To identify good quality of inputs.
11. To inform the groups about any decision made in the meetings.
11. To designate new members.

**Article 4. Organisation of the Revolving Fund Committee**

The Revolving Fund Committee will include the following members with respective responsibilities:

1. **The head of project**

   Responsibilities:
   - To advise the members of the Committee on their decisions.
   - Does not have a voice in the voting process but has the final decision if the Committee doesn’t reach an agreement after the second voting.
   - Has the final responsibility of the use of project funds.

2. **The assistant head of project**

   Responsibilities:
   - To advise the members of the Committee.
   - To follow up the reimbursements of the groups.
   - To follow up the activities of the groups.
   - Has a voice in the voting process.

3. **The rural economist (Supervisor)**

   Responsibilities:
   - Management of the Committee and its presentation.
   - To prepare the Agenda of the Meeting.
   - To convene new Meetings.
   - The supervisor is entitled to include in the agenda the issues of admitting new members in the group, change of duties of some members and also expelling
the members who disregard or infringe the provisions of the internal regulations. Decisions will be made by means of voting of all group members.

- To advise the members of the Committee.
- To follow up the reimbursements of the groups.
- Has a voice in the voting process.

4. Administrator

Responsibilities:
- To manage and follow up funds.
- To provide information on the funds management at each Meeting.
- To advise the members of the Committee.
- Does not have a voice in the voting process.

5. Extension officers (2)

Responsibilities:
- To advise the members of the Committee.
- To follow up the procedures of reimbursements.
- To follow up the groups’ activities.
- Have a voice in the voting process.

6. 3-5 representatives of the IGA groups (male/female)

Responsibilities:
- To represent the beneficiaries.
- To transfer the information to all of the groups.
- To follow up the procedures of reimbursements.
- To follow up the group activities.
- Have a voice in the voting process.

The criteria on the selection of the representatives of the IGA groups are:
1. Belonging to different areas of the district.
2. Level of motivation and initiative.
3. To have good attitude toward ACF-E project work
4. To generate ideas in order to improve the project
5. To have good relationship with other beneficiaries, suppliers and local authorities
6. Willing to evaluate, to meet groups and transfer information to beneficiaries
7. To share relevant information/knowledge with beneficiaries and ACF-E committee members
8. Respect the objective, following their tasks through the end
9. To take responsibility to participate in the process of reimbursements

The members of the Agjabeli Revolving Fund Committee represent the 28 IGA groups in Agjabedi.

**Article 5. Responsibilities of the Revolving Fund Committee**

1. **Organizing regular meetings**

   - All constraints and opportunities concerning the groups’ activities are discussed in a participatory way.
   - The agenda is defined by the supervisor, according to the needs of the beneficiary groups. Other necessary subjects not mentioned in the agenda can be discussed during the meeting.
   - The supervisor of the Committee convenes the general meeting at least once a month.
   - Every member of the Committee can propose the schedule of the meetings, which should be approved by the rest of the members.
   - The general meeting can be held if at least 2/3 of its members are present (excluding the cases defined in the given internal regulations).
   - The meeting can be convened in case of necessity confirmed by 1/3 of the group members. The written request should be submitted to the supervisor of the group no less than three days before the desired date and should describe the definite purpose of holding the meeting.
   - The minutes of each meeting will be prepared by a member of the ACF-E team and distributed among the IGA Groups in Agjabedi.
   - The minutes should contain the information on the location and date of holding the meeting, the list of participants and decisions made. The minutes should be signed by the supervisor and all the participants, at the general meeting and be part of the documentation of the group.
• Decisions at the meeting are made by the majority of voices. The decision is considered to be taken if 75% of members voted for it (excluding the cases defined in the given internal regulations).

• If the results of voting do not allow a decision to be made on a particular issue, the Committee continues discussion and votes again.

• If the decision cannot be made even after the second voting, suggestions will be made by the Head of Project of ACF-E.

2. The Rights and Obligations of Members of the Revolving Fund Committee.

• The members of the Committee report on their duties and obligations at the meetings.

• Each member of the Committee has the right to one voice (as described in the Internal Regulations).

• One member can leave the Committee on a voluntary basis or be expelled by the decision taken at the meeting of the Committee for not having followed the provisions of the given internal regulations.

• In case of impossibility to follow the rights and obligations on the part of a Committee member, a new member is selected by the Revolving Fund Committee.

• A new member can be included in the group after submitting a written request. This decision can be taken at the meeting of the Committee at which the conditions of admission of the new member are decided.

Article 6. Supervision of activities.

ACF-E will supervise and monitor the activities of the Revolving Fund Committee. ACF-E will distribute the minutes of each meeting to the leaders of each IGA Group.

ACF-E will provide advice and consultation to members of the Committee on any decision concerning the activities of the IGA Groups and the allocation of the Funds.

ACF-E will assure a transparent management of the Funds giving detailed reports.
APPENDIX 16: EXAMPLE OF A DEBTOR CONTRACT

( ___

______________ Region “” ______________ 2005

ACF-E represented by __________, hereinafter referred to as "Lender", and "XXX" group created in XXX village of XXX region represented by XXX (passport %.....) hereinafter referred to as "Debtor" concluded the present contract.

Subject of the contract

ACF-E is providing an advance of ________________ (with figures and written) in kind (see attachment) without interest for the development of agricultural production with a group guarantee.

The terms of the contract

The "Debtor" should reimburse the advance without interest (in different time and amount) to the "Lender" according to the implementation of the activity (period of implementation of the activity) on the last day of deadline of the contract (the date and amount is shown in attachment 1 with the signature of the group guarantee).

Liabilities of the parties

The "Lender" should provide the reimbursement contract with signature and stamp. -To give the advance to the "Debtor" on the day of signing of contract-. To submit to "Debtor" the document approving the reimbursement of the advance.

The "Debtor" should sign the contract, spend the advance according to the terms of the contract, ensure the purchased goods, respect the demands of "Lender" and create the conditions for the "Lender" to monitor the expenditures; and reimburse the advance by the date shown in the contract.

The rights of the parties

The "Lender" requires the "Debtor" to: spend the advance according to the assignment, participate and monitor the expenditures, reimburse in time. Any delay in payment is subject to 2% of interest per month for the delay of reimbursement. The contract can be terminated with full reimbursement due to inappropriate expenditures of the advance.
The “Debtor” should receive the advance shown in the contract. The contract can be terminated in advance of the given date when the entire reimbursement is repaid.

Force major

Duration of the contract may be suspended and fulfillment of contracted actions may be postponed due to the circumstances beyond the control of the parties (in case of flood, conflagration, earthquake, epidemic, military conflicts, coup d’etat, acts of terrorism, revolution, strike, decrees or other administrative interferences of the government, or other decrees of the government, administrative or governmental restrictions or limitations) in these cases the parties have to inform each other about the beginning and ending of any circumstances, making fulfillment of contracted actions impossible.

A party referring to force majeur must submit to the other party a document, issued by the competent state structure, confirming such circumstances.

Other terms

The present contract comes into force on the signature date and is valid upon the completion of all contracted actions.

If the disagreements coming from this contract are not resolved through the agreement of the parties, according to the Azerbaijan Republic Legislation it should be solved in Court rules.

The Lender

The Debtor:

(signature)  (signature)

Attachment 1

The Contract of reimbursement, concluded between ACF-E represented by ______ hereinafter referred to as “Lender” and “XXX” group, represented by XXX (passport __________________________) hereinafter referred to as “Debtor”, on XXX, in XXX
1. This Attachment is an essential part of the contract concluded between above-mentioned parties.

2. Information about goods, which are the subject of the contract:

<table>
<thead>
<tr>
<th>#</th>
<th>Description</th>
<th>Unit price</th>
<th>Quantity</th>
<th>Total amount</th>
<th>Date of reimbursements (dd/mm/yy)</th>
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<tbody>
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Total

Parties confirm their agreement with the above-mentioned terms and stages of payment.

Signatures:

The Lender:

____________________________  Stamp and Signature

The Debtor: passport (_______________) _____________________

passport (_______________) _____________________
### APPENDIX 17: EXAMPLES OF LOGICAL FRAMEWORKS

<table>
<thead>
<tr>
<th>Overall Objective</th>
<th>Indicators</th>
<th>Means of Verification</th>
<th>Assumptions</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Overall Objective</strong></td>
<td>The living standards of vulnerable men and women are improved in Abkhazia, Samegrelo and Upper-Svanetia.</td>
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<tr>
<td><strong>Project Objective</strong></td>
<td>The food security status of targeted vulnerable population, men and women, is improved in Abkhazia, Samegrelo and Upper-Svanetia.</td>
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<tr>
<td><strong>Indicators</strong></td>
<td>% 610 households have obtained additional income and/or food production and are spending less than 70% of their income on food.</td>
<td>% Accountancy reports.</td>
<td>% Local authorities and communities fully cooperate and support the projects.</td>
</tr>
<tr>
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<td>% 610 households have their calorie intake increased to 2,300 Kcal pp/pd.</td>
<td>% Household Food Security Assessment.</td>
<td>% Weather conditions are no constraint.</td>
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<tr>
<td></td>
<td>% Potentials of the targeted villages to improve the income generation of the population are known by the targeted 4,000 households.</td>
<td>% Data base IGA.</td>
<td>% Stable political situation.</td>
</tr>
<tr>
<td><strong>Means of Verification</strong></td>
<td></td>
<td>% Village information sheets.</td>
<td>% No or little inflation.</td>
</tr>
<tr>
<td><strong>Assumptions</strong></td>
<td></td>
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<td>% Security situation is stable.</td>
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</table>

<table>
<thead>
<tr>
<th>Results</th>
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<tbody>
<tr>
<td><strong>R1.</strong> 350 households in 10 communities, in Abkhazia, Samegrelo and Upper-Svanetia have increased their income through agricultural and non-agricultural activities.</td>
<td>% 35 groups and 35 profitable activities are identified and elaborated in business plans.</td>
<td>% Business plans.</td>
<td>% Agreement ACF and institute.</td>
</tr>
<tr>
<td><strong>R2.</strong> 260 households in Abkhazia and Samegrelo have consolidated and/or diversified their current income generating activities and increased their income.</td>
<td>% The income of the households involved in the IGA is increased by 180 US$.</td>
<td>% IGA Accountancy reports.</td>
<td>% Needs assessment.</td>
</tr>
<tr>
<td><strong>R3.</strong> 100 IGA groups (1,000 households), being new and old ECHO beneficiaries, are empowered by linking them together through a network, and interest groups are created and functional.</td>
<td>% 26 profitable activities for diversification or consolidation have been identified and elaborated in business plans.</td>
<td>% IGA Accountancy reports</td>
<td>% List of participants.</td>
</tr>
<tr>
<td><strong>R4.</strong> 4,000 households, being IGA beneficiaries, ‘Food For Work’ beneficiaries and poor farmers and vulnerable men and women, are empowered through vocational training and consultancies, taking into account the village potentials and best market opportunities.</td>
<td>% The income of the households involved in the IGA is increased by 300 US$ in total (2 phases).</td>
<td>% Internal regulations.</td>
<td>% Training evaluations.</td>
</tr>
<tr>
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<td>% At least 10 interest groups are established.</td>
<td>% Member lists.</td>
<td>% Impact assessment.</td>
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<td>% Main constraints, related to IGA, and future action plans are discussed and coordinated during regular meetings.</td>
<td>% Minutes of meetings.</td>
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<tr>
<td>Activities</td>
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<tr>
<td>A1. 1. Assessment of potential villages</td>
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<td>A1. 2. Assessment of beneficiaries and potential activities</td>
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<td>A1. 3. Selection of beneficiaries and group formation</td>
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<td>A1. 4. Identification of IGAs and establish business plan</td>
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<td>A1. 5. Provision of inputs</td>
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<td>A1. 6. Technical management and accounting training</td>
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<tr>
<td>A1. 7. Development of planned tasks for IGAs</td>
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<td>A1. 8. Generation of income</td>
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<td>A1. 9. Continuous monitoring of activities</td>
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<td>A1.10. Evaluation of activities and consulting</td>
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<td>A2. 1. Assessment of potential activities</td>
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<td>A2. 2. Review or elaboration of business plan of the existing group</td>
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<tr>
<td>A2. 3. Provision of inputs and services for implementation of IGAs</td>
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<td>A2. 4. Technical, management and accounting training</td>
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<td>A2. 5. Development of the planned tasks for IGAs</td>
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<td>A2. 6. Generation of income</td>
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<td>A2. 7. Continuous monitoring of activities</td>
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<td>A2. 8. Evaluation of activities and consulting</td>
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<tr>
<td>A3. 1. Identification of needs for IGAs network</td>
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<td>A3. 2. Information meeting with groups to prepare network in presence of local authorities</td>
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<td>A3. 3. Establishment of interest groups</td>
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<td>A3. 4. Training of interest groups</td>
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<td>A3. 5. Development of action plan, internal regulation and timing</td>
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<td>A3. 6. Regular meetings organised</td>
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<td>A3. 7. Monitoring of action plan and activities group of interest</td>
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<tr>
<td>A3. 8. Evaluation of action plan and activities</td>
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<td>A3. 9. Distribution of bulletin</td>
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<tr>
<td>A4. 1. Meeting institutes in Sukhumi and Zugdidi</td>
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<tr>
<td>A4. 2. Agreement signed between institute and ACF</td>
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<td>A4. 3. Support to institute</td>
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<td>A4. 4. Identification of main agricultural needs for man and woman in the village</td>
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<td>A4. 5. Identification of target group</td>
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<td>A4. 6. Provision of vocational training by institutes to target group</td>
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<td>A4. 7. Evaluation of the training</td>
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<td>A4. 8. Impact assessment on the village</td>
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<tr>
<td>Intervention Logic</td>
<td>Objectively Verifiable Indicators</td>
<td>Sources of Verification</td>
<td>Risks and Assumptions</td>
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<tr>
<td><strong>Main Goal</strong></td>
<td>To improve the living standard of vulnerable families in rural areas of Sisian, Syunik region, through enabling the capacity of the communities and its villagers to identify and respond to their community and household needs.</td>
<td>• 170 families in rural areas have increased their ability to generate income and have enhanced their capacities to advocate and defend their individual and community rights</td>
<td>Programme M&amp;E Reports</td>
</tr>
<tr>
<td><strong>Project purpose</strong></td>
<td>To reinforce the food security status of vulnerable families (former ECHO beneficiaries) through diversification of activities</td>
<td>• 170 families cover their basic food needs through income generating activities</td>
<td>Programme M&amp;E Reports by PMU</td>
</tr>
<tr>
<td><strong>Results</strong></td>
<td>R#1: IGA groups are created in a participative manner</td>
<td>• In March 2003, 13 IGA groups are set up with a comprehensive internal regulation and business plan</td>
<td>Normal weather conditions as expected for the area No major agricultural disaster</td>
</tr>
<tr>
<td></td>
<td>R#2: IGA group members have the skills to implement their activities</td>
<td>• By the end of the project, 16 training sessions per IGA group are provided to the beneficiaries • By the end of the project, a minimum of 90% of IGA group members participated in specific training</td>
<td>Security and political situation remains stable (for safe monitoring by ACF staff as well as access and distribution of inputs)</td>
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<td></td>
<td>R#3: IGA groups have the means to implement their activities</td>
<td>• In April 2003, 13 IGA groups have the needed inputs for their activities • By the end of the project, 13 IGA groups have the appropriate assets to produce as planned in their business plan</td>
<td>Beneficiaries targeted were also included in the rehabilitation project implemented by ACF March 1st 2002 to November 31st 2002.</td>
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<tr>
<td>Activities</td>
<td>Means</td>
<td>Costs</td>
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<td>-----------------------------------------------------------------------</td>
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<tr>
<td>Selection of the beneficiaries of IGA</td>
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<td>Market prices for inputs remain stable (inside a range)</td>
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<tr>
<td>Identification of potential IGA to be developed</td>
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<td>Armenian Tax law changes do not affect the proposed budget and programme activities</td>
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<tr>
<td>Training in organisation of groups</td>
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<tr>
<td>Creation of IGA groups according to skills and interest of identified beneficiaries</td>
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<tr>
<td>Training on business plan and internal regulation</td>
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<tr>
<td>Creation of IGA, related internal regulation and business plan</td>
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<td>Technical training</td>
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<tr>
<td>Training on management and accountancy</td>
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<tr>
<td>Purchase and distribution of needed inputs for IGA</td>
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<tr>
<td>Technical assistance and monitoring of tasks according to business plan</td>
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</tbody>
</table>
APPENDIX 18: EXAMPLE OF A PDM QUESTIONNAIRE

KUISIONER KELOMPOK
MONITOR PASCA DISTRIBUSI UNTUK IGA
Aceh Province - Indonesia

Questionnaire #: ________

5. Beneficiary name:________________________________________________

6. If a group, name of group members:
____________________________________________________________________

7. Type of HH: 8. Type of Area:
1) IDP in Settlement 1) Totally Destroyed with IDPs
2) IDP in Host Family 2) Partially Destroyed with IDPs and Local Population
3) IDP in Barracks 3) Non-Destroyed Area with IDPs and Local Population
4) Returnee in Settlement
5) Local with house but lost livelihood

9. HH Composition, Family Status & Activity (of each member of the HH, even if without income and/or regular activity)

<table>
<thead>
<tr>
<th>1 - Name</th>
<th>2 - Age</th>
<th>3 - Family Status</th>
<th>4 - Head of the HH (M/F)</th>
<th>5 - # Members in the HH</th>
<th>6 - # of School Aged Children</th>
<th>7 - # of Children Non-School Age</th>
<th>8 - Profession</th>
</tr>
</thead>
<tbody>
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<td>F</td>
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<td>F</td>
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<td>Head of HH</td>
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<td>c)</td>
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<td>g)</td>
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</tr>
</tbody>
</table>
10. Type of kit received: (INDEX SHOULD INCLUDE ALL THE ACTIVITY KIT)

11. Reception of the kit (after more than 1 month’s distribution)
   a) i. Have you already received all items mentioned in your contract? Y(  ) N(  )
   ii. If No, what item(s) have yet to be distributed?

   b) i. What do you think about the quality of the kits: Good ( ), Average ( ), Poor ( )
   ii. If average or poor, please explain:

   c) i. Did you have broken items? Y ( ), N ( )
   ii. If yes, what kind of items? Please explain:

12. Use of the kit
   a) i. Do you use the kit for its purpose? Y( ) N( ).
   ii. If no please explain.______________________________________________
   b) i. Have you sold some items from the kit(s)?: Y( ) N( ).
   ii. If yes, please explain (to whom, name of item & price) ________________
   c) How did you use the money?
      1 - Food □
      2 - Diesel/Petrol/Kerosene □
      3 - Medicine □
      4 - Transport □
      5 - Jewelry □
      6 - Savings □
      7 - Clothes □
      8 - House Construction □
      9 - To start new activity □
      10 - Education □
      11 - Other ____________ □
d) i. Did you exchange some items? Y( ) N( ).
   ii. If yes, with whom did you exchange & why.
   1 - Relatives ☐
   2 - Friends ☐
   3 - Neighbours ☐
   4 - IGA Beneficiaries ☐
   5 - Traders ☐
   6 - Others ______________ ☐

e) i. Was there a price difference during the exchange? Y( ) N( ),
   ii. If yes, please explain the price difference and how the extra funds were utilized:
   1 - Food ☐
   2 - Diesel/Petrol/Kerosene ☐
   3 - Medicine ☐
   4 - Transport ☐
   5 - Jewelry ☐
   6 - Savings ☐
   7 - Clothes ☐
   8 - House Construction ☐
   9 - To start new activity ☐
   10 - Education ☐
   11 - Other _____________ ☐

f) i. Did you give the kit(s) to another person (friend, family)? Y( ) N( )
   ii. If yes, please explain. ___________________________________________

g) i. Did you keep the kit without using it: Y ( ) N ( )
   ii. If yes, please explain the reason(s) for not using the kit and the intended plan for the kit.
   1 - currently working in CFW ☐
   2 - looking for or constructing a place to set up business ☐
   3 - waiting for the kit to be complete ☐
4 - waiting for return to the original village  
5 - engaged in other activities, please explain ________________________

### 13. Main impact of the kits distribution on the Household Activity

**a)** According to you what is the impact of the IGA kit for your HH activity (compared to before)?

<table>
<thead>
<tr>
<th>Positive</th>
<th>Negative</th>
<th>Average</th>
<th>No Impact</th>
</tr>
</thead>
</table>

**b)** In case of no, average or negative impact, please explain the reason(s).

<table>
<thead>
<tr>
<th>Main difficulties identified</th>
<th>Y/N</th>
<th>Observations</th>
<th>Rank</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 - Sale (no customers or distance to the market)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2 - Competition with others engaged in the same activity</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3 - No access to land, structures, boats, etc.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4 - Problem of skills (don’t know how to use kit)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5 - Problem of kit (problem with electricity, size of kit, wrong kit distributed, etc)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>6 - Competition to obtain contracts (construction related)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>7 - Lack of essential items needed for the activity</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>8 - Lack of quality of kit distributed</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>9 - High fuel prices (kerosene, petrol, diesel, machine oil, etc - specify)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>10 - Requires a lot of time to generate an income</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>11 - Problems related to the weather</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>12 - Transport</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>13 - Security &amp; Taxation</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>14 - Others (please explain)</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
c) Since you received the kits what kind(s) of change(s) have you noticed within your household (list all changes, several answers possible)?

1 - Increased of income ☐
2 - Increase of production ☐
3 - Regular working activity now ☐
4 - Ability to purchase/consume additional food (additional to the basic diet) ☐
5 - Ability to purchase non-food items ☐
6 - Other (Please Explain) ____________________________________________ ☐

d) Use of the results of the IGA (food processing, services, construction and fishing activities)

1 - Sale of Products Only ☐
2 - HH Consumption Only ☐
3 - Sale & Consumption ☐

e) If engaged in both sale & consumption, indicate then proportion for selling ________ %, proportion for HH consumption ________ % (the total is 100%)

14. Income

a) What was the household income before the tsunami? ________________ Rp/Month/Family

b) What was the household income after the tsunami (prior to the distribution of the kit)? __________ Rp/Month/Family

c) What is the household income since receiving the IGA kit? __________ Rp/month/Family
15. Expenditures

a) What are the main sources of expenditures/month (in Rp)?

Rank in order of importance, maximum 5

<table>
<thead>
<tr>
<th>Items</th>
<th>Amount in Rp.</th>
<th>Rank</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 - Food</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2 - Kerosene/Petrol/Diesel</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3 - Transport</td>
<td></td>
<td></td>
</tr>
<tr>
<td>4 - Education</td>
<td></td>
<td></td>
</tr>
<tr>
<td>5 - Medicine from private clinics</td>
<td></td>
<td></td>
</tr>
<tr>
<td>6 - House Construction</td>
<td></td>
<td></td>
</tr>
<tr>
<td>7 - Jewelry</td>
<td></td>
<td></td>
</tr>
<tr>
<td>8 - Clothes</td>
<td></td>
<td></td>
</tr>
<tr>
<td>9 - Others (please explain)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

b) i. Can you purchase the above mentioned items? Y( ) N( )

ii. If no, please explain. ____________________________________________

c) What purchases do you make to conduct the activity?

1 - Equipment
2 - Ingredients


d) Where do you make your purchases?

1- Locally
2 - Banda Aceh
3 - Meulaboh
4 - Others

16. CASH BOOK

a) i. Do you fill in cash book regularly: Y( ) N ( )

ii. If no, please explain the reason(s)

________________________________________________________________________

b) How would you rate your income currently? ( ) Good ( ) Average ( ) Deficit ( )

c) What is the profit made at the end of the month from your activity? (per individual if it’s a group activity) Rp. ___________ (Please indicate 1st month profit and previous last months profit)
17. Location & Space of the Activity
   a) Do you implement your activity in your village of origin? Y( ) N( ).
   b) i. Do you implement your activity in a different village? Y( ) N( )
      ii. If yes, please explain: ________________________________
      iii. Precise the distance in km: ________; Name of village _______________
   c) i. Do you have enough space for running your activity? Y( ) N( ).
      ii. If no, please explain each constraint _______________________
   d) i. Do you rent space for running your activity? Y( ) N( )
      ii. If yes, how much is the rent per month? Rp _________________
   e) i. Do you employ other persons for working in your activity? Y( ) N( ).
      ii. What kind of work do they do?______________________________
      iii. How are they paid?
         1- Daily ☐
         2- Weekly ☐
         3- Biweekly ☐
         4- Monthly ☐

18. Strategy
   a) What do you plan to do in terms of improving your current activity? (Please explain)
      ___________________________________________________________________
   b) What will you need to develop your activity?
      1- Materials ☐
      2- Skills ☐
      3- Trainings (explain) ☐

19. Group Members
   a) How many members are still active in your group? Active ( ) Non-Active ( )
   b) For non-active member, please explain the reason(s)
      1 - not enough cash generated through the group ☐
      2 - disagreements/disputes ☐
      3 - involved in CFW for daily income ☐
      4 - Moved to a different village ☐
c) What kind(s) of activity(ies) are the non-active member(s) interested to get involved with in case of another round of distribution?

___________________________________________________________________

20. Group Functions

a) How many HHs are involved in your group? _____________

b) Are the following functions shared equally amongst group members?

1 - Sharing of materials equally Y ( ) N ( )
2 - Sharing of income Y ( ) N ( )
3 - Sharing of tasks Y ( ) N ( )

c) How did you manage to solve your problem(s)?

1 - Speaking together about the issue ☐
2 - Asking for a mediator ☐
3 - Asking for ACF Team to intervene ☐
4 - Splitting of the group ☐
5 - Others ____________________________ ☐

h) Do you have any comments on the ACF IGA programme?_________________

i) Do you have any suggestion for improving ACF IGA programme?

_______________________________________________________________________

Index

Question 8: Section 3 - Family Status

W - Widow                  WW - Widower
MM - Married Male          MF - Married Female
SM - Single Male           SF - Single Female
F - Fatherless
M - Motherless
O - Orphan
<p>| | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>AHE</td>
<td>Acehnese Hand Embroidery</td>
</tr>
<tr>
<td>2.</td>
<td>BSM</td>
<td>Barber Service Male</td>
</tr>
<tr>
<td>3.</td>
<td>BSF</td>
<td>Barber Service Female</td>
</tr>
<tr>
<td>4.</td>
<td>BOM</td>
<td>Bakso Maker</td>
</tr>
<tr>
<td>5.</td>
<td>BKM</td>
<td>Bandrek Maker</td>
</tr>
<tr>
<td>6.</td>
<td>BS</td>
<td>Bicycle Service</td>
</tr>
<tr>
<td>7.</td>
<td>BH</td>
<td>Blacksmith</td>
</tr>
<tr>
<td>8.</td>
<td>BSS</td>
<td>Beauty Salon</td>
</tr>
<tr>
<td>9.</td>
<td>CM</td>
<td>Cake Maker</td>
</tr>
<tr>
<td>10.</td>
<td>CW</td>
<td>Car Wash</td>
</tr>
<tr>
<td>11.</td>
<td>CA</td>
<td>Carpenter</td>
</tr>
<tr>
<td>12.</td>
<td>CB</td>
<td>Clay Break</td>
</tr>
<tr>
<td>13.</td>
<td>CBWR</td>
<td>Cement-Block Well Ring</td>
</tr>
<tr>
<td>14.</td>
<td>CS</td>
<td>Coffeeshop</td>
</tr>
<tr>
<td>15.</td>
<td>CAM</td>
<td>Copra Maker</td>
</tr>
<tr>
<td>16.</td>
<td>COM</td>
<td>Coffee Maker</td>
</tr>
<tr>
<td>17.</td>
<td>CP</td>
<td>Coconut Processing</td>
</tr>
<tr>
<td>18.</td>
<td>CUM</td>
<td>Coconut Oil Maker</td>
</tr>
<tr>
<td>19.</td>
<td>ES</td>
<td>Electronic Service</td>
</tr>
<tr>
<td>20.</td>
<td>EM</td>
<td>Embroidery</td>
</tr>
<tr>
<td>21.</td>
<td>FK</td>
<td>Fishing Kit</td>
</tr>
<tr>
<td>22.</td>
<td>ICM</td>
<td>Ice Cream Maker</td>
</tr>
<tr>
<td>23.</td>
<td>IDM</td>
<td>Ice Drink Maker</td>
</tr>
<tr>
<td>24.</td>
<td>KM</td>
<td>Kerupuk Maker</td>
</tr>
<tr>
<td>25.</td>
<td>KS</td>
<td>Kantin Seller</td>
</tr>
<tr>
<td>26.</td>
<td>MAM</td>
<td>Martabak Maker</td>
</tr>
<tr>
<td>27.</td>
<td>MLM</td>
<td>Mie-Lontong Maker</td>
</tr>
<tr>
<td>28.</td>
<td>MS</td>
<td>Motorbike Service</td>
</tr>
<tr>
<td>29.</td>
<td>RS</td>
<td>Rice Seller</td>
</tr>
<tr>
<td>30.</td>
<td>SQ</td>
<td>Stone Quarry</td>
</tr>
<tr>
<td>31.</td>
<td>TM</td>
<td>Tempe Maker</td>
</tr>
<tr>
<td>32.</td>
<td>TT</td>
<td>Tempe-Tahu Maker</td>
</tr>
<tr>
<td>33.</td>
<td>TTA</td>
<td>Tempe-Tauge Maker</td>
</tr>
<tr>
<td>34.</td>
<td>TS</td>
<td>Tailor Service</td>
</tr>
</tbody>
</table>
APPENDIX 19: EXAMPLE OF A PDM REPORT FROM INDONESIA

Introduction

Action contre la Faim started its activities in Ambon, province of Maluku, in April 1999, as a response to the outbreak of violence in the province in January 1999 and the subsequent large-scale population displacements. ACF responded to immediate, basic and minimum needs of over a hundred thousand IDPs through the provision of food and hygienic items. In 2000 ACF served roughly 134,200 beneficiaries in Maluku province.

From early 2001, tensions were still prevailing in Ambon but there was a growing awareness that the strategy of assisting victims of the conflict by virtue of their status as IDPs required urgent reviewing. Vulnerability and dependency on food aid had to be assessed as well as the constraint free food distributions represented on the development of coping mechanisms or the re-establishment of self-sufficiency among the IDPs population. ACF considered that a targeting process was relevant and necessary to be conducted in order to avoid any dependency on the food aid. On the basis of the Post Distribution Monitoring (PDM), 3% of former food aid beneficiaries were targeted to be the possible beneficiaries of new programmes of assistance. These families were identified as vulnerable, the most at risk of food insecurity when the general food distribution ended. All the results are coming from the double approach followed by ACF: to focus on the most vulnerable families and to develop an adequate assistance for those families.

The Income Generating Programme (IGP) implemented in Ambon island (urban, semi-urban and rural areas) aimed to:

- Boost the vulnerable household’s production capacities
- Generate income for vulnerable families and therefore support the development of coping mechanisms and household self-sufficiency
- Develop the capacities of production of one community

The expected result is to develop the capacity for a vulnerable family to produce, sell and capitalise in order to be able to get out of the ongoing spiral of vulnerability-impoverishment-assistance. The assistance to the targeted beneficiaries consisted in providing them equipment and materials necessary to start up a small-scale activity. Two IGA programmes have been implemented by ACF in the Maluku province. The first one from July 2001 until January 2002 and focusing on Ambon island only (urban area mainly) and the second one from April 2002 until February 2003 focusing on 4 different islands of the Maluku (rural area). This PDM report concerns the second programme.

92 vulnerable IDPs camps-villages were selected and visited (46 Christians, 46 Moslems). At the end, only 19 Moslems IDPs camps (41% of the total visited) accepted the principles of focusing on the most vulnerable families. On the Christian side, only 24 IDPs camps (52% of the total visited) accepted the same principles of targeting. 5
camps have “cancelled” the collaboration with ACF considering that the targeting could result in tensions after the distribution. After meeting with the community, it was decided that it was more prudent to follow the opinion of the authorities of the villages.

From the first assessment and the potential number of IDPs in the targeted camps until the third assessment (final decision) Action contre la Faim targeted 7% of the population.

GENERAL PRESENTATION

Objectives

The main objectives assigned by ACF when starting IGA were:

- To assist vulnerable households in urban and rural areas who can not be targeted for continuous food assistance and do not benefit from other any assistance.
- To develop the vulnerable households’ self-sufficiency.
- To help the vulnerable families to regain their dignity.

Methodology

<table>
<thead>
<tr>
<th>Step</th>
<th>Date</th>
<th>Main objectives and criteria used</th>
</tr>
</thead>
<tbody>
<tr>
<td>Macro identification</td>
<td>November 2001</td>
<td>Selection of the main vulnerable areas based on Action contre la Faim field experience</td>
</tr>
<tr>
<td>Assessment 1</td>
<td>November December 2001</td>
<td>Presentation of the objectives (= targeting the population for a programme of assistance) to the camp coordinator and representatives of the community. At the end of this visit ACF team knows if the approach is accepted or not (because of problem of tensions and jealousies). If the process is approved, the team asks a first list of vulnerable people. NB: if the list is not available at this moment another visit is organised.</td>
</tr>
<tr>
<td>Assessment 2</td>
<td>January 2002</td>
<td>Questionnaire with the families (list given by the representative of the camp) based on the following criteria: The “compulsory criteria”</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Family of IDP (Displaced People)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Absence of regular income or limited to 100,000 Rupiahs per month for a family of 5 persons</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- One member of the family has special skills, the will to develop an activity but not enough capital to buy the basic items</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Family not benefiting from any empowerment programme</td>
</tr>
</tbody>
</table>
NB: each step of the targeting is preceded by an explanation to be sure that everybody understands the process.

In order to monitor the impact of the distribution a Post Distribution Monitoring (PDM) has been organised two months after the distribution. A representative sample according to the number of kits distributed has been chosen.

**MAIN RESULTS**

General information about the distribution

43 villages have been targeted in 4 islands of the Maluku Province: Ambon, Haruku, Seram and Buru. 100% of the villages are situated in rural area.

<table>
<thead>
<tr>
<th>Step</th>
<th>Date</th>
<th>Main objectives and criteria used</th>
</tr>
</thead>
</table>
| Assessment 2 | January 2002          | The "aggravating criteria"
|              |                       | • Family living in very precarious situation (populated camp, empty destroyed house...)
|              |                       | • Family originally from outside Ambon (displaced people from Seram, Buru, ...)
|              |                       | • Woman alone with children (widow)
|              |                       | • Regularly borrowing money (high level of financial dependency)
|              |                       | • Limited own assets and personal belongings
|              |                       | • No external help (family, neighbour)
|              |                       | • Not all the children of the family can afford going to elementary school.                     |
| Assessment 3 | April to June 2002    | Return to the camp with the list of beneficiaries selected from the previous questionnaire.       |
|              |                       | Validation of this targeting with the authorities and the people.                              |
|              |                       | New questionnaire in order to specify the activity to develop with the family selected.         |
| Distribution | July-August 2002      | During the distribution a Memorandum of Understanding is signed between ACF and the families beneficiary. |
|              | (September for Buru)  |                                                                                                 |
| PDM          | October 2002          | Assess the good reception of the kit (quantity & quality)                                        |
|              | February 2003 (Buru)  | Evaluate the impact of the distribution                                                          |
**Synthesis per area**

<table>
<thead>
<tr>
<th>Area, island (sub district)</th>
<th>No. of villages</th>
<th>No. of families</th>
<th>No. of people</th>
<th>Individual kits</th>
<th>Group kits</th>
<th>Total no. of kits</th>
<th>% Benef. per area</th>
<th>% Per island</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ambon A (Teluk Amb Bag.)</td>
<td>2</td>
<td>54</td>
<td>236</td>
<td>40</td>
<td>5</td>
<td>45</td>
<td>9.8%</td>
<td>22%</td>
</tr>
<tr>
<td>Ambon B (Salahutu)</td>
<td>4</td>
<td>67</td>
<td>340</td>
<td>67</td>
<td>0</td>
<td>67</td>
<td>12.1%</td>
<td></td>
</tr>
<tr>
<td>Haruku A (Haruku)</td>
<td>1</td>
<td>34</td>
<td>171</td>
<td>14</td>
<td>7</td>
<td>21</td>
<td>6.2%</td>
<td>11%</td>
</tr>
<tr>
<td>Haruku B (Haruku)</td>
<td>3</td>
<td>25</td>
<td>110</td>
<td>23</td>
<td>0</td>
<td>23</td>
<td>4.5%</td>
<td></td>
</tr>
<tr>
<td>Seram TNS A (TNS)</td>
<td>12</td>
<td>81</td>
<td>425</td>
<td>66</td>
<td>3</td>
<td>69</td>
<td>14.7%</td>
<td></td>
</tr>
<tr>
<td>West Seram A (Piru)</td>
<td>1</td>
<td>11</td>
<td>41</td>
<td>11</td>
<td>0</td>
<td>11</td>
<td>2.0%</td>
<td>30%</td>
</tr>
<tr>
<td>West Seram B (Piru)</td>
<td>7</td>
<td>47</td>
<td>241</td>
<td>47</td>
<td>0</td>
<td>47</td>
<td>8.5%</td>
<td></td>
</tr>
<tr>
<td>Seram Tehoru B (Tehoru)</td>
<td>5</td>
<td>25</td>
<td>118</td>
<td>17</td>
<td>2</td>
<td>19</td>
<td>4.5%</td>
<td></td>
</tr>
<tr>
<td>Buru (Buru Utara Barat)</td>
<td>8</td>
<td>208</td>
<td>852</td>
<td>26</td>
<td>21</td>
<td>47</td>
<td>37.7%</td>
<td>38%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>43</strong></td>
<td><strong>552</strong></td>
<td><strong>2,534</strong></td>
<td><strong>311</strong></td>
<td><strong>38</strong></td>
<td><strong>349</strong></td>
<td><strong>100%</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>

**Synthesis per community**

<table>
<thead>
<tr>
<th></th>
<th>No. of villages</th>
<th>No. of families</th>
<th>No. of people</th>
<th>Individual kits</th>
<th>Group kits</th>
<th>Total no. of kits</th>
<th>% total families</th>
<th>% of kits</th>
</tr>
</thead>
<tbody>
<tr>
<td>Christian</td>
<td>24</td>
<td>388</td>
<td>1,725</td>
<td>157</td>
<td>36</td>
<td>203</td>
<td>70%</td>
<td>58%</td>
</tr>
<tr>
<td>Moslem</td>
<td>19</td>
<td>164</td>
<td>809</td>
<td>154</td>
<td>2</td>
<td>146</td>
<td>30%</td>
<td>42%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>43</strong></td>
<td><strong>552</strong></td>
<td><strong>2,534</strong></td>
<td><strong>311</strong></td>
<td><strong>38</strong></td>
<td><strong>349</strong></td>
<td><strong>100%</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>

*NB. Some Animist members are as well living in some villages of Buru Island.*
552 families, which represent 2,534 persons, have been the benefited of 349 kits distributed.

Out of them 31% are Returnees and 69% are IDPs. 70% of the beneficiaries are Christians while 30% are Moslems. This difference between communities is due to the distribution in Buru Island which focused on villages highly affected by destruction during the conflict. In Buru Island the most affected villages are Christian. Moreover the kits in Buru Island have been identified as group kits benefiting more people.

According to the total number of kits distributed: 58% have been distributed to Christians and 42% to Moslems. Out of 349 kits distributed, 311 are individual kits (89% of the total) while 38 are group kits (11% of the total).

Type of IGA kits identified and main characteristics

21 different kits-activities have been identified with the families during the targeting process.

- 5 kits-activities represent 84.8% of all the kits distributed: farming (36.7% of the total), Cake Maker (24.9%), Fishing Individual (12%), Fishing Group (6%) and Fried Cake (5.2%).

- Then the 4 most common kits-activities identified are Carpenter Individual (4%), Carpenter Group (2.9%) followed by Selling Food (2.3%) and Processing Machine (1.7%). These kits represent 10.9% of the total distributed

- An important number of small activities and services (12 kits) represent 4.3 % of the total distribution.

Synthesis per type of kit

<table>
<thead>
<tr>
<th>No</th>
<th>Activity</th>
<th>No. of Kits</th>
<th>% of the total no. of kits distributed</th>
<th>Type of kit</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Farming</td>
<td>128</td>
<td>36.7%</td>
<td>Individual</td>
</tr>
<tr>
<td>2</td>
<td>Cake Maker</td>
<td>87</td>
<td>24.9%</td>
<td>Individual</td>
</tr>
<tr>
<td>3</td>
<td>Fishing Individual</td>
<td>42</td>
<td>12%</td>
<td>Individual</td>
</tr>
<tr>
<td>4</td>
<td>Fishing Group</td>
<td>21</td>
<td>6%</td>
<td>Group</td>
</tr>
<tr>
<td>5</td>
<td>Fried Cake</td>
<td>18</td>
<td>5.2%</td>
<td>Individual</td>
</tr>
<tr>
<td>6</td>
<td>Carpenter Individual</td>
<td>14</td>
<td>4%</td>
<td>Individual</td>
</tr>
<tr>
<td>7</td>
<td>Carpenter Group</td>
<td>10</td>
<td>2.9%</td>
<td>Group</td>
</tr>
<tr>
<td>8</td>
<td>Selling Food</td>
<td>8</td>
<td>2.3%</td>
<td>Individual</td>
</tr>
</tbody>
</table>

(continuous in following page)
(it comes from previous page)

<table>
<thead>
<tr>
<th>No</th>
<th>Activity</th>
<th>No. of Kits</th>
<th>% of the total no. of kits distributed</th>
<th>Type of kit</th>
</tr>
</thead>
<tbody>
<tr>
<td>9</td>
<td>Processing machine</td>
<td>6</td>
<td>1.7%</td>
<td>Group</td>
</tr>
<tr>
<td>10</td>
<td>Tailor</td>
<td>3</td>
<td>0.9%</td>
<td>Individual</td>
</tr>
<tr>
<td>11</td>
<td>Oil processing</td>
<td>2</td>
<td>0.6%</td>
<td>Individual</td>
</tr>
<tr>
<td>12</td>
<td>Bakso seller</td>
<td>1</td>
<td>0.3%</td>
<td>Individual</td>
</tr>
<tr>
<td>13</td>
<td>Coto seller</td>
<td>1</td>
<td>0.3%</td>
<td>Individual</td>
</tr>
<tr>
<td>14</td>
<td>Electronic Service</td>
<td>1</td>
<td>0.3%</td>
<td>Individual</td>
</tr>
<tr>
<td>15</td>
<td>Sell And Buy Harvest</td>
<td>1</td>
<td>0.3%</td>
<td>Individual</td>
</tr>
<tr>
<td>16</td>
<td>Mason Individual</td>
<td>1</td>
<td>0.3%</td>
<td>Individual</td>
</tr>
<tr>
<td>17</td>
<td>Oven Maker</td>
<td>1</td>
<td>0.3%</td>
<td>Individual</td>
</tr>
<tr>
<td>18</td>
<td>Pembuat Es Cendol.</td>
<td>1</td>
<td>0.3%</td>
<td>Individual</td>
</tr>
<tr>
<td>19</td>
<td>Noodle Processing</td>
<td>1</td>
<td>0.3%</td>
<td>Individual</td>
</tr>
<tr>
<td>20</td>
<td>Workshop</td>
<td>1</td>
<td>0.3%</td>
<td>Individual</td>
</tr>
<tr>
<td>21</td>
<td>Mason Group</td>
<td>1</td>
<td>0.3%</td>
<td>Group</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>349</td>
<td>100%</td>
<td></td>
</tr>
</tbody>
</table>

NB: for the fishing groups, 11 Kits are incomplete ones (request of the community at the time of assessment)

**Synthesis per type of kit**

<table>
<thead>
<tr>
<th>Type of kits</th>
<th>No. of kits</th>
<th>% of the total distributed</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Farming</td>
<td>128</td>
<td>36.7%</td>
</tr>
<tr>
<td>2 Food meal</td>
<td>125</td>
<td>35.8%</td>
</tr>
<tr>
<td>3 Fishing</td>
<td>63</td>
<td>18.1%</td>
</tr>
<tr>
<td>4 Construction</td>
<td>27</td>
<td>7.7%</td>
</tr>
<tr>
<td>5 Service</td>
<td>6</td>
<td>1.7%</td>
</tr>
<tr>
<td></td>
<td>349</td>
<td>100%</td>
</tr>
</tbody>
</table>

90.5% of the kits and activities identified with the beneficiaries are generating food items production (Farming, food meal and fishing kits). To be more precise, 55% of the kits are generating direct food items (vegetables, fish) and 35% of the kits are
generating food items also but through a transformation process with other food items that the people have to buy (food meal kits).

**Group kits**

<table>
<thead>
<tr>
<th>No</th>
<th>Activity-Kit</th>
<th>No. of Kits</th>
<th>% of the total group kits distributed</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Fishing</td>
<td>21</td>
<td>55.3%</td>
</tr>
<tr>
<td>2</td>
<td>Carpenter</td>
<td>10</td>
<td>26.3%</td>
</tr>
<tr>
<td>3</td>
<td>Processing machine</td>
<td>6</td>
<td>15.8%</td>
</tr>
<tr>
<td>4</td>
<td>Mason</td>
<td>1</td>
<td>2.6%</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>38</td>
<td>100%</td>
</tr>
</tbody>
</table>

The group kits identified concerned mainly the fishing activities (55.3%) and the carpenter activities (26.3%). Out of 21 activities identified, 8 concern both Christians and Moslems, 6 activities concern only Christians and 7 activities only Moslems.

Per community the most "popular" kits identified and distributed are:

- For the Christians: Farming, Cake Maker, Fishing Group and Carpenter group.
- For the Moslems: Cake Maker, Fishing Individual, Fried Cake and Farming.

According to the specificity of each kit distributed, men are the main users of 66% of the kits and women of 34% of the kits. This higher proportion of men is due to the activities such as farming, fishing and construction most of the time chosen by men. Nevertheless, women are fully concerned by farming activities, as they are responsible for production selling in case of surplus.

**The impact of the distribution**

NB: all the results presented in this part are based on the sample of families interviewed.

**Methodology**

In order to monitor the impact of the IGA, 96 families were interviewed representing represent 27.5% of the kits distributed. As some families benefited from the same kit the sample represents 17% of the total families beneficiary. 16 activities out
of the 21 were monitored (some small activities representing few kits are missing). The sample concerns equally Christian and Moslem communities.

Gender activity

In 70% of the families visited the men are the main users of the kits.

The data show a slight difference between the two communities: 56% of the main users are male in the Christian community while the proportion is 71% in the Moslem community.

Use of the kit and main problems faced by the beneficiaries

At the time of the interview, **82% of the kits distributed were used while 18% were unused** (the proportion is equivalent in both communities). The unused kits are mainly: Fishing individual (82% of the total), Fishing Group (57%), Farming (10%), and Cake Maker (5%).

85% of individual kits are used while only 68% of the group kits are used.

Why were some kits not used?

The main reasons given by the families for the non-use of the kits are, by order of priority:

- **Unsuitable kit.** It concerns essentially the fishing kits. The size of the nets distributed was too small according to the beneficiaries interviewed and allowed only "small" sessions of fishing to catch small fish. For the group kits, the main reason was the bad quality of the canoes distributed. In Buru where 14 canoes had been ordered, only 3 were of good quality (the adapted wood is called "Salawaku", the non adapted one "Kayu Pouleh") and consequently used by the community.

- **Bad season.** This problem concerns only the farming kits. Due to the lack of rain observed between April and November 2002, some families were unable to plant and a few of them lost their crops. Majority of the farmers interviewed were waiting December-January to plant.

- **Not enough capital to start the activity.** 26% of the families interviewed suffered from a lack of means to start the activity. Some kits distributed required buying raw materials and some of them cannot afford the needed items.

What are the families planning to do with unused kit?

The families who did not use the kit have kept the items and declared that they will use them in the future. 3 beneficiaries gave the kits to one of their family members because they could not use it (old person mainly): fishing kit given to the son for example.
Main problems encountered by the families during the implementation of their activity.

19% of those interviewed faced problems during the implementation of their activity while 81% faced no problem at all. The same problems are recurrent but are more numerous in the Moslem community (6 problems faced instead of 5 in the Christian community).

The main problems were: High prices of raw materials (food, petrol...) (26%), lack of items to launch the activity properly (17%), difficulty to sell due to competition on the market (14%). Bad accessibility and problem of skills have been reported but are very isolated cases.

Income generated

All the activities monitored are generating incomes but differences between communities can be observed and not all the families or groups interviewed had generated incomes at the time of the interviews. 75% of those interviewed generated an income, at least once, since the distribution, while 25% were not able to have incomes yet.

Monthly income generated per activity (in Rupiahs) - Individual activities -

<table>
<thead>
<tr>
<th>Activity</th>
<th>Christian Average</th>
<th>Moslem Average</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 BAKSO SELLER</td>
<td></td>
<td>60,000</td>
</tr>
<tr>
<td>2 CAKE MAKER</td>
<td>455,000</td>
<td>153,333</td>
</tr>
<tr>
<td>3 CARPENTER</td>
<td>183,333</td>
<td></td>
</tr>
<tr>
<td>4 ELECTRONIC SERVICE</td>
<td>30,000</td>
<td></td>
</tr>
<tr>
<td>5 ES CENDOL</td>
<td></td>
<td>150,000</td>
</tr>
<tr>
<td>6 FARMING</td>
<td>66,500</td>
<td>216,667</td>
</tr>
<tr>
<td>7 FISHING (INDIVIDU)</td>
<td>15,000</td>
<td>128,333</td>
</tr>
<tr>
<td>8 FRIED CAKE</td>
<td></td>
<td>175,000</td>
</tr>
<tr>
<td>9 OIL PROCESSING</td>
<td></td>
<td>80,000</td>
</tr>
<tr>
<td>10 SELLING FOOD</td>
<td></td>
<td>145,000</td>
</tr>
<tr>
<td>11 TAILOR</td>
<td>175,000</td>
<td></td>
</tr>
<tr>
<td>Average</td>
<td>154,139</td>
<td>138,542</td>
</tr>
</tbody>
</table>

The average monthly income, all activities considered, is different between Christians (142,758 Rupiahs) and Moslems (128,030 Rupiahs).
Differences in incomes generated per activity may be noted. The Cake maker activity is the most interesting one in terms of income which may reach 455,000 Rupiahs per month, compared to the fishing activity or the oil processing (with respectively 15,000 and 80,000 Rupiahs per month). The incomes may vary as well from one month to another. The level of activity and the time spent working is also to be taken into consideration: for the fishing activity for example, the number of fishing sessions and the time spent for each may largely increase the fish harvest and thus the incomes.

Some families did not have incomes yet at the time of the monitoring but were optimistic to obtain some in the future.

*Monthly income generated per activity (in Rupiahs) - Group activities - (for one family)*

<table>
<thead>
<tr>
<th>Activity</th>
<th>Christian Average</th>
<th>Moslem Average</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 CARPENTER</td>
<td>337,500</td>
<td></td>
</tr>
<tr>
<td>2 FISHING</td>
<td>180,000</td>
<td></td>
</tr>
<tr>
<td>3 MASON</td>
<td>60,000</td>
<td></td>
</tr>
<tr>
<td>4 SAGOOS PROCESSING MACHINE</td>
<td>42,500</td>
<td></td>
</tr>
<tr>
<td>5 COCONUT SCRAPING MACHINE</td>
<td></td>
<td>125,000</td>
</tr>
<tr>
<td><strong>Average</strong></td>
<td><strong>155,000</strong></td>
<td><strong>125,000</strong></td>
</tr>
</tbody>
</table>

The group activities concern mainly the Christian community. The incomes generated are quite low in general. Group kits such as fishing or coconut scraping machines are more used in order to have a better access to food than to incomes. The carpenter group was used in some villages to rebuild the houses rather than to produce and sell furniture.

**Income impact per activity**

<table>
<thead>
<tr>
<th>Level of impact</th>
<th>Range (Rupiahs per month)</th>
<th>Type of kits (activity)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Low impact</td>
<td>&lt;50,000</td>
<td>Fishing, Electric Service, farming (in quick term), Bakso seller, Oil processing</td>
</tr>
<tr>
<td>Average</td>
<td>50,000 - 200,000</td>
<td>Tailor, Traditional Juice, selling food, processing coconut oil, Fried Cake</td>
</tr>
<tr>
<td>Good</td>
<td>200,000 - 500,000</td>
<td>Carpenter, Cake maker</td>
</tr>
</tbody>
</table>
Almost 65% of those interviewed declared that with the IGA they are able to address their basic needs. Once again differences may be noted between Christian and Moslem beneficiaries. 49% of the Christians can address their basic daily needs while 78% do for the Moslems.

Conclusion: success or failure?

- **Success**

  In general, the IGA distribution had a positive impact on the IDPs economy. According to the IDPs interviewed, 75% of those interviewed managed to earn incomes. The main positive results are that the IDPs can:

  1. Get incomes to buy needed items and make a living (rice, sugar, vegetable, fish etc)
  2. Develop an economic activity
  3. Even if there are no significant and regular incomes, the activity generated by the kits helps the family to improve its food security situation by saving money or increasing its food production

- **Failure**

  18% of the kits are not used and 25% of the families are without additional incomes. The main reasons are:

  1. Quality of the kit (bad quality of the boats distributed and size of the nets not adapted)
  2. Dry Season (for the farming activity)
  3. Lack of knowledge about the community organisation

  The impact of the IGA distribution is stronger in the Moslem community (for 85% it had a positive impact) than in the Christian community (for 73% it had a positive impact). For 79% of those interviewed the IGA distribution had a positive impact while for 19% of them the distribution neither changed or had any impact on their household economy. This statement is contradictory with the results of incomes in the Christian community, higher on average than in the Moslem community. But this question may be distorted by the fact that the Christian community is more inclined to complain about the assistance given, than the Moslem community, generally very grateful for any kind of assistance received.

  According to the results of the PDM, the number of unused kits is quite high (especially for Fishing Group & Individual), ¼ of the population interviewed having no incomes. According to the initial objectives this is the main failure of this programme.
Nevertheless, except for few cases where the community itself did not identify the proper kit (incomplete fishing nets instead of complete ones) the responsibilities for the problems are coming from ACF. The beneficiaries have been well targeted, the programme of assistance and activities identified were relevant but some items distributed did not allow the beneficiaries to work in good conditions.

- **Recommendations**

**Concerning the IGA kits**
- To give raw materials needed (flour, sugar, petrol...) at least for the first two or three months of the activity. This is particularly important for the food meals process, which requires at the beginning a lot of basic ingredients (possible to distribute at the same time as the kit). Providing small capital used only for the activity setting up is also an idea to be considered.
- To increase the global price of the kits to a minimum of 100 USD.
- The farming kit: fewer types of seed but more specified quantity will be more efficient. Possibilities to develop long-term crops (cocoa, coffee, rice) and especially rice could be considered (Maluku province is not self sufficient in terms of rice).

**Concerning the follow-up**
- In order to evaluate the impact of an IGA programme a regular follow-up of some “test” families is compulsory. Those families are in possession of a weekly in and out book. Therefore, the families should be trained and checked on a regular basis. This monitoring is time consuming but is the best way to observe the real work of a family and to check motivation, improvement and possible problems.
- Training should be provided to the families who have decided to launch a new activity.
- Action contre la Faim has ordered the construction of canoes to local contractors but the canoes received and distributed are of very bad quality despite an adequate budget allocated to obtain good canoes. It is the responsibility of the logistic department to find qualitative items, to negotiate good contacts and to follow up the process of construction thereafter.

**Concerning the targeting process and the results expected**
- In order to avoid misunderstanding on the items and activities identified by the selected families, the methodology of identification of the kits should be improved: samples of items, brand and quality requested...
- More explanations about the expected results should be discussed with the families (hypothesis of income, places of implementation, problems to be anticipated...).
First of all the global context of intervention has to be well known and identified. An intervention in a context of high economic exchanges and/or poor economic activities will lead to differences in terms of kit distribution and expectations regarding the possibility to generate incomes for the beneficiaries.

Some communities, very vulnerable, are totally out of the market system and do not have any preoccupation of selling or even earning money. The distribution of kits can be very useful for them anyway in order to improve their food production and therefore their food security but unrealistic in order to obtain regular and significant incomes. Probably another terminology should be more appropriate: Income Generating Programme or Households Food Security Improvement Programmes?

Then and especially in case of collective IGA, the community has to be studied in depth in order to understand where we can have the best input and what the objectives to be achieved by this community can be.

In a post conflict context as observed in 2003 in some places situated in the Maluku, such kind of programme of assistance is relevant and useful for the population. The suitability of the programme cannot be denied. But it seems fundamental to check the motivation and reasons of the population for the assistance requested as well as to fix reasonable objectives to be achieved for the beneficiary (micro-grants programmes is not an option for the targeted population). The population has to be motivated, not occupied by the reconstruction process and the necessity to harvest food from the gardens. The project has to fit with the economic environment that will determine the type of assistance and the possibility to generate real incomes. This point is very important as this humanitarian assistance takes place in developing and disrupted contexts.
### APPENDIX 20: EXAMPLE OF A MONITORING SYSTEM

<table>
<thead>
<tr>
<th>Key question</th>
<th>Indicator</th>
<th>Means of verification</th>
<th>Data collection method</th>
<th>Frequency</th>
<th>Responsible</th>
<th>Outcome</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Logic of intervention</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Main Objective</strong></td>
<td>Is the living standard of the target population improved?</td>
<td>Main poverty and food security assessments conducted by different national and international agencies, and ACF, in the region are showing a statistical improvement.</td>
<td>Baseline survey and other surveys</td>
<td>Interviews Baseline questionnaire Coordination meetings surveys</td>
<td>Nov-Dec Apr-May Sept-Oct</td>
<td>FM, aHoP, HoP, FSC</td>
</tr>
<tr>
<td><strong>Specific Objective</strong></td>
<td>Is the food security status improved?</td>
<td>610 households have obtained more extra income and/or food production and have improved access to wheat flour to fulfill the household’s basic needs</td>
<td>Accountancy book Groups Income table</td>
<td>Data collection field visit</td>
<td>1-2/month</td>
<td>SE, MS</td>
</tr>
<tr>
<td></td>
<td></td>
<td>610 households eat meat at least once a week</td>
<td>Meals with meat during the last week</td>
<td>Interview</td>
<td>Dec, Feb, Apr, June, Aug, Oct</td>
<td>FM, aHoP</td>
</tr>
<tr>
<td></td>
<td></td>
<td>610 households have a wheat consumption covering their needs</td>
<td>Needs for next two months compared to wheat bought during last two months Market information system</td>
<td>Interview Analysis</td>
<td>Dec, Feb, Apr, June, Aug, Oct</td>
<td>FM, aHoP MS</td>
</tr>
<tr>
<td></td>
<td></td>
<td>The expenditures on non food items of the 610 households has increased significantly by the end of the project period</td>
<td>Survey</td>
<td>Interviews Baseline questionnaire</td>
<td>Nov-Dec Apr-May Sept-Oct</td>
<td>FM, aHoP</td>
</tr>
<tr>
<td>Results 1 and 2</td>
<td>Did the total income increase according to the expectations</td>
<td>Total income of all target groups increased min 180$ (R1) or 300$ (R2)</td>
<td>Accountancy book</td>
<td>Data collection field visit</td>
<td>1-2/month</td>
<td>SE, MS</td>
</tr>
<tr>
<td>----------------</td>
<td>-----------------------------------------------------------</td>
<td>---------------------------------------------------------------------</td>
<td>------------------</td>
<td>--------------------------</td>
<td>-----------</td>
<td>--------</td>
</tr>
<tr>
<td>R1. 350 households in 10 communities, in Abkhazia, Samegrelo and Upper-Svanetia have increased their income through agricultural and non-agricultural activities</td>
<td></td>
<td></td>
<td>Groups Income table</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>R2. 260 households in Abkhazia and Samegrelo have consolidated and/or diversified their current income generating activities and increased their income.</td>
<td></td>
<td></td>
<td>Data collection field visit</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Is there an increase in assets-capital?</td>
<td>There is an increase in assets observed within all the target groups during the project implementation</td>
<td>Groups Income table</td>
<td>Observations</td>
<td>Data collection field visit</td>
<td>1-2/month</td>
<td>SE, MS</td>
</tr>
<tr>
<td>Is the IGA group sustainable as a group?</td>
<td>The IGA groups are sustainable and functioning as a group</td>
<td>Attendance of group meetings; Meeting with leading committee; Meeting the whole group (spontaneously) Group registration</td>
<td>Field visits Interviews Legal document registration</td>
<td>Regularly</td>
<td>FM</td>
<td>Evaluation group</td>
</tr>
<tr>
<td>IGA groups and profitable activities are identified and elaborated in business plans</td>
<td>IGA groups and profitable activities are identified and elaborated in business plans</td>
<td>Business plan + accountancy book + groups income table</td>
<td>Analysis of activity and business plan</td>
<td>Once every 2-3 months</td>
<td>MS, BPS, SE</td>
<td>Evaluation group</td>
</tr>
<tr>
<td>Does the IGA group have enough skills and knowledge to run the IGA?</td>
<td>All the IGA target group is using the knowledge and skills obtained during the training by the end of the project</td>
<td>Activity plan, accountancy; Visual monitoring of practical skills</td>
<td>Data collection Observation</td>
<td>1-2/month; During every group visit</td>
<td>Technician; Socio-economist</td>
<td>Evaluation group</td>
</tr>
</tbody>
</table>

(continuous in following page)
<table>
<thead>
<tr>
<th>Key Question</th>
<th>Indicator</th>
<th>Logic of intervention</th>
<th>Data collection method</th>
<th>Frequency</th>
<th>Responsible</th>
<th>Means of verification</th>
<th>Outcome</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Are the networks</td>
<td>Meeting and decision taking process; informal documents; (informal documents; minutes of meetings; Action plan; Bulletins</td>
<td>Supervision - according to actions taken; Examination and analysis of documents and bulletins</td>
<td>3 times during the project</td>
<td>FM, MS, LS, Technician, aHoP, HoP</td>
<td>Reports</td>
</tr>
<tr>
<td></td>
<td></td>
<td>efficient and</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>effective?</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Result 3</td>
<td></td>
<td>About 100 IGA groups</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>(1,000 households), new and old ECHO beneficiaries, are empowered, by linking them together through a network, and groups of interest are created and functional.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Are thenetworks</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>efficient and</td>
<td></td>
<td></td>
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<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>effective?</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Result 4</td>
<td></td>
<td>4,000 households, IGA beneficiaries, Food For Work beneficiaries and poor farmers and vulnerable men and women, are empowered through vocational training and consultancies, taking into account the village potentials and best market opportunities.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Is the vocational</td>
<td>TOR assessment team; Lists of participants; Minutes of meetings with local administration and specialists for village potential assessment.</td>
<td>Assessment of training needs taking into account the village potential assessment.</td>
<td>Once</td>
<td>FM</td>
<td>Assessment of training needs; Assessment team; FM</td>
</tr>
<tr>
<td></td>
<td></td>
<td>training given to the</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>target group, consider the potentials of the village and the needs of the target group</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Is the training</td>
<td>Questionnaires</td>
<td>Assessment of training needs; Report</td>
<td>According to actions taken</td>
<td>SE, FM, aHoP</td>
<td>Evaluation report vocational training</td>
</tr>
<tr>
<td></td>
<td></td>
<td>according to the</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>needs of the</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>target group</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Is the vocational</td>
<td>Evaluation form</td>
<td>Assessment of training needs; Report</td>
<td>According to actions taken</td>
<td>SE, FM, aHoP</td>
<td>Evaluation report vocational training</td>
</tr>
<tr>
<td></td>
<td></td>
<td>training useful for the</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>target group</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Is the vocational</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>training useful for</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>the target group?</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>20% of the target group uses the knowledge and skills obtained during the training by the end of the project</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Indicator</td>
<td>Strategy related</td>
<td>Data collection method</td>
<td>Frequency</td>
<td>Means of verification</td>
<td>Responsible</td>
<td>Outcome</td>
<td></td>
</tr>
<tr>
<td>-----------</td>
<td>-----------------</td>
<td>------------------------</td>
<td>-----------</td>
<td>----------------------</td>
<td>-------------</td>
<td>---------</td>
<td></td>
</tr>
<tr>
<td>Is the presence of field coordinators facilitating the work of ACF-E in Abkhazia?</td>
<td>The field coordinators have regular contact with local authorities, beneficiaries</td>
<td>Minutes of meeting (security, follow up, info sharing)</td>
<td>Every 3 months</td>
<td>Monitoring reports</td>
<td>LC, FM, aHoP, SE</td>
<td>Reports</td>
<td></td>
</tr>
<tr>
<td>Is the implementation transparent?</td>
<td>Relevant information is shared and explained between the trainers and beneficiaries, and is useful for the groups.</td>
<td>Analysis and follow-up of legal regulations.</td>
<td>Quarterly</td>
<td>Observation</td>
<td>LS, aHoP</td>
<td>Reports</td>
<td></td>
</tr>
<tr>
<td>Does the target group consider the marketing aspects?</td>
<td>Market information is shared and explained between ACF-E and beneficiaries, and is useful for the groups.</td>
<td>Group documents, Accounting books, MIS, Surveys</td>
<td>Monthly</td>
<td>Interviews</td>
<td>MS</td>
<td>Reports</td>
<td></td>
</tr>
<tr>
<td>Are environment and gender issues considered in the project implementation?</td>
<td>The implementation considers environmental and gender aspects as much as possible</td>
<td>Database analysis</td>
<td>3 times during the project</td>
<td>Comparative analysis, Field visits</td>
<td>SW, SE, Technician, aHoP</td>
<td>Reports</td>
<td></td>
</tr>
</tbody>
</table>

(continuous in following page)
### Strategy related

<table>
<thead>
<tr>
<th>Key question</th>
<th>Indicator</th>
<th>Means of verification</th>
<th>Data collection method</th>
<th>Frequency</th>
<th>Responsible</th>
<th>Outcome</th>
</tr>
</thead>
<tbody>
<tr>
<td>Are ECHO programme and ACF-E known inside the region and country?</td>
<td>ACF-E makes the programme as visible as possible</td>
<td>Visibility garment, brochures, newsletters, stickers, coordination meetings</td>
<td>Meetings, field visits</td>
<td>During all project</td>
<td>All</td>
<td>/</td>
</tr>
<tr>
<td>Is the monitoring system efficient?</td>
<td>ACF-E has established an efficient monitoring and evaluation system</td>
<td>Observations, documents, reports, monitoring matrix</td>
<td>Field visits, interviews</td>
<td>3 times during the project</td>
<td>FSC</td>
<td>Evaluation monitoring system</td>
</tr>
</tbody>
</table>

### Risks and Assumptions

<table>
<thead>
<tr>
<th>Key question</th>
<th>Indicator</th>
<th>Means of verification</th>
<th>Data collection method</th>
<th>Frequency</th>
<th>Responsible</th>
<th>Outcome</th>
</tr>
</thead>
<tbody>
<tr>
<td>Are the local authorities informed about our activities?</td>
<td>Local authorities are aware of ACF-E/ ECHO activities</td>
<td>Minutes of the meetings</td>
<td>Meetings</td>
<td>Once every 2 months</td>
<td>aHoP</td>
<td>Report</td>
</tr>
<tr>
<td>Is ACF-E considering the security situation and political instability?</td>
<td>ACF-E has updated regularly the security plan and monitors the political situation</td>
<td>Security plan update with local coordinators, UNOMIG, and other organisations Follow up of media</td>
<td>Analysis</td>
<td>3 times during the project or in special cases</td>
<td>HoP, HQM</td>
<td>Security plan, sitrep</td>
</tr>
<tr>
<td>Questions</td>
<td>Action</td>
<td>Frequency</td>
<td>Person</td>
<td>Database</td>
<td></td>
<td></td>
</tr>
<tr>
<td>--------------------------------------------------------------------------</td>
<td>-------------------------------------------------------------------------------------------------</td>
<td>-------------------</td>
<td>-----------------</td>
<td>----------------</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Are major weather concerns slightly avoided by following meteorological data?</td>
<td>ACF-E has collected the necessary meteorological data</td>
<td>Weekly or every two weeks</td>
<td>Technician</td>
<td>Database</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Are we considering exchange rate and inflation problems?</td>
<td>ACF-E has followed up the exchange rate and other financial matters</td>
<td>Monthly</td>
<td>MS, ADMIN</td>
<td>Data base</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Is ACF-E considering any possible pest outbreak or animal epidemic?</td>
<td>The beneficiaries are informed about pests and animal disease prevention</td>
<td>Monthly</td>
<td>Technician</td>
<td>Information bulletin + data base + reports</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
APPENDIX 21: EXAMPLE OF BASELINE SURVEY QUESTIONNAIRE

Action contre la Faim
Socio Economic Survey of IGA Beneficiaries

Village: _______________ Date: 
Name: _______________ Interviewer: 
Gender: _______________ 
Age: ________

<table>
<thead>
<tr>
<th>Person</th>
<th>Sex</th>
<th>Age</th>
<th>Main occupation</th>
</tr>
</thead>
<tbody>
<tr>
<td>N°</td>
<td>M/F</td>
<td>years</td>
<td>1 = small business</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>2 = farmer</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>3 = state employee</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>4 = private employee</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>5 = housewife</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>6 = pensioner</td>
</tr>
<tr>
<td>1</td>
<td></td>
<td></td>
<td>7 = children under 6</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>8 = pupil</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>9 = student</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>10 = unemployed</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>11 = army</td>
</tr>
</tbody>
</table>

2 Do you have a garden? 
   Do you cultivate it? 
3 Do you have access to land? 
   Do you cultivate this land? 
4 If you are not cultivating your land, why not?

<table>
<thead>
<tr>
<th>Person</th>
<th>Sex</th>
<th>Age</th>
<th>Main occupation</th>
<th>Have a garden?</th>
<th>Cultivate it?</th>
<th>Access to land?</th>
<th>Cultivate land?</th>
<th>If not cultivating</th>
<th>Size</th>
</tr>
</thead>
<tbody>
<tr>
<td>2</td>
<td></td>
<td></td>
<td></td>
<td>yes</td>
<td>no</td>
<td>yes</td>
<td>no</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3</td>
<td></td>
<td></td>
<td></td>
<td>yes</td>
<td>no</td>
<td>yes</td>
<td>no</td>
<td></td>
<td></td>
</tr>
<tr>
<td>4</td>
<td></td>
<td></td>
<td></td>
<td>yes</td>
<td>no</td>
<td>yes</td>
<td>no</td>
<td></td>
<td></td>
</tr>
<tr>
<td>5</td>
<td></td>
<td></td>
<td></td>
<td>yes</td>
<td>no</td>
<td>yes</td>
<td>no</td>
<td></td>
<td></td>
</tr>
<tr>
<td>6</td>
<td></td>
<td></td>
<td></td>
<td>yes</td>
<td>no</td>
<td>yes</td>
<td>no</td>
<td></td>
<td></td>
</tr>
<tr>
<td>7</td>
<td></td>
<td></td>
<td></td>
<td>yes</td>
<td>no</td>
<td>yes</td>
<td>no</td>
<td></td>
<td></td>
</tr>
<tr>
<td>8</td>
<td></td>
<td></td>
<td></td>
<td>yes</td>
<td>no</td>
<td>yes</td>
<td>no</td>
<td></td>
<td></td>
</tr>
<tr>
<td>9</td>
<td></td>
<td></td>
<td></td>
<td>yes</td>
<td>no</td>
<td>yes</td>
<td>no</td>
<td></td>
<td></td>
</tr>
<tr>
<td>10</td>
<td></td>
<td></td>
<td></td>
<td>yes</td>
<td>no</td>
<td>yes</td>
<td>no</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Size: _______ m²
not interested / no need to produce
no inputs (fertilizer, seed, etc.) / no money
too physically demanding
other:__________________________

Who is the owner of this land?

- own land
- leased land

What are you cultivating (in your garden or other lands):

<table>
<thead>
<tr>
<th></th>
<th>m²</th>
<th>Total kg produced</th>
<th>kg for selling</th>
<th>kg for self-cons.</th>
</tr>
</thead>
<tbody>
<tr>
<td>potatoes</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>tomato</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>cucumber</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>cabbage</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>beets</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>carrots</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>radish</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>herbs</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>beans</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>pepper</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>corn</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>tobacco</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>garlic</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>onions</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>sunflower</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>apples</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>wheat</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>barley</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>other:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

When is the harvesting time________
7 How many of the following animals do you have?  

<table>
<thead>
<tr>
<th>Animal</th>
<th>Total production</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cows</td>
<td>1/day:</td>
</tr>
<tr>
<td>Calves</td>
<td></td>
</tr>
<tr>
<td>Oxen</td>
<td></td>
</tr>
<tr>
<td>Pigs</td>
<td></td>
</tr>
<tr>
<td>Poultry</td>
<td>eggs/day:</td>
</tr>
<tr>
<td>Sheep</td>
<td></td>
</tr>
<tr>
<td>Goats</td>
<td></td>
</tr>
<tr>
<td>Horse/donkey</td>
<td></td>
</tr>
</tbody>
</table>

7a Do you have access to some of the following machinery?  

<table>
<thead>
<tr>
<th>Machinery</th>
<th>Own?</th>
<th>Rent?</th>
</tr>
</thead>
<tbody>
<tr>
<td>tractors</td>
<td>yes</td>
<td>no</td>
</tr>
<tr>
<td>truck</td>
<td>yes</td>
<td>no</td>
</tr>
<tr>
<td>plough</td>
<td>yes</td>
<td>no</td>
</tr>
<tr>
<td>harrow</td>
<td>yes</td>
<td>no</td>
</tr>
<tr>
<td>combine</td>
<td>yes</td>
<td>no</td>
</tr>
<tr>
<td>car</td>
<td>yes</td>
<td>no</td>
</tr>
</tbody>
</table>

if it is rent how much are you paying?____________

Food  
8 What type of fuel do you use for daily cooking?  

<table>
<thead>
<tr>
<th>Fuel</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>bottle gas</td>
<td>wood</td>
</tr>
<tr>
<td>kerosene</td>
<td>dung</td>
</tr>
<tr>
<td>electricity</td>
<td>other:</td>
</tr>
</tbody>
</table>

8a Frequency of hot meal:  

- never  
- sometimes  
- daily

10 Of the following food items, what **quantity per month** do you consider **enough** for your household?  

<table>
<thead>
<tr>
<th>Food</th>
<th>kg per month (present)</th>
<th>kg per one year</th>
<th>3 months period</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wheat Flour/corn</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Potatoes</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sugar</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Oil</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Corn</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Meat</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Vegetables</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Milk/cheese</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
What is the main food for a 3 month period

1. 
2. 
3. 
4. 
5. 
6.

**Expenses**

11 How much money did your household spend in the last month on the following items?

<table>
<thead>
<tr>
<th>Item</th>
<th>Dr last month</th>
<th>Electricity</th>
<th>Water</th>
<th>Taxes</th>
<th>Payment of Debts</th>
<th>Leisure</th>
</tr>
</thead>
<tbody>
<tr>
<td>Food</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Medical Care</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Clothes</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Education</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Household Items</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>House Reparation</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

and in summer: __________

**Income**

12 What kind of the following cash income sources did the members of your family have in the

<table>
<thead>
<tr>
<th>Kind of Activity</th>
<th>Total amount received (Drams)</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>salary (regular job)</td>
<td>☐</td>
<td></td>
</tr>
<tr>
<td>hired labour (day by day)</td>
<td>☐</td>
<td></td>
</tr>
<tr>
<td>pension</td>
<td>☐</td>
<td></td>
</tr>
<tr>
<td>small business</td>
<td>☐</td>
<td></td>
</tr>
<tr>
<td>government aid</td>
<td>☐</td>
<td></td>
</tr>
<tr>
<td>rent of property</td>
<td>☐</td>
<td></td>
</tr>
<tr>
<td>use of previous savings</td>
<td>☐</td>
<td></td>
</tr>
</tbody>
</table>
13 Have you sold some of the following items during the last 6 months?

<table>
<thead>
<tr>
<th></th>
<th>what exactly</th>
<th>N*</th>
<th>Total amount received</th>
</tr>
</thead>
<tbody>
<tr>
<td>cows</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>poultry</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>pigs</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>other</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

14 In the last 6 months, has your household borrowed money?  
if yes:  
How much: __________ GEL  
For what did you use it?

Who lent it to you?  
- neighbour/friend  
- relatives  
- money lender  
- others: __________

15 In the last 6 months, has your household received money as a gift?  
if yes:  
How much: __________ GEL  
Who gave you?  
- neighbour/friend  
- relatives  
- money lender  
- others: __________

16 How much are your total debts currently?  
Money: ______________ GEL  
Others: ____________________  
(specify nature and quantity)

17 Have you received assistance?  
yes  no
if yes, specify:

| Organisation/relatives | from - to | Activity | Benefits? (goods, salary) |

Own Opinion

18 Compared to other families of your village (or city), in which group is your household?

- extremely poor
- poor
- middle income
- difficult to answer

19 Main important problems of your household in order of priority:

<table>
<thead>
<tr>
<th>Problem</th>
<th>1</th>
<th>2</th>
<th>3</th>
</tr>
</thead>
<tbody>
<tr>
<td>food</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>clothes</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>medical care</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>education</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>housing</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>other:_________</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

(PRIORITYSE!)

20 Compared to 2 years ago: what is your current economic situation?

- better
- no change
- worse

why? ________________________________

why? ________________________________

why? ________________________________

INCOME GENERATING ACTIVITIES: A KEY CONCEPT IN SUSTAINABLE FOOD SECURITY
APPENDIX 22: MONITORING FORM FOR IGA GROUPS

Group name: ____________________
Country: ________________ Monitoring date: __________________
District/village: ________________ Field Extensionist: ________________

For each comment, record your assessment in the box provided.

Ratings:
E: Excellent  S: Satisfactory  G: Good  NS: Not satisfactory

Group composition:
Members: ____________________  ____________________
Status: ____________________  ____________________
Difference of status between group members: ____________________  ____________________
Experience: ____________________  ____________________

Group Management:
Membership: ____________________  ____________________
Team spirit: ____________________  ____________________
Participation: ____________________  ____________________
Leadership: ____________________  ____________________
Accounting: ____________________  ____________________
Group documentation: ____________________  ____________________
Group members: ____________________  ____________________
Sustainability: ____________________  ____________________
General: ____________________  ____________________

Links and Co-operation:
NGO: ____________________  ____________________
LNGO: ____________________  ____________________
Local authority: ____________________  ____________________
Municipality: ____________________  ____________________
Other groups: ____________________  ____________________

Technical knowledge and skills:
Gained knowledge: ____________________  ____________________
Needs: ____________________  ____________________
Capacities: ____________________  ____________________
Skills: ____________________  ____________________
### Activities:

**Main:**

**Other:**

**Observation:**

**Labour division:**

**Participation of women in the activities:**

**Activity planning:**

1. Monthly:
2. Annual:

#### Economic capacity, financial situation of the group & savings:

**Group land:**

**Condition for cattle breeding:** (stable, pasture, fodder source, etc)

**Condition for cultivation:** (soil productivity, irrigation, fertilizer, etc)

**Machinery opportunity of the group:** (tractor, combine harvester, etc)

**Financial planning in the group:** (until which time)

**Profit distribution:**

**Profit share:**

**Savings:**

**Reinvestment:**

#### Objectives:

**Basic needs:**

**Economic autonomy:**

#### Conclusion and recommendations:
APPENDIX 23: EXAMPLE OF PROFITABILITY AND SUSTAINABILITY STUDY OF IGA IN AZERBAIJAN

Follow up and calculation of profitability of wheat growing activity of Nemat SFG in Sarisu village

10 ha /2004-2005

<table>
<thead>
<tr>
<th>Operation</th>
<th>Measurement unit</th>
<th>Quantity</th>
<th>Unit price</th>
<th>Total amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rent of land</td>
<td>ha</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Water tax</td>
<td>ha</td>
<td>10</td>
<td>18.500</td>
<td>185,000</td>
</tr>
<tr>
<td>Land tax</td>
<td>ha</td>
<td>10</td>
<td>18.500</td>
<td>185,000</td>
</tr>
<tr>
<td>Ploughing</td>
<td>ha</td>
<td>10</td>
<td>90,000</td>
<td>900,000</td>
</tr>
<tr>
<td>Harrowing</td>
<td>times</td>
<td>10</td>
<td>30,000</td>
<td>300,000</td>
</tr>
<tr>
<td>Seed</td>
<td>kg</td>
<td>2,200</td>
<td>1.640</td>
<td>3,608,000</td>
</tr>
<tr>
<td>Sowing</td>
<td>ha</td>
<td>10</td>
<td>30,000</td>
<td>300,000</td>
</tr>
<tr>
<td>Ditching</td>
<td>ha</td>
<td>10</td>
<td>10,000</td>
<td>100,000</td>
</tr>
<tr>
<td>Nitrogen</td>
<td>kg</td>
<td>2,250</td>
<td>880</td>
<td>1,980,000</td>
</tr>
<tr>
<td>Spray nitrogen</td>
<td>times</td>
<td>10</td>
<td>20,000</td>
<td>200,000</td>
</tr>
<tr>
<td>Chemicals</td>
<td>litres</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Spray chemicals</td>
<td>times</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Harvesting</td>
<td>ha</td>
<td>10</td>
<td>100,000</td>
<td>1,000,000</td>
</tr>
<tr>
<td>Transportation</td>
<td>times</td>
<td>10</td>
<td>20,000</td>
<td>200,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td></td>
<td></td>
<td><strong>8,958,000</strong></td>
</tr>
<tr>
<td>#</td>
<td>Sale of production</td>
<td>Units (kg)</td>
<td>Unit selling price AzM</td>
<td>Total Value AzM</td>
</tr>
<tr>
<td>----</td>
<td>--------------------</td>
<td>------------</td>
<td>------------------------</td>
<td>-----------------</td>
</tr>
<tr>
<td></td>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>Sale of wheat</td>
<td>20.000</td>
<td>875</td>
<td>17.500.000</td>
</tr>
<tr>
<td>2</td>
<td>For self use</td>
<td>15.000</td>
<td>583</td>
<td>8.750.000</td>
</tr>
<tr>
<td></td>
<td>Total general incomes from the sale</td>
<td></td>
<td></td>
<td>26.250.000</td>
</tr>
<tr>
<td></td>
<td>Total net profit</td>
<td></td>
<td></td>
<td>17.292.000</td>
</tr>
</tbody>
</table>
Follow up and calculation of profitability of bull fattening activity (1st round) of Nemat SFG in Sarisu village

Period: Nov-04 to Mar-05

<table>
<thead>
<tr>
<th>#</th>
<th>Operation</th>
<th>Units (head/kg/bundles)</th>
<th>Unit price AzM</th>
<th>Total Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Purchase of bulls</td>
<td>10</td>
<td>1.198.000</td>
<td>11.980.000</td>
</tr>
<tr>
<td>2</td>
<td>Cost of feeding</td>
<td>10</td>
<td>265.000</td>
<td>2.650.000</td>
</tr>
<tr>
<td>3</td>
<td>Veterinary cost</td>
<td>10</td>
<td>5.000</td>
<td>50.000</td>
</tr>
<tr>
<td>4</td>
<td>Transportation cost</td>
<td>10</td>
<td>20.000</td>
<td>200.000</td>
</tr>
<tr>
<td></td>
<td>Total cost</td>
<td></td>
<td></td>
<td>14.880.000</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>#</th>
<th>Sold production</th>
<th>Units (head)</th>
<th>Unit selling price AzM</th>
<th>Total Amount from sale</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Fattened bulls</td>
<td>10</td>
<td>1.1873.000</td>
<td>18.730.000</td>
</tr>
<tr>
<td></td>
<td>Total general incomes from the sale</td>
<td></td>
<td></td>
<td>18.730.000</td>
</tr>
<tr>
<td></td>
<td>Total net profit</td>
<td></td>
<td></td>
<td>3.850.000</td>
</tr>
</tbody>
</table>

Source: ACH Projet documentation
### Profitability of different activities of Nemat SFG

<table>
<thead>
<tr>
<th>Activity</th>
<th>Period (month)</th>
<th>Quantity (heads/ha)</th>
<th>Total expenses (AzM)</th>
<th>Gross Profit (AzM)</th>
<th>Income (AzM)</th>
<th>Income per member (AzM)</th>
<th>Income per member (US$)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wheat</td>
<td>8</td>
<td>10</td>
<td>8,958,000</td>
<td>26,250,000</td>
<td>17,292,000</td>
<td>1.729,200</td>
<td>368</td>
</tr>
<tr>
<td>Bull fattening</td>
<td>4</td>
<td>10</td>
<td>14,880,000</td>
<td>18,730,000</td>
<td>3,850,000</td>
<td>338,500</td>
<td>82</td>
</tr>
<tr>
<td><strong>TOTAL income per group member</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>2,114,200</td>
<td>450</td>
</tr>
</tbody>
</table>

1 USD = 4.700 AZM  
Source: ACH Projet documentation  
Date: July 2005

This analysis shows clearly that the incomes produced can cover the expenses for the next cycle, so the activities are sustainable, and at the same time a net profit can be shared among the group members.
APPENDIX 24: TERMS OF REFERENCE FOR AN EVALUATION

Objective:

To evaluate the achievements and impacts of the project ______. The evaluation will consider the following criteria: relevance, efficiency, effectiveness, impact, economic and financial viability and sustainability.

General terms.

The evaluation should consider the hierarchy objectives of the logical framework of the project. These components are part of the project ________________. It will be undertaken as an independent investigation of the objectives, results, activities and means deployed by ACF, in the implementation of the project, in order to come out with a final report highlighting the main findings and putting forth recommendations for the future intervention and decision making.

The evaluation should examine the standard and quality of goods and services generated by the project, in the opinion of the beneficiaries, ACF technical departments, technical governmental departments, etcetera.

The evaluation requires the evaluator to gather data from outside the project organisation, through meetings and field visits to beneficiaries and other organisations if needed.

The evaluation must consider the following criteria:

Relevance:

• Analysis of the project relevance in the given context according to the identified needs and in terms of beneficiary selection, objectives, activities and strategy.

• Analysis of the opportunity of the project intervention, according to the global ACF strategy in the country and the difficulties for access to different areas.

• Were the actions undertaken appropriate in the context and do they respond to the population’s needs?

Sustainability:

• Determine if relevant authorities and agencies will support the project objectives after the end of the project.

• Evaluate if the beneficiaries and other local parties involved will be the ”project owners” after the end of the external support.

• Evaluate if the institutions, committees, local organisations, community organisations responsible for project follow up will be able to sustain the technology applied after external support has ended.
• What organisational structure is required to guarantee the sustainability of the services provided considering the social, economic, and security conditions in the project area?

• Evaluate the possible negative impacts on the environment and in the communities.

Economic and financial analysis:
• Evaluate if the services provided under the project can be operated and maintained by the beneficiaries.

• Evaluate the community’s ability and willingness to contribute towards the operation and maintenance of the facilities.

Impact:
• Evaluate whether the project components improve the food security status of the beneficiaries

• Did the assistance seek to strengthen the capacity of local agencies, organisations and personnel?

• What are the main problems that the population identifies concerning the implementation of the activities?

• Evaluate the degree of satisfaction of the beneficiaries towards the different aspects of the programme

Food Security
• Have production and productivity been increased due to the technical assistance and items provided by the project?

• Have the incomes increased due to the project activities?

• What are the improvements in the management of the IGA due to the training provided? What should be reinforced?

Effectiveness
How did the beneficiaries benefit from the project services?

Efficiency
How does the quality of the services compare to the effort it took to deliver them?

Gender
Brief analysis of the integration and participation of men and women in the project.
Specific terms:

Activities:

- Actual schedule and completion of the activities compared to the initial plan and covenant with donor’s policy and guidelines.
- How can delays in the activities be avoided and possible time-savings aspects be developed?
- Identification of the main strengthens of the institution regarding the activity delays and external factors.
- What are the reasons for the deviation of the planned activities and what improvements can be made for future interventions?
- What are the effects of the above-mentioned deviations?
- How can we improve the performance of remote control activities?
- Cost / Benefits analysis of the activities.
- How have the beneficiaries accepted the project activities?

Results:

- Have the activities given results and/or provided services in the communities?
- Identify the main deviations between expected results and the achievements and lessons learned. Identify the reasons and make recommendations for future interventions.
- What institutional structure and capacity building efforts are required for future interventions (considering the post-crisis phase) in the project area?
- Measure the cost/efficiency of the activities (cost in terms of monetary and human resource values).

Project Purpose:

- Indicate the achievement of sustainable benefits for the target group.
- Analyze if the project has achieved its purpose.
- Are the services provided by the project sustainable? Will they continue to be provided to the target group once external assistance has been completed?
- Is the performance (positive or negative) due to the initial problem analysis, the project design, or implementation?
- Was the financial viability of the project adequately appraised?
- Were the main objectives of the project adapted to the context, according the accessibility and the main axis of the ACF Strategy in the mission?
Recommendations

What are the main recommendations to be considered for future interventions according to the evaluation?

Identify the main lesson learned from the intervention

Methodology

The evaluation will use four different steps:

1) Briefing.
   - Reviewing of the project documents (proposal, reports, monitoring reports, Surveys, PRA, etc)
   - Meeting with ACF technical departments in the field.

2) Field activities
   - Collecting information through field surveys and interviews
   - Interviews with beneficiaries and representatives.
   - Visit to the communities.
   - Meeting with local authorities, Community Base Organisations, groups of beneficiaries, committees and leaders.

3) Analysis of the information collected by different sources.

4) Elaboration of the final report and recommendations.

Time schedule for evaluation (X weeks)

<table>
<thead>
<tr>
<th>Activity</th>
<th>Duration</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Briefing and review of project documents</td>
<td>X weeks</td>
</tr>
<tr>
<td>2. Field visits</td>
<td>X weeks</td>
</tr>
<tr>
<td>3. Analysis of information</td>
<td>X weeks</td>
</tr>
<tr>
<td>4. Preparation of report</td>
<td>X weeks</td>
</tr>
<tr>
<td>5. Draft for discussion</td>
<td>X weeks</td>
</tr>
<tr>
<td>6. Final report</td>
<td>X weeks</td>
</tr>
<tr>
<td><strong>Total duration</strong></td>
<td></td>
</tr>
</tbody>
</table>
Expected outcomes

**Formal Report**

The cover of the report should indicate that the evaluation is financed by the EC.

1- **Acknowledgement:** communities, local authorities, advisers, team members, and donors, etc.

2- **List of contents**

3- **Executive summary**

One or two pages overview of the report including the purpose and the objectives of the evaluation, who it is for, how it was carried out, where and when, the major findings, conclusions and recommendations.

4- **Background information**

4-1 **Target Area**

4-2 **Main objectives of the project**

4-3 **Development of the project**

Describe briefly the development of the project’s activities, including the contextual evolution if necessary.

5- **Objectives of evaluation**

Detail here the purpose of the evaluation (contractual), the intended audiences. What are the objectives and key questions the evaluation hopes to answer? (Can be taken from the list described above)

6- **Methodology**

- What evaluation method was chosen and why?
- What are the main constraints (staff, political, security, access, rainy season etc.)?
- Include here a reference to an appendix such as questionnaire samples of the methods used.
- Who, when, why and where were the interviewed people or sites selected.

7- **Outcome of using the methods**

- Where and how were the evaluation methods developed and tested before use?
- How reliable and valid did the method prove to be?
- Include a timetable or schedule of the evaluation in the appendix
- Include information about the training of the staff that will conduct evaluation or their skills
• Mention unintended results if appropriate.

8- Findings and discussion
• Summarize findings under headings - use the headings: impact, appropriateness, efficiency, coverage, strategy, coherence, gender...
• Wherever possible, use maps, tables, diagrams, and interpretation of qualitative findings
• Include examples of what people actually say in the interviews
• Briefly describe the methods used to analyze the information (statistic, PCA, etc.)

9- Conclusions
Summing-up of the answers to the original questions

10- Recommendations
Please give in order of priority

The report should be presented in draft form for comment, before the final report is completed. The evaluator should also give a presentation to ACF HQ on the main findings, conclusions and recommendations of the evaluation, and relevant comments should be incorporated in the final report.

BIBLIOGRAPHY


