

## What factors of success for greater sustainability of Income Generating Activities?



The experience of SOLIDARITÉS INTERNATIONAL in the Lom & Djerem Department, East Region, Cameroon

*April 2020*

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# SUMMARY

## Context

In February 2019, the HCR estimated that over 174,000 Central African refugees had fled to the East Region of Cameroon since 2013. In the Lom & Djerem Department, some of the refugees are living within communities along the Garoua Boulai – Bertoua road, while the majority have joined the Gado refugee camp. According to the HCR, 74% of them favour local integration over repatriation to the Central African Republic. SOLIDARITÉS INTERNATIONALE (SI) has been working in the Lom & Djerem Department since 2014, where it has supported **236 Income Generating Activities (IGA), including 55 group IGAs**. These IGAs do not involve agricultural production activities. Over 50% of the supported IGAs revolve around selling crops – especially vegetables, cassava, maize and peanuts – and Basic Necessities (BN). This is especially true for group IGAs (70%) and those run by women (55%).



**236 IGAs supported  
including 183 individual IGAs  
and 55 group IGAs**



> Beneficiary of a small business IGA -  
sewing workshop in Zembe Borongo,  
February 2018  
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## Analytical framework

The overall objective of this study is to “contribute to improving SOLIDARITÉS INTERNATIONAL’S empowerment and resiliency program strategy in Cameroon”, by carrying out an experience review of the IGA approach used in the East region. This review covers 212 IGAs that received support from 4 funding programs between 2015 and 2019 (DFID, ECHO 1486, EUD Pro-Act and ECHO 1715). The analytical framework is based on a series of questions that led to changes in the IGA approach. These methodological changes aim to **improve the sustainability of IGAs, i.e. to reduce the proportion of beneficiaries that abandon or only make a minimal contribution to the activity**. The key questions for this study are:

**Sustainability:** What percentage of IGAs are still active?

**Targeting:** What are the profiles/criteria of beneficiary households whose IGAs are considered to have a high level of activity and those with very limited activities or that are eventually abandoned?

**Selection procedure:** Do pre-selection profitability calculations and the amount of capital invested have an impact on the IGA’s sustainability (in terms of activity)?

**Group vs. individual approach:** Which is the most recommended approach to ensure that the activity is as sustainable as possible?

**Training:** What is the impact of training - and which specific training - on the sustainability of supported IGAs?



## Methodology

The methodology used for this study is based on 3 components:

1. **Bibliographic research**, with particular reference to the various project documents provided by SOLIDARITÉS INTERNATIONALE;
2. **Qualitative data collected from 12 group IGAs and 43 individual IGAs**, 11 of which are inactive;
3. A **discussion workshop** with SOLIDARITÉS INTERNATIONALE's IGA/VSLA teams from December 9 to 11, 2019.

## Key results

The interviews and discussion workshop led to the definition of a success or failure profile for IGAs, which is summarised in the following table:

Functioning IGA	Non-functioning IGA
<b>Individual</b>	
Ability to calculate profitability and take decisions to adjust strategy / Accounting	No ability to calculate profitability and no accounting records kept
Main source of income	Secondary source of income
Meets over 50% of the household's needs	Insufficient income from the IGA
Good understanding of the need to maintain sufficient working capital	Over-spending of working capital
Ability to diversify activities, and especially to invest in agricultural production	Little or no diversification
Ability to save and join a tontine	No planned savings
Good technical knowledge of the activity	Lack of technical knowledge
Good general knowledge of the activity	No experience of the activity
<b>Group</b>	
Employment of a manager, preferably from outside the group	Ineffective manager
Use of management tools	No visibility because management tools are not used
Small group (significant income)	Large group (limited income and slow decision-making process)
Annuity income approach (small regular income vs. small investment)	Little or no other sources of income for members
Regular verification of accounts	No literate members
Functions as a group purchasing entity (for the purchasing and resale of products)	Excessive running costs (manager, stock, security guard, etc.) as a result of group operations
Development into some form of tontine	
Investment in shared equipment that is costly to purchase and maintain	

## Key characteristics of functioning and non-functioning IGAs

In terms of income, the crucial factors to ensure the continuity of the IGA are:

- For **individual IGAs**, the activity must generate sufficient profit to:
  - Cover at least 50% of the household's needs, or even generate enough to save;
  - Enable the development of an agricultural activity to meet food needs during periods of low activity, as a dry season activity (secondary source of income).
- **Group IGAs** have a lower abandonment rate, but the profit they generate seems to be insufficient for vulnerable members who have no other sources of income. We have therefore noted that groups are tending towards **separation into individual activities**, either by sharing capital between members, or by shifting from group operations (shared production costs and profit) to a kind of **purchasing cooperative**.
- The beneficiary household / group member or manager has both technical knowledge and business management skills.
- The beneficiary household / group member or manager is capable of calculating the profitability of his/her business and taking the necessary action.

## Recommendations

This section summarises the key recommendations provided in the main body of the report:

- **Primarily target households where the IGA is or will be the main source of income:** The greater the impact of the IGA on the household's income, the greater the investment and motivation of its beneficiaries.
- **Verify technical expertise:** In particular, when providing support to launch or relaunch an activity, it would be beneficial to:
  - Group applicants for the same type of activity together and test their technical knowledge with an active professional to check that they are proficient in the fundamental skills required for their profession.
  - Plan a professional training module (if time permits) or cooperate with an organisation in this field.
- **Test general knowledge on the sector of activity using a business plan:** It is important for SOLIDARITÉS INTERNATIONALE teams to prepare business plans for the 8 to 10 main activities offered in the area, so that they can make sure that applicants for funding have sufficiently thought about their projects. Attention should be paid to economies of scale for purchasing, as well as to transport, seasonal fluctuations, and profit calculation methodology.
- **Encourage individual IGAs or small groups based on voluntary association:** Although group IGAs have certain advantages, for example remaining "active" for longer, this approach does not generally generate sufficient income for participating households to remain motivated. This means that we either have to consider targeting households that only need a small regular income (not the most vulnerable), or encourage group IGAs that function as (i) purchasing cooperatives or (ii) entities that manage costly equipment. Individual IGAs have a greater impact on the household economy and are better suited to the expectations of the community. It is therefore necessary to plan for sufficient personnel to provide significant support, especially during the first few months of activity. As part of the repatriation programme for CAR refugees and to facilitate follow-up, it would be appropriate to encourage group IGAs (small groups) for refugee households so that IGAs will not be abandoned when some members leave the area. However, individual support for an activity that would be useful during the

return process (in particular reconstruction) must not be ruled out due to operational follow-up considerations.

- **Do not use profit figures from the projected operating statement in the business plan as criteria to select or reject projects:** The margin for error in these calculations is too large, which can influence the inclusion or exclusion of beneficiaries and also bias follow-up. The business plan is still an essential element to select households since it provides a qualitative assessment of whether the applicant understands all the implications of the business in question.
- **Provide support that is based on advice rather than monitoring financial indicators:** Weekly follow-up / advice on the development of the activity are crucial. The goal is to foster the development of an entrepreneurial approach and thus complement training, rather than focusing on the use of management tools while the majority of beneficiaries are illiterate. Indicator follow-up visits (including turnover, stock, working capital, etc.) should be carried out once a month for the first six months, then once a quarter.

## List of acronyms

<b>BN</b>	BASIC NECESSITIES (FOOD SUPPLIES, SOAP, MATCHES, SUGAR, ETC.)
<b>CAR</b>	CENTRAL AFRICAN REPUBLIC
<b>DFID</b>	DEPARTMENT FOR INTERNATIONAL DEVELOPMENT
<b>ECHO</b>	EUROPEAN CIVIL PROTECTION AND HUMANITARIAN AID OPERATIONS
<b>EUD</b>	EUROPEAN UNION DELEGATION
<b>GAM</b>	GLOBAL ACUTE MALNUTRITION
<b>GIZ</b>	DEUTSCHE GESELLSCHAFT FÜR INTERNATIONALE ZUSAMMENARBEIT (GERMAN DEVELOPMENT AGENCY)
<b>HCR</b>	HIGH COMMISSIONER FOR REFUGEES
<b>HEA</b>	HOUSEHOLD ECONOMY ANALYSIS
<b>IGA</b>	INCOME GENERATING ACTIVITIES
<b>JAM</b>	JOINT ASSESSMENT MISSION
<b>PRO-ACT</b>	PRO-RESILIENCE ACTION
<b>SAM</b>	SEVERE ACUTE MALNUTRITION
<b>SI</b>	SOLIDARITÉS INTERNATIONALE
<b>TOR</b>	TERMS OF REFERENCE
<b>VSLA</b>	VILLAGE SAVINGS AND LOANS ASSOCIATION
<b>WFP</b>	WORLD FOOD PROGRAMME



# 1 INTRODUCTION

## 1.1 Context

### General context

The March 2013 coup in the Central African Republic (CAR) led to violent hostilities and triggered a massive influx of Central African refugees into Cameroon. In February 2019, the United Nations High Commissioner for Refugees (UNHCR) estimated that 277,433 Central African refugees were present on Cameroonian soil, including over 174,000 in the East region<sup>1</sup>, and taking into account refugee arrivals between 2006 and 2013 (around 108,000)<sup>2</sup>. The last HCR survey in June 2018 showed that 74% of Central African refugees in Cameroon favoured local integration over repatriation to the CAR. The main reasons they gave for refusing to return to their country were insecurity and the destruction of their property. In the short term, it seems highly unlikely that the CAR will regain sufficient stability to ensure satisfactory conditions for returnees, even though a trilateral return agreement has been signed for this purpose (Cameroon, CAR, HCR). The HCR has postponed the return phase, which it had initially planned for October 2019.

SOLIDARITÉS INTERNATIONALE has been working in the Lom & Djerem department in the East region since 2014, following the crisis in the Central African Republic that caused a massive influx of refugees into the area. Although some of the refugees are living within communities along the Garoua Boulai – Bertoua road, the vast majority of them have joined the Gado refugee camp. Most Central African households made their living from agro-pastoral activities. When they arrived in Cameroon, access to agricultural land and pasture was limited and pressure on already

scarce resources triggered increasing tensions between host communities and refugees. Although some refugee households managed to resume agricultural activities, many others have developed small businesses or work as day labourers to supplement the aid provided by NGOs, including World Food Programme (WFP) cash transfers.

Against this backdrop of vulnerability and food insecurity, SOLIDARITÉS INTERNATIONALE has implemented a support programme for Income Generating Activities (IGAs) since 2015, with funding from ECHO and other partners<sup>3</sup>, as a complement to its activities to bolster market gardening.

### Food security context

The population of the East region lives in the Lom-Pangar grassy savannah livelihoods zone<sup>4</sup>. This rural area, with its annual rainfall of 1,200 to 2,000 mm, is considered only just self-sufficient in terms of basic food (cassava, maize), with very few cash crops except for a small proportion of peanuts. Other sources of income are fish and mining work, especially in the Betaré Oya area. Poor households also make a living from selling firewood, hunting and temporary work.

Food security indicators in the East region are not alarming – probably as a result of humanitarian aid – in comparison with the rest of the country. Thus:

- The **Global Acute Malnutrition (GAM)** rate is 2.5% with a Severe Acute Malnutrition (SAM) rate of 0.8% (indicating that certain households are highly vulnerable to food and nutritional insecurity)<sup>5</sup>.

1. UNHCR, 2019. *Factsheet*.

2. UNHCR, 2015. *Etude des systèmes d'élevage transfrontaliers au Cameroun et RCA, Diagnostic de la situation à l'échelle régionale suite à la crise de 2013 en RCA*.

3. As well as the European Union and DFID.

4. FEWSNet, 2019. *Livelihoods zone map and descriptions for Cameroon*.

5. UNICEF, 2018. *SMART survey 2018*.



- 69% of households in the East zone have an acceptable Food Consumption Score, with a difference between host households (79%), refugees in camps (65%) and refugees outside camps (56%)<sup>6</sup>.
- The median **Reduced Coping Strategy Index** is 7 (on a scale of 56) for refugees and 2 for host communities. This means that refugees have relatively good access to food despite using coping strategies such as consuming cheaper or less-preferred food<sup>7</sup>.
- 20% of households resort to stress **copings strategies** and 13% to crisis coping strategies. 8% of them use emergency coping strategies<sup>8</sup>.

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6. UNHCR & WFP, 2019. *Joint Assessment Mission (JAM). Central African refugees and host population living in the east, Adamawa, North regions of Cameroon.*

7. Ibis.

8. Ibis.



> Ploughing the land in Gado camp, February 2018  
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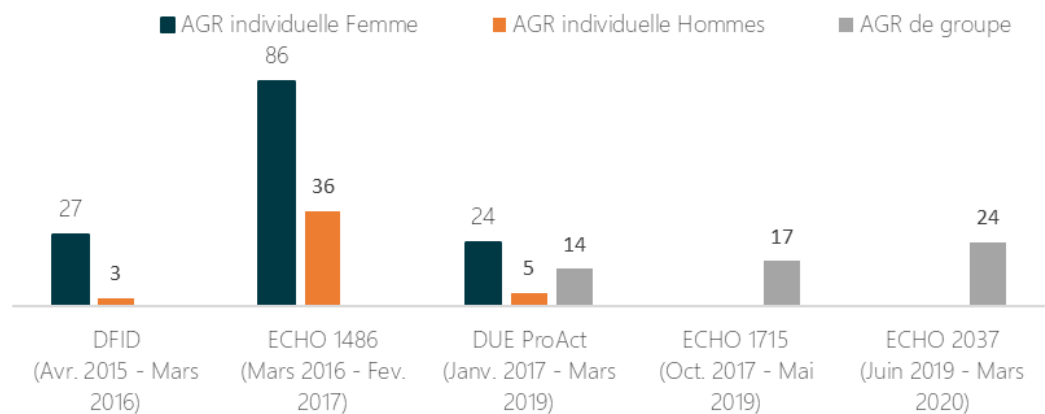
## 1.2 IGA programmes at SOLIDARITÉS INTERNATIONALE

Since 2015, SOLIDARITÉS INTERNATIONALE has provided support for the development of individual and group IGAs through five funding programmes. These IGAs can be the main source of income for households, to cover their needs throughout the year, or a dry season activity to generate complementary income.

In total, SOLIDARITÉS INTERNATIONALE has provided support for 236 IGAs, including 80 located inside refugee camps:

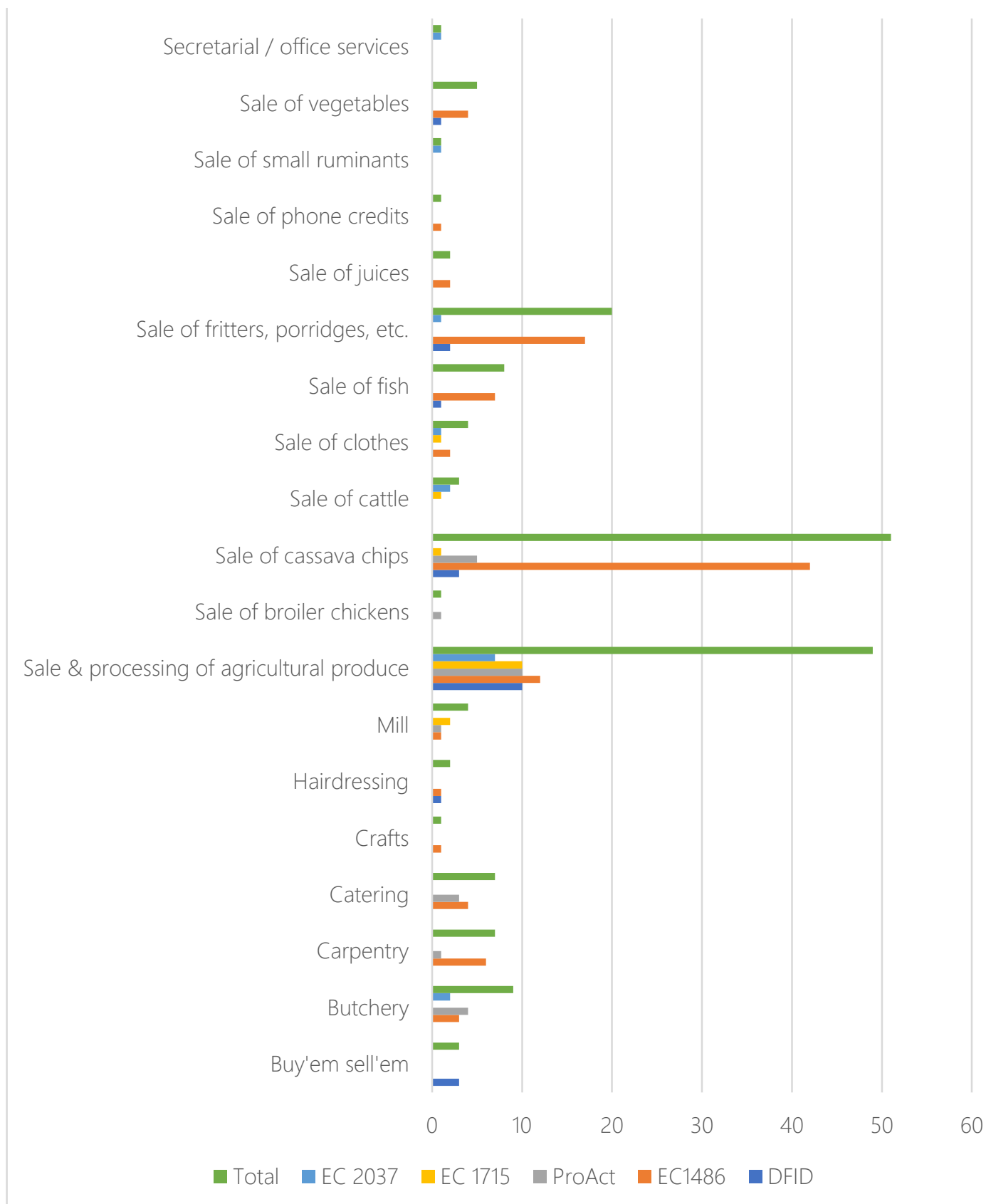
- 137 individual IGAs run by women;
- 44 individual IGAs run by men;
- 55 group IGAs.

108 of the supported IGAs involved refugees (including 4 longstanding refugees) and 124 targeted host households. The main activities supported are presented on the next page (Figure 2).



> Figure 1: Breakdown of the quantity and type of IGAs supported by SOLIDARITÉS INTERNATIONALE for each funding programme (2015-2019)

Source: SOLIDARITÉS INTERNATIONALE database



> Figure 2: Breakdown of supported activities by type and by funding programme  
 Source: SOLIDARITÉS INTERNATIONALE database

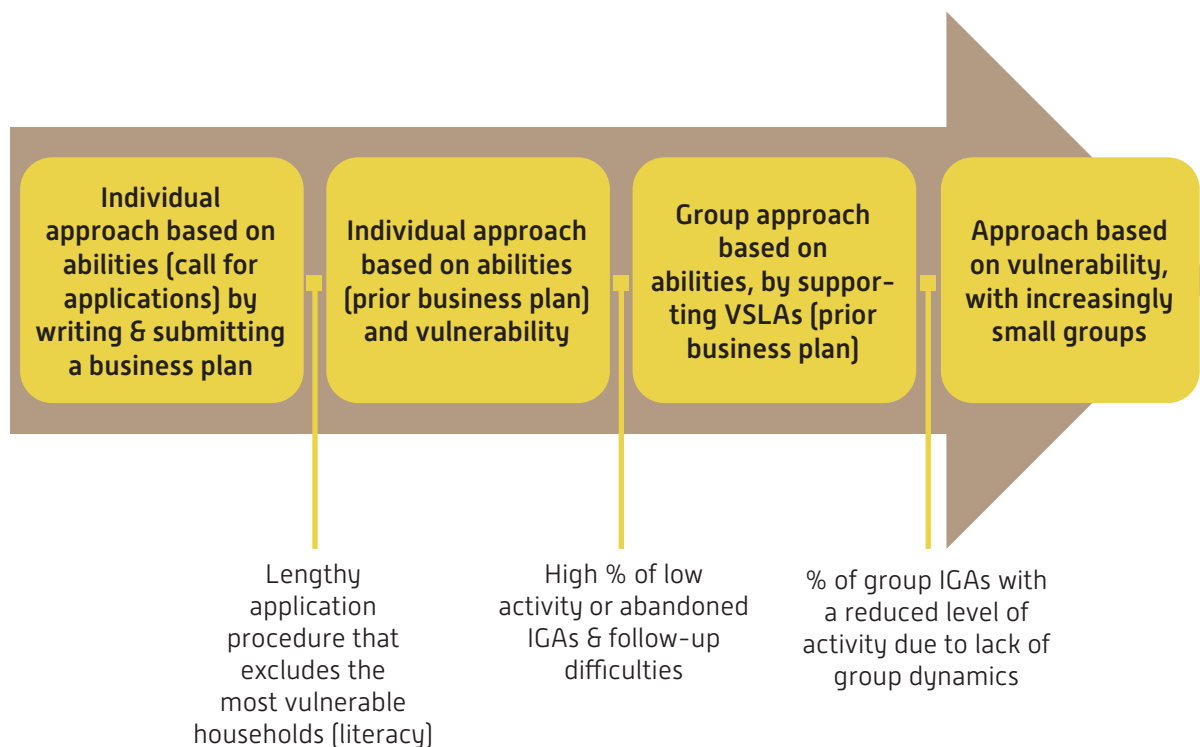
The IGAs supported by SOLIDARITÉS INTERNATIONAL do not involve any agricultural production activities, be they for subsistence or cash crops. Over 50% of the supported IGAs consist in **marketing and selling agricultural produce** – especially vegetables, cassava, maize and peanuts – and Basic Necessities (BN). This is especially true for group IGAs (70%) and those run by women (55%). This situation reflects the potential of the intervention areas (refugee camps, small villages) and of this very rural zone, where demand is relatively undiversified and revolves around food, in contrast with towns like Garoua-Boulai.

Most of the IGAs receiving short-term funding (12 months) focus on traditional activities connected with the agricultural economy, while IGAs receiving medium-term financial support (18 months or longer) are more diverse

and include activities that require specific technical skills (sewing, butchery, carpentry, etc.).

It is interesting to note that, although IGAs run by women cover a slightly smaller number of activities than men<sup>9</sup>, the activities carried out by men are more wide-ranging, with carpentry, small-scale trade and butchery remaining predominant. Men do not often take up selling agricultural produce, while women rarely devote themselves to more “technical” activities with higher added value, except for sewing. During the period covered by this experience review study, the methodology used to implement IGAs has progressed to improve their “sustainability”. The essential points of each approach are summarised in the diagram and table below.

9. 14 different activities for women in comparison to 17 for men.



> Figure 3: Changes in the methodology used to implement IGA programmes  
Source: SOLIDARITÉS INTERNATIONAL



According to SOLIDARITÉS INTERNATIONALE teams, **these changes seek to improve the sustainability of IGAs, i.e. to reduce the proportion of beneficiaries that abandon or only make a minimal contribution to the activity.** The success of the approach used

was assessed from the point of view of IGA continuity, or the percentage of IGAs that are still active. The characteristics of each IGA support approach are summarised in the table below.

Funding	Date	Type of IGA supported	Location	Selection method	Average amount provided and contribution	Teams and workload
DFID	April 2015 - March 2016	30 individual IGAs	Garoua-Boulaï	Call for applicants ▶ Business plan prior to selection of beneficiaries	100,000 CFA francs - fixed sum	2 people for 30 IGAs
ECHO 1486	March 2016 - Feb. 2017	123 individual IGAs	Refugee camp and villages in the area	Selection committee ▶ Business plan prior to selection	100,000 CFA francs	5 people for 123 IGAs
DUE Pro-Act	Jan. 2017 - March 2019	29 individual IGAs	Refugee camp and villages in the area	Selection committee ▶ Business plan prior to selection	100,000 CFA fixe - fixed sum for individuals	4 people for: - 50 VSLAs, - 14 group IGAs, - 30 individual IGAs.
		14 group IGAs (222 people, i.e. 15.8 people/IGA)		Additional support for VSLAs	Variable for group IGAs; contribution decided by the group	
ECHO 1715	Oct. 2017 - May 2019	17 group IGAs (92 people, i.e. 5.5 people/IGA)	Refugee camp	Selection committee ▶ Identification using vulnerability criteria (HEA) ▶ Group training driven by SI ▶ Business plan	Fixed sum: 167,000 CFA francs and 5,000 CFA francs from each member	4 people for: - 17 new and 14 previous group IGAs - 30 previous individual IGAs - 50 previous VSLAs
ECHO 2037	June 2019 - March 2020	24 group IGAs (80 people, i.e. 3.3 people/IGA)	Refugee camp	Selection committee ▶ Identification using vulnerability criteria (HEA) ▶ Group training driven by SI ▶ Business plan	Fixed sum: 167,000 CFA francs and 5,000 CFA francs from each member	4 people for 24 new group IGAs and 17 previous groups

> Table 1: Summary of the main characteristics of IGA programmes by year and type of funding  
Source: SOLIDARITÉS INTERNATIONALE

## 2 ANALYTICAL FRAMEWORK

### 2.1 Objective and analytical framework

According to the Terms of Reference, the overall objective of this study is to "contribute to improving SOLIDARITÉS INTERNATIONALE'S empowerment and resiliency programme strategy in Cameroon", by carrying out an experience review of the IGA approach used in the East region since 2016.

**This review covers the 212 IGAs that received support from 4 funding programmes between 2015 and 2019 (DFID, ECHO 1486, ECHO 1715 and EUD Pro-Act).** The IGAs supported during the final quarter of 2019 with ECHO 2037 funding were not included due to lack of hindsight. The analytical framework is based on formally defining the questions that have led to changes in the IGA approach<sup>10</sup>:

10. Pour plus de détails, voir la matrice d'analyse en annexe.

- **Sustainability.** What percentage of IGAs are able to independently manage their livelihoods, and more specifically, what percentage are still active?
- **Targeting.** The aim here is to gain a qualitative understanding of the profiles/criteria that characterise beneficiary households whose IGAs are considered to have a high level of activity and those with very limited activities or that are eventually abandoned.
- **Micro-projet selection procedure.** The aim is to understand:
  - » Whether projected profitability calculations, using a business plan tool, have an impact or not on sustainability;
  - » Whether there is a correlation between the capital invested and the sustainability of an IGA.
- **Group vs. individual IGA.** Which is the most recommended approach to ensure that the activity is as sustainable as possible?
- **Training.** What is the impact of training – and which specific training – on the sustainability of supported IGAs?

## 2.2 Data collection

The methodology used is based on three components:

1. **Bibliographic research**, with particular reference to the various project documents provided by SOLIDARITÉS INTERNATIONAL;
2. **Qualitative data collected from 12 group IGAs and 43 individual IGAs**, 11 of which are inactive<sup>11</sup>. Data collection was carried out over 6 days from 4 to 13 December 2019, with support from 3 members of the SOLIDARITÉS INTERNATIONAL IGA/VSLA team acting as enumerators. The IGAs to be interviewed were selected by SOLIDARITÉS INTERNATIONAL teams, drawing on their knowledge about the beneficiary households in terms of relevance and level of activity<sup>12</sup>.

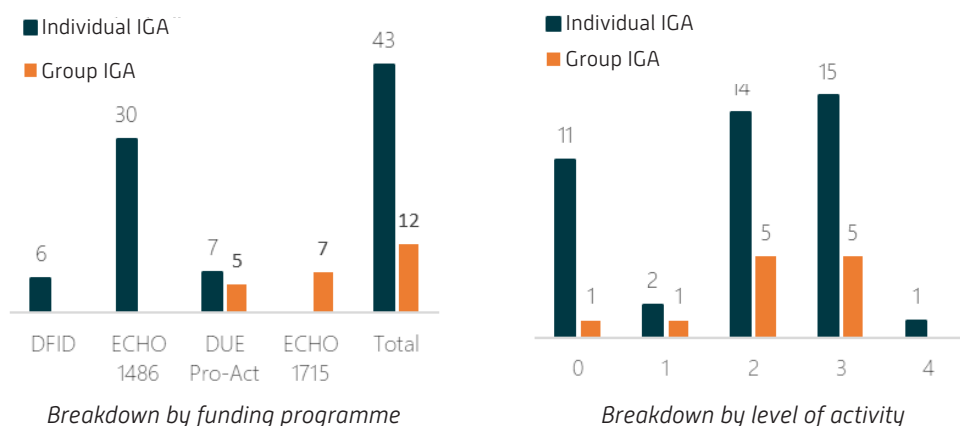
3. A **discussion workshop**<sup>13</sup> with SOLIDARITÉS INTERNATIONAL's IGA/VSLA teams from 9-11 December 2019. This workshop enabled the following topics to be discussed in greater depth:

- o Sustainability and success factors
- o Implementation methodology
- o Training and support
- o Monitoring tools
- o Business plan

11. Voir questionnaire en annexe.

12. Le niveau d'activité a été évalué par les superviseurs terrain de 0 à 4 en fonction de leurs connaissances des bénéficiaires. Néanmoins, le fait qu'une partie de l'équipe soit présente depuis 2015 a permis d'avoir un historique oral du projet assez rare dans le milieu humanitaire.

13. Voir le planning de l'atelier d'échange en annexe.



> Figure 4: Breakdown of the types of IGAs interviewed, by funding programme and level of activity  
Source: SOLIDARITÉS INTERNATIONAL

## 2.3 Data analysis

The qualitative data collected was recorded and coded in Excel, to analyse the emerging trends<sup>14</sup>. This analysis was carried out by iterations every evening during data collection, so that adjustments could be made to collection tools to explore certain trends in greater depth. The analysis focused on:

- Estimating the **factors to ensure the success** of an IGA programme, which was defined by the teams "**IGAs that generate enough profit to meet all or part of a household's needs and that are resilient enough to cope with shocks**";
- **Sustainability**, which was assessed from the point of view of **continuity of the IGAs' activities**.

14. See coding matrix in the Appendix.

All the data was therefore examined with due consideration for these definitions, in particular by asking beneficiaries how they would define success. For each of the questions, the analysis attempted to define a model profile for a successful or unsuccessful IGA.

## 2.4 Limitations

The main limitations of this study include:

- A lack of consolidated secondary quantitative data for the period covered by this experience review, which would enable the supported IGAs' economic performance and level of activity to be measured. The trends that emerged during the qualitative interviews cannot therefore be backed up by figures.
- The very purpose of this study and the definition chosen for sustainability – the continuation of an IGA's activities – are open to interpretation, even though there was a general consensus on these points within SOLIDARITÉS INTERNATIONALE'S teams.
- The qualitative methodology produces trends on factors for success, but these trends must be extrapolated with care. In addition, sampling was carried out subjectively (the teams gave an activity level score of 0 to 4 according to their perception), which could lead to bias in the representativeness of data.



### 3 RESULTS

The results presented in this section refer back to the questions that form the analytical framework. For each question, the first part details the trends that emerged from the data

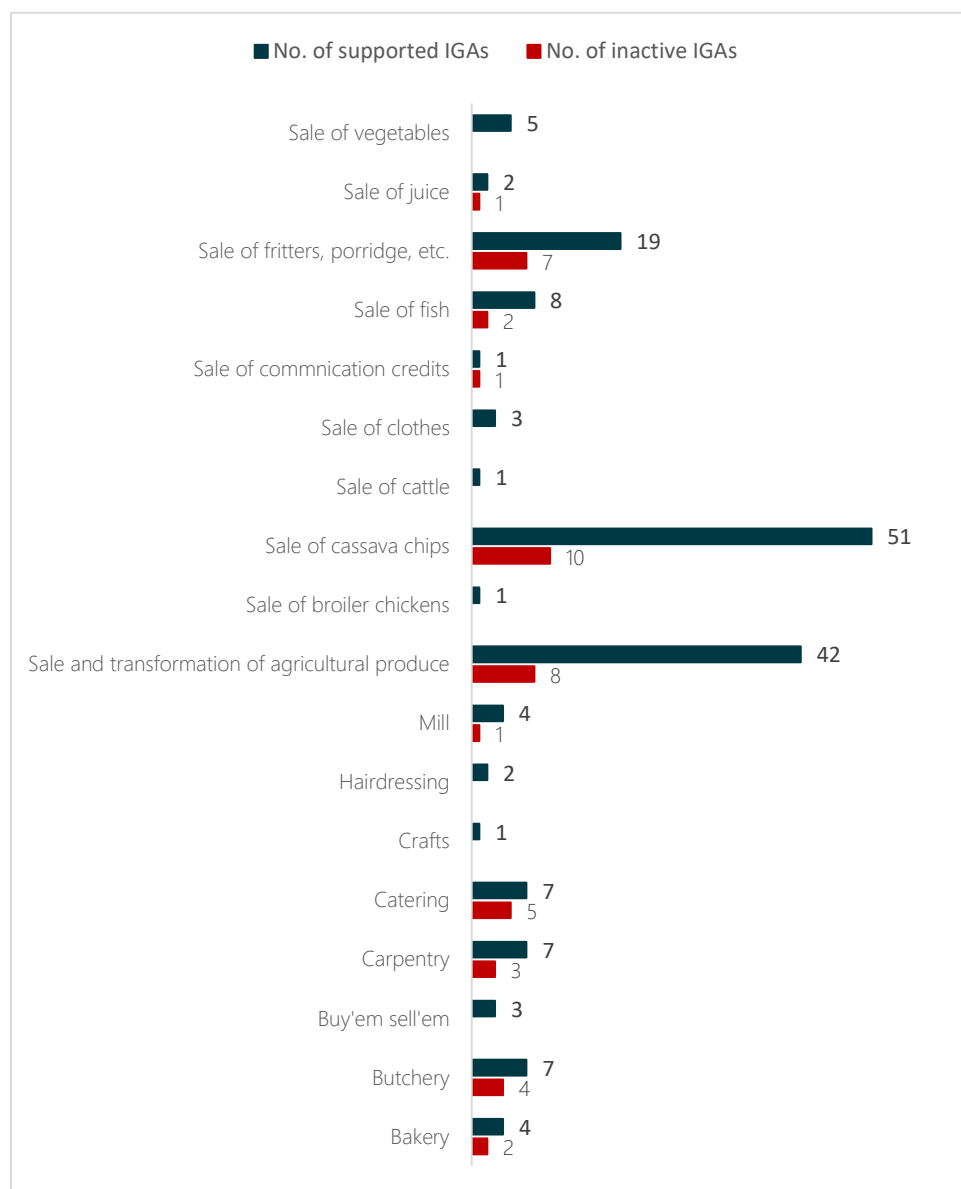
collected and the second part provides recommendations by summarising some of the discussion workshop results.

#### 3.1 Sustainability of activities

The following is an overview of the results obtained by IGA beneficiaries that received funding from SOLIDARITÉS INTERNATIONALE between 2015 and 2019. During the workshop,

the IGA/VSLA follow-up teams<sup>15</sup> updated the database in order to identify which IGAs are no longer active. The results are summarised in the graph below.

15. Input from long-standing team members was extremely valuable.



> Figure 5: Assessment of the abandonment rate among IGAs by type of activity  
Source: SOLIDARITÉS INTERNATIONALE team

Regarding the continuity of IGA activities, we can observe that:

- The percentage of IGAs that are still active is quite high: 74%.
  - Group IGAs have a lower abandonment rate (3%) than individual IGAs (27%). This can be explained, as we will see, by the fact that when one or more members leave the group, this does not affect the continuity of the activity. It may however mask disparities on the way a group is defined.
  - The activities that received the most funding, such as selling cassava or agricultural produce<sup>16</sup>, have an abandonment rate of around 20%, which is in keeping with the overall average.
  - IGAs run by men have a higher abandonment rate (43%) than those run by women (22%). This may be because they attach less importance to the IGA as a source of income. Most men focus their efforts on developing their agricultural activities, while for many women, and especially for female heads of households, the IGA is generally their main source of income.
- The IGAs with the highest abandonment rate are those that require the most technical skills, such as carpentry, bakery, or butchery. These IGAs are often a secondary source of income or a dry season activity, and the income generated serves to finance the development of agricultural production.
  - The abandonment rate is high for small-scale catering, as well as for the sale of porridges and fritters. These activities are highly competitive, generate low profit and are carried out by the most vulnerable households (due to illness, unexpected expenses, etc.), who eat into their working capital at the slightest difficulty.
  - There is a higher project abandonment rate when follow-up is more difficult due to a large number of households/groups per member of staff. This is the case for Pro-Act and ECHO 1486 projects, whose abandonment rates are respectively 18% and 30%.

16. Over 45% of funded activities.



> Flour mill IGA, February 2018  
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## 3.2 Targeting

### Findings

Targeting is essential to make sure an **individual IGA** functions and will continue to function over time. When the IGA is part of a humanitarian response, this means striking a balance between vulnerability criteria (the organisation's mandate) and capacity-based criteria (to reduce the risk that capital will be used to meet the household's basic needs).

Based on discussions with beneficiaries during interviews and their interpretation by SI teams, for an IGA to function, the targeting criteria are the **motivation and commitment of the beneficiaries** to their activity. These rather vague concepts must be further refined to enable their use in operations. The table below lists the criteria and factors for success linked to targeting beneficiaries.

From discussions with beneficiary households, the importance of the IGA as a source of household income, together with technical knowledge, seem to be the key criteria for the success and continuity of the activity:

- There is a correlation between the selection criteria (based on HEA) and the sustainability of the supported IGA. Although the selection of "average" or "wealthy" households does not increase the chances of sustaining the activity, **choosing a household that is too**

**vulnerable to shocks** (large family, high expenditure, very high dependency ration, etc.) must be carefully considered to reduce the risk of working capital being spent if there is a problem.

- In the rural context of East Cameroon, food security among host communities is closely related to the size of their fields – especially cassava fields – and therefore to the workforce available to prepare this land. Households for whom the IGA is not the main source of income or food take a broad vision of their livelihoods: income from the IGA is partially or wholly reinvested to purchase supplies (workforce, tools, seeds, etc.) to prepare the field. The continuity or resumption of the IGA therefore depends on the harvest. Should the IGA fail, this will have less impact on the household than if it were the person's main activity. For this reason, one of the main characteristics of households whose IGAs are successful is that this activity is their **main source of income**. In addition, the majority of these same households have invested part of their income in an agricultural plot, in order to reduce their food expenditure during the IGA's low activity periods. .

### *Discussion with a beneficiary in Ndokayo*

“ I am a female head of household and the only person that brings money home. I sell fritters, and have carried out this activity for over 30 years. Thanks to support from SOLIDARITÉS INTERNATIONALE, I was able to increase bulk purchasing of flour. But I am old and when I became ill, no one could take over my activity. I drew on my savings to meet my family's needs while I was convalescing. Now, I have very little money left to resume my activity. Thankfully, I had invested part of the money I earned to rent a field of cassava, which enabled me to feed my family at very little cost.”

Criteria	Sub-criteria	Advantages	Disadvantages/risks	Impact on the IGA's sustainability
Status of households	Host community	<ul style="list-style-type: none"> <li>- Good knowledge of market</li> <li>- Low likelihood of mobility and easy to follow up</li> </ul>	<ul style="list-style-type: none"> <li>- Higher risk of the IGA being a secondary source of income and therefore less motivation</li> </ul>	Low correlation
	Refugees	<ul style="list-style-type: none"> <li>- Bring new knowledge, so low competition</li> </ul>	<ul style="list-style-type: none"> <li>- High mobility and higher risk of abandoning project</li> <li>- Limited interest in the IGA while there is still a considerable humanitarian response</li> </ul>	Low correlation
Capacity and vulnerability (socio-economic category)	Capacity	<ul style="list-style-type: none"> <li>- Less risk of spending working capital to meet the basic needs of the household</li> <li>- Greater resilience if affected by shocks</li> </ul>	<ul style="list-style-type: none"> <li>- Risk of excluding the most vulnerable households</li> </ul>	Low correlation
	Vulnerability	<ul style="list-style-type: none"> <li>- In keeping with the mandate of a humanitarian organisation</li> <li>- Greater motivation for the IGA, as it is the main source of income</li> </ul>	<ul style="list-style-type: none"> <li>- Higher risk of spending working capital if affected by shocks</li> <li>- Limited knowledge and risk of offering a simple IGA (purchase/resale) in a competitive market</li> </ul>	Medium correlation
Importance of IGA for livelihood		<ul style="list-style-type: none"> <li>- Greater motivation when IGA is the main source of income</li> <li>- Lower risk of abandoning project</li> </ul>	<ul style="list-style-type: none"> <li>- Higher vulnerability if only source of income</li> </ul>	High correlation
Prior knowledge	Technical knowledge	<ul style="list-style-type: none"> <li>- Reduced risk of failure due to lack of proficiency in activity</li> </ul>	<ul style="list-style-type: none"> <li>- Risk of excluding the most vulnerable households</li> </ul>	High correlation
	Knowledge of activity	<ul style="list-style-type: none"> <li>- Reduced risk of failure due to bad decisions on the development of the activity</li> </ul>	<ul style="list-style-type: none"> <li>- Difficulty identifying</li> <li>- Risk of excluding the most vulnerable households</li> </ul>	Medium correlation
Literacy		<ul style="list-style-type: none"> <li>- Facilitates follow-up and support</li> <li>- Visibility and group cohesion within group IGAs</li> <li>- Reduced risk of inappropriate management of stock and accounting</li> </ul>	<ul style="list-style-type: none"> <li>- Risk of excluding the most vulnerable households</li> </ul>	Medium correlation

 Low correlation

 Medium correlation

 High correlation

> Table 2: Targeting criteria and correlation with successful IGAs  
Source: Discussion workshop and household survey





> IGA session,  
February 2018  
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- **Technical knowledge** also seems to be a key factor to prevent the failure or abandonment of the IGA, which may occur due to bad decisions and especially misuse of equipment. It is therefore essential to make sure that beneficiary households have the necessary technical knowledge to run their IGA. Given the nature of the supported IGAs, this only concerns a few beneficiaries (sewing, carpentry, bakery, mill, etc.).
- The last aspect of targeting relates to **knowledge on how to manage the activity**, by paying particular attention to increasing the activity's profitability and above all avoiding losses. With regards to providing support for IGAs in a humanitarian context, the targeted households meet many vulnerability criteria; this often means low human capital as well as poor knowledge on management.
- Conversely, the **ability to read/write** does not seem to be essential to ensure continuity of individual IGAs, in comparison to the aforementioned criteria. However, for group IGAs, it is essential that several people are able to read and write, in order to ensure visibility and group cohesion. Nevertheless, it is vital that each beneficiary household is able to carry out basic calculations (addition and subtraction) in order to run its activity effectively.

## Recommendations

With regards to targeting, it is essential for targeted households that:

- **The IGA is the main source of income in the case of individual IGAs.** This acts as a motivator for the beneficiary to pursue the activity. A questionnaire can be used to verify this point. In cases where SOLIDARITÉS INTERNATIONAL decides to target households where the IGA is not the main source of income (additional income during the dry season), it is essential to support the integration of the IGA into the household's livelihood (which mainly depends on agricultural production) during training, follow-up/support and quality assessment of the program. During training and follow-up, it is important to provide support for households with other sources of revenue and to avoid focusing exclusively on the IGA's performance<sup>17</sup>.
- **Technical knowledge.** For certain activities (carpentry, bakery, masonry, mill, etc.), it is important to test the person's technical skills face to face. This is particularly true when providing support to launch or relaunch the activity of a displaced person/refugee. To solve this problem, it is therefore possible to:
  - » Group applicants for the same type of activity together and test their technical knowledge with an active professional to check their proficiency in essential business skills.
  - » Incorporate a vocational training module into a longer-term funding programme (more than 24 months).
  - » Coordinate with an organisation that funds vocational training and supports trainees at the end of their course.
- **Knowledge on IGA management.** Many of the IGAs supported by SOLIDARITÉS INTERNATIONAL's programme are similar, and are based on the purchase/resale of agricultural produce. Although no particular technical knowledge is required, a good knowledge of the market (supply and demand) is necessary to develop the activity and thus maximise profit. This knowledge must be assessed during the preparation of the business plan. It is important for **SI teams to prepare business plans for the 8 to 10 main activities offered in the area**, so that they can make sure that applicants for funding have sufficiently thought about their projects. The aim is to ensure that the business plan proposed by the candidate household takes into account all the elements that are essential to manage their activity, in particular purchasing economies of scale, transport, seasonal fluctuations, and the method used to calculate profit<sup>18</sup>.
- The final criterion is **basic numeracy** (addition, subtraction), which can be assessed using a simple calculation test. Functional literacy classes should also be included in the programme, either internally or in coordination with actors in this field.

17. Examples of this are: ramping up support during the annual resumption of the IGA, including agricultural capital increases in the follow-up process, and taking into account the activity's seasonal fluctuations in the business plan.

18. Per week or per unit of purchase, as is the case for the category of IGAs that sell agricultural produce, fritters, cassava chips, etc.

### 3.3 Group IGA or individual IGA

#### Findings

The vast majority of group IGAs are still active in comparison with only 70% of individual IGAs. From an operational perspective, this approach seems to be the most appropriate one. Nevertheless, when we take into account the level of activity and the profit received by each member, this observation can be refined.

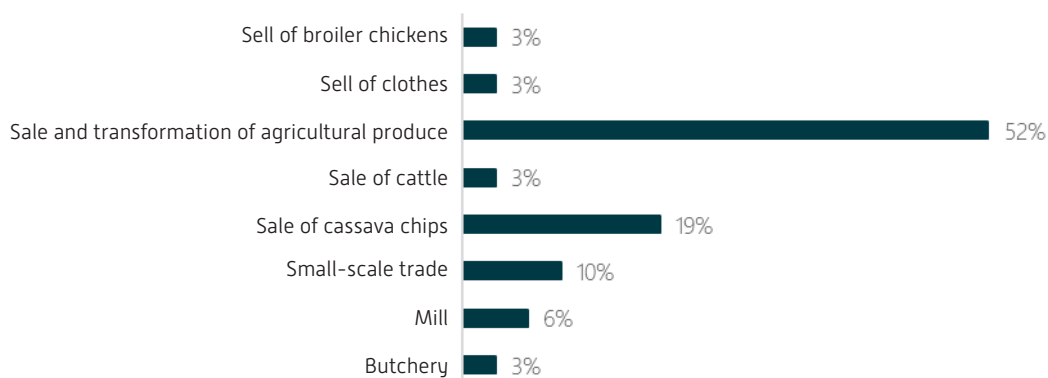
The type of activities funded, over 70% of which involve buying and selling agricultural produce or trade in basic necessities, has an impact on the analysis of this factor. The main characteristics of these activities are minimal risk due to constant demand with negligible seasonal fluctuations, but low profit.

The second factor to be considered during analysis is the methodology utilised by SOLIDA-

RITÉS INTERNATIONAL. Groups were formed using two approaches that were not based on requests from the population, but instead on:

- "Facilitating" the creation of IGAs based on VSLAs. In this way, all the members of a VSLA (10 to 25 people) also became members of a group IGA.
- "Facilitating" the formation of group IGAs by bringing together people chosen individually using the conventional selection process (committee, verification survey). These groups therefore contain people that do not necessarily have any social or geographical ties.

Following the various interviews, the advantages and disadvantages of each approach emerged.



> Figure 6: Classification of group IGA activities  
Source: SOLIDARITÉS INTERNATIONAL database

Criteria	Group	Individual
Advantages	<ul style="list-style-type: none"> <li>- Possibility of larger start-up capital, particularly to purchase costly equipment.</li> <li>- Faster and greater increase in capital</li> <li>- Inclusion of more vulnerable households with less technical knowledge</li> <li>- <b>Supplementary source of income</b> in the form of a regular payment when there is a manager</li> <li>- Greater number of points of sale</li> </ul>	<ul style="list-style-type: none"> <li>- Easy management and decision-making</li> <li>- <b>Higher profit</b></li> <li>- Risk of excluding households with no technical knowledge or business management know-how.</li> </ul>
Disadvantages	<ul style="list-style-type: none"> <li>- Low income per member</li> <li>- Maintaining group dynamics, especially for large groups</li> <li>- Slow decision-making process</li> <li>- Generates additional costs, especially for subsistence crop selling activities (storage, caretaking, management, etc.)</li> </ul>	<ul style="list-style-type: none"> <li>- Higher risk of abandoning project</li> <li>- Higher probability of excluding very vulnerable households</li> </ul>
Conditions for success	<ul style="list-style-type: none"> <li>- Adapt the group size to projected profit</li> <li>- Encourage pre-existing groups, in other words do not impose the formation of a group</li> <li>- Strengthen group dynamics (roles and responsibilities, internal regulations, etc.)</li> </ul>	<ul style="list-style-type: none"> <li>- Select beneficiaries that are motivated by the activity (see section 3.2)</li> </ul>

> Table 3: Advantages and disadvantages of group and individual approaches  
Source: SI survey and discussion workshop



> Follow-up of an IGA with its management committee in Gado  
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In addition to the points outlined above, the surveys also highlighted the following points:

- Two factors enable **an increase in profit from the sale of agricultural produce**: speculation or bulk buying (savings on purchasing a sack rather than a basin of produce, but not on multiple sacks unless quantities are very large). This means that forming a group IGA to purchase/sell food products is not really worthwhile in terms of economies of scale and may result in additional costs (renting storage, paying a manager, caretaking fees, etc.), which eat into profit as well as increasing the complexity of business management and the decision-making process. For the above reasons, it has been observed that certain groups separate into individual activities, either by sharing capital to start their own IGA, or by functioning as a purchasing cooperative, with each member receiving a portion of the products purchased and paying the capital back into the group (with a margin).
- **Groups that are larger in size**, in particular those formed using the VSLA-based approach, result in demotivation among their members, who only receive a small amount of profit. This is especially the case for IGAs that sell basic necessities, since they generate low margins whereas there can be up to 20 members in a group.
- Most of the active groups interviewed consider **IGAs as a source of regular income or a longer term investment**. This is seen as beneficial by members if they only need to invest a small amount of time and can continue or develop other parallel sources of income. Households without other sources of income would generally prefer that the IGA be disbanded, so that they can develop their own activity and increase their income.

### *Discussion with a beneficiary in Ndokayo on the economy of scale for the sale of black-eyed peas*

“One sack of black-eyed peas contains 6-7 basins and costs 70,000 CFA francs. One basin of black-eyed peas can be purchased for 15,000 CFA francs, so the equivalent of one sack costs between 90,000 and 105,000 CFA francs”. Purchasing a sack enables a 30-50% increase in profit.

“It is possible to obtain a discount of 2,000 CFA francs for a bulk purchase of 10 sacks of black-eyed peas”, which represents a 3% increase in profit.”

“The minimal profit earned from larger-scale bulk buying combined with higher costs and additional management problems clearly tips the balance in favour of an individual approach.”



### Income management example for a group IGA

"During the first year of operations, we increased the capital of our basic necessities shop and shared part of the profit between us, to the tune of 10,000 CFA francs per member per year. Our objective is to increase the capital until we can borrow a sufficient amount from the IGA to start our own individual business."

#### **Group selling basic necessities at Gado camp**

"After four months, the IGA made a profit of 60,000 CFA francs for our 10-member group, or 1,500 CFA francs per person per month. We therefore decided to share out the capital between the members, so that we could finance our own activities."

#### **Group selling basic necessities at Gado camp**

"Our IGA brings in between 5,000 and 10,000 CFA francs per person per month. This allows us to supplement the income provided by our other activities. The fact that we have a good manager means that we do not have to spend too much time managing this activity, which is a good thing."

#### **Group selling basic necessities at Gado camp**

"Our IGA, which sells oil and cassava, comprises 28 people who are also members of the AVEC. To start with, each member of the AVEC took one or two basins of cassava to sell and had to bring back the capital plus a small extra amount for the group. Unfortunately, too many people did not reimburse this money. So we employed a manager for the shop, but with 28 group members, individual profit is too low."

#### **Group selling cassava and oil at Nganko camp**

- Group IGAs that work well have a **manager**, who is preferably external to the group<sup>19</sup>, and their members have another source of income. Income from the IGA represents a **secondary source of income, like an annuity**, in other words the size of the group enables a supplementary monthly income of around 10,000 to 15,000 CFA francs to be generated.
- The other beneficial aspect of group IGAs is the possibility of investing in **shared equipment**, when the cost of purchasing and maintaining this equipment is too high for one person alone, such as a chicken coop, a mill, a carpentry workshop with a woodworking machine, etc.
- Although income may be low, the capital of an IGA can grow quickly with a more substantial initial investment. Theoretically, the group IGA will eventually be able to **loan money** to its members to fund their own individual projects.

19. When the manager is not a member of the group, there is less likelihood of disputes and conflicts of interest.

> Preparation of the land plot  
in Zembe Borongo,  
February 2018  
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## Recommendations

- The choice between individual and group IGAs must be made using several criteria, in particular whether forming a group is in the interests of the beneficiaries. A group IGA appears to be relevant when:
  - » The implementation of the activity requires equipment that is costly, both in terms of investment and maintenance, but that can generate considerable profit;
  - » The income from the IGA is considered as an **additional source of income in the form of an annuity** for members that already have sufficient income, which raises questions concerning the aim of the program in terms of targeting;
  - » A manager is recruited, preferably from outside the group;
  - » The quality assessment of the IGA programme is based on a low abandonment rate;
  - » Groups are small, to provide a suitable minimum income (see section 3.4) and facilitate group dynamics;
  - » Support is provided for groups along the lines of a **purchasing cooperative**, which could eventually evolve into a tontine or a VSLA;
  - » The formation of groups is not “facilitated” by external parties.
- If this is not the case, an **individual IGA** approach seems to be more appropriate, but human resources must be adjusted accordingly to carry out follow-up and support.

### 3.4 Profitability of IGAs and activity selection procedure

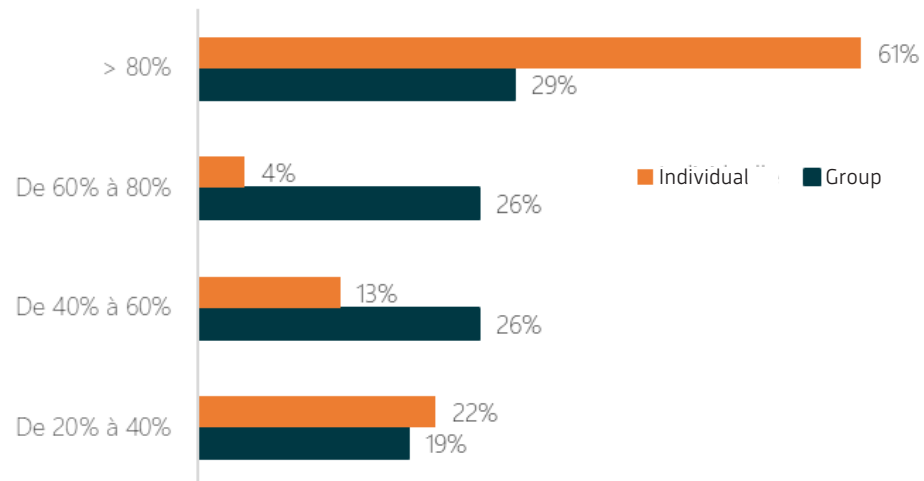
#### Findings

The concepts of **profit and profitability** are intrinsic to the sustainability of an IGA support programme, both from the NGO's and the beneficiary's point of view. The interviews provided the following information:

- None of the beneficiaries can remember the **business plan**, nor the projected figures within this document. Therefore, the beneficiaries do not use it to manage their business. This is especially true since the figures provided when the plan is drawn up are at the very least arbitrary, as shown by the figure below.
- In view of these differences (positive or negative), it would seem that the use of profit and profitability figures to follow-up, manage and select beneficiaries creates

an illusion of how robust the project is. During selection, this can also lead to the erroneous exclusion or inclusion of beneficiaries. This large difference between projected and actual figures may be explained by:

- » The target population, who are not necessarily able to give precise figures;
- » SI teams, who are not always capable of comparing the figures provided;
- » Seasonal fluctuations in the economy, in terms of both supply and demand, which are not taken into account in the business plan.



> Figure 7: Breakdown of IGAs according to the % difference between projected and actual turnover<sup>20</sup>

Source: SOLIDARITÉS INTERNATIONALE database

20. The only data available are from the EUD Pro-Act and ECHO 1715 projects.

- **With regards to selection**, the business plan is an important qualitative tool to ensure that the potential beneficiary understands all the implications of the proposed IGA, i.e. his/her technical knowledge and business management know-how.
- Within the scope of this experience review, there does not seem to be a strong correlation between the **level of funding and the sustainability of the IGA**<sup>21</sup>. According to the households interviewed, this support mainly enabled them to start bulk buying factors of production for IGAs that sell agricultural produce and do not require significant investment. The situation may be different for more technical IGAs (bakery, carpentry, etc.) where the sum provided is not sufficient to acquire the necessary tools to increase profitability (woodworking machine, oven, large freezer, etc.).
- The expectations of beneficiaries regarding their **individual IGAs** vary according to their livelihoods:
  - » If the IGA is the person's primary source of income, it is considered profitable once it covers between 1/3 and 50% of the household's needs (during the low season) and over 75%

during peak activity periods, or even allows them to save. The amount mentioned most frequently ranges between 20,000 and 40,000 CFA francs, depending on the size of the household.

» For households where the IGA is a secondary source of income (or dry season income), it is considered profitable when it covers investments to develop an agricultural activity.

- Over and above meeting their basic needs, beneficiary households in the most active IGAs mentioned the following impacts and added value of SI support:

- » Improvements in their living conditions: purchase of Non-Food Items
- » Access to or an increase in the surface area of their agricultural land
- » Increase in the size of their herd of small ruminants
- » Payment of their children's schooling
- » Ability to save and join a tontine

It is quite apparent that these impacts are not only linked to the activity itself, but also to the integration of this activity into the household's economy and livelihood.

21. Funding ranges from 87,000 CFA francs to 150,000 CFA francs for individual IGAs; these amounts are thus only sufficient to launch small-scale IGAs.

### *Discussion with a beneficiary à Ndokayo on the development of an active IGA*

- 👏 *Thanks to Solidarités International, I was able to develop my small-scale catering business. This support enabled me to increase my profit so that I could save and join a tontine. After a certain length of time, I received funds from the tontine, to which I added some savings (300,000 CFA francs) so that I could open a hairdressing and hair braiding strands shop. »*



- Within **group IGAs**, the expectations of members are commensurate with the time they invest, however they expect a minimum of 10,000 CFA francs in regular income. When the IGA is the primary source of income, expectations are equivalent to individual IGAs, hence the importance of group size<sup>22</sup>.
- In terms of **investment**, most households receiving support consider the amount provided by SOLIDARITÉS INTERNATIONALE<sup>23</sup> sufficient to launch their activity. For individual IGAs involving the purchase and resale of agricultural produce or fritters, this amount is amply sufficient since there is not much equipment and

consumables rarely cost more than 80,000 CFA francs. As noted in Inset 1, productivity gains can essentially be made on perishable goods (food), by making the initial transition from retail to wholesale purchasing (by the sack). Although this has not been studied in detail, additional economies of scale can be achieved on longer-distance transport expenses, which generally cost at least 400,000 to 500,000 CFA francs (trade in peppers to Yaoundé/Douala, rice wholesaling, purchasing generators, etc.). Although this results in high productivity gains, it must be noted that they are not sufficient to generate substantial profit for the group.

22. Pour un groupe de 10 personnes, il faudrait à minima un bénéfice de 200 000 FCFA mensuel pour répondre aux besoins des ménages. Or il existe peu d'AGR pouvant générer ce bénéfice sans un capital de départ important.

23. Entre 100 000 et 160 000 FCFA par ménage.



>Beneficiaries of a bakery IGA, February 2018  
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## Recommendations

- Use the **operating statement in the business plan as a qualitative and not a quantitative tool** to assess the knowledge of households and groups on the management of their business. The aim is to ensure that they **fully understand all production costs, profit calculation methods, earnings and profitability calculations**, rather than basing everything on the results of these calculations. To facilitate this process, it is important for SI staff to define a simplified/template business plan for the 8 to 10 activities that are most frequently requested. This business plan will focus on qualitative aspects, to check the rationale behind the project, and will only contain the following elements:
  - » Identification of the activity and its integration in the household's livelihood;
  - » Strengths and weaknesses, including knowledge of the market;
  - » Projected operating statement, taking into account seasonal fluctuations<sup>24</sup>;
  - » Financing plan.
- During follow-up a few months after the activity has been launched, **review the operating statement** to reconcile it with actual figures and help beneficiaries to manage their business better.
- Ask for a **contribution of around 10 to 15% of the project's overall budget**, either in money or in kind, to make sure there is sufficient motivation.
- There is no correlation between the amount of funds invested in the project and the sustainability/functionality of the IGA. SOLIDARITÉS INTERNATIONALE should therefore be flexible regarding the amount provided, between 60,000 and 200,000 CFA francs, depending on the households' needs in terms of equipment and consumables for individual IGAs. These amounts are sufficient to start up and consolidate the type of small-scale businesses launched by the households targeted by SOLIDARITÉS INTERNATIONALE.
- Field supervisors should help beneficiaries to start saving, or join a VSLA or tontine, in order to facilitate the expansion or diversification of their activities.
- Defining and measuring IGA outcome indicators is a complicated process. Below are a few suggested indicators that take into account the beneficiaries' expectations regarding their IGAs, and which can be considered as proof of their profitability:
  - » % of beneficiary households that have increased their productive capital (field, herd, IGA working capital)
  - » % of beneficiary households that have increased their savings capacity
  - » % of households where the IGA meets at least 50% of their needs during peak periods of activity.

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24. At least rainy season and dry season.

## 3.5 Training and support

### Findings

All the training sessions are appreciated by the beneficiaries, but certain sessions stand out more than others depending on how they are carried out, which differs for group IGAs and individual IGAs, as summarised in the table below.

It appears that:

- The modules on financial services and the regulatory environment, which are included in both the “financial education” and “Income Generating Activities management” training courses, were not of particular interest to the IGA beneficiaries.
- When an **individual IGA** is functioning well, the person has a sufficiently accurate idea of his/her stock (which is often relatively undiversified) and of his/her profit or retention of working capital. Nevertheless, **very few people use the tools provided**. The cash book and its purpose were not mentioned by the households interviewed. One of the issues here is the high illiteracy rate among the selected beneficiary households. **There is no direct link between the IGA’s level of activity and the whether tools are used or not.**
- Within **groups**, it is crucial to use tools to ensure visibility and foster group cohesion.

	Individual IGA	Group IGA
<b>Training</b>		
Calculating profitability: how to make sure your business will be profitable	+++	+++
Monitoring profit to adapt your business strategy	+++	+++
Marketing strategy	++	+++
Procurement planning: how to save money on factors of production	+++	+++
Managing profit/retaining working capital	++	+++
Monitoring stock	+	+++
Group cohesion	N/A	+++
<b>Using tool worksheets</b>		
Stock worksheet	+	+++
Cash book	+	++
Accounts book	+++	+++

+++ Almost always mentioned      ++ Mentioned several times      + Hardly mentioned

> Table 4: Evaluation of training sessions and management tools mentioned by beneficiaries  
Source: SI survey

- The most crucial element is the ability to **estimate the activity's profitability and change direction if necessary**. Profitability is calculated by beneficiaries on a per-unit rather than a per-week basis, i.e. how much profit is expected from the retail of this sack of rice, cassava, etc.
- The other key element to foster good management of IGAs is **support/advice** from SI staff during the first few months of activity. This support complements the training sessions attended by the beneficiaries. According to the interviews and discussion workshop with the SI teams, it seems that this almost-weekly support mainly focuses on collecting quantitative data, especially on turnover and profit, with a view to monitoring indicators or checking that development is in line with the business plan. Although this approach is necessary for quality control, it leaves less time to advise IGA beneficiaries on the development of their business.
- According to both the teams and the people interviewed, the main pieces of "advice" that help develop activities are:
  - » Generate savings
  - » Diversify activities, according to the profit they produce, and invest in agriculture
  - » Stabilise/increase working capital
  - » Plan purchases, and in particular seek to achieve economies of scale on factors of production
  - » Plan for demand according to seasonal fluctuations
  - » Customer loyalty strategies
  - » Differentiate products by improving quality (in particular for products where there is strong competition).

## Recommendations

The results of the workshop and beneficiary interviews have brought to light the following points:

- **Weekly follow-up with beneficiaries, in the form of support and advice**, should focus on the first 3 to 4 months, with accurate monthly follow-up on **turnover and working capital**, but the primary mission should be to provide support for business development;
- During the preparation of the preliminary business plan before the list of beneficiaries is finalised, focus on assessing whether they fully understand the logic behind profitability calculations, rather than on quantitative results;
- Encourage interaction between active beneficiaries and those who have just been supported and accompanied in their activities;
- For individual IGAs, focus on ensuring that they understand how to calculate profit and manage stocks, rather than on filling in tool worksheets;
- For group IGAs, concentrate on group dynamics, as well as on comprehension of management tools by all group members and how to complete them;
- Include the following elements as follow-up indicators:
  - » % of groups where tools have been completed and accurately reflect the level of activity;
  - » % of households that are applying X principles of good IGA management.
- Provide training using signs and symbols to enable management tools to be filled out for individual IGAs.
- Include VSLA members in training sessions.

## 4 CONCLUSIONS AND RECOMMENDATIONS

### 4.1 Conclusions

The interviews and discussion workshop enabled the definition of a success or failure profile for IGAs, which is summarised in Table 5 on the next page.

In terms of income, the crucial factors to ensure the continuity of the IGA are:

- For **individual IGAs**, the activity must generate sufficient profit to:
  - » Cover at least 50% of the household's needs, or even generate enough to save;
  - » Enable the development of an agricultural activity to meet food needs during periods of low activity, as a dry season activity (secondary source of income).
- **Group IGAs** have a lower abandonment rate, but the profit they generate seems to be insufficient for vulnerable members who have no other sources of income. We have therefore noted that groups are tending towards separation into **individual activities**, either by sharing capital between members, or by shifting from group operations (shared production costs and profit) to a kind of **purchasing cooperative**.
- The beneficiary household / group member or manager has both **technical knowledge and business management skills**.
- The beneficiary household / group member or manager is capable of **calculating the profitability** of his/her business and taking the necessary action.



> Beneficiaries and SI staff preparing the land plot  
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Functioning IGA	Non-functioning IGA
<b>Individual</b>	
Ability to calculate profitability and take decisions to adjust strategy / Accounting	No ability to calculate profitability and no accounting records kept
Main source of income	Secondary source of income
Meets over 50% of the household's needs	Insufficient income from the IGA
Good understanding of the need to maintain sufficient working capital	Over-spending of working capital
Ability to diversify activities, and especially to invest in agricultural production	Little or no diversification
Ability to save and join a tontine	No planned savings
Good technical knowledge of the activity	Lack of technical knowledge
Good general knowledge of the activity	No experience of the activity
<b>Group</b>	
Employment of a manager, preferably from outside the group	Ineffective manager
Use of management tools	No visibility because management tools are not used
Small group (significant income)	Large group (limited income and slow decision-making process)
Annuity income approach (small regular income vs. small investment)	Little or no other sources of income for members
Regular verification of accounts	No literate members
Functions as a group purchasing entity (for the purchasing and resale of products)	Excessive running costs (manager, stock, security guard, etc.) as a result of group operations
Development into some form of tontine	
Investment in shared equipment that is costly to purchase and maintain	

> Table 5: Key characteristics of functioning and non-functioning IGAs  
Source: SI survey



## 4.2 Recommendations

This section summarises the key recommendations provided in the main body of the report:

### ► Recommendation 1: Primarily target households where the IGA is or will be the main source of income

The greater the impact of the IGA on the household's income, the greater the investment and motivation of its beneficiaries. Nevertheless, support for dry season activities (supplementary source of income) still has a significant impact. In this case, support should not only focus on the IGA itself, but also on the integration of this activity into the household's livelihood.

### ► Recommendation 2: Verify technical expertise

In particular, when providing support to launch or relaunch an activity, it would be beneficial to:

- Group applicants for the same type of activity together and test their technical knowledge with an active professional to check that they are proficient in the fundamental skills required for their profession.
- Plan a professional training module (if time permits) or cooperate with an organisation in this field.

### ► Recommendation 3: Test general knowledge on the sector of activity using a business plan

It is important for **SI teams to prepare business plans** for the 8 to 10 main activities offered in the area, so that they can make sure that applicants for funding have sufficiently thought about their projects. The aim is to ensure that the business plan proposed by the candidate household takes into account all the elements that are essential to manage their activity, in particular purchasing economies of scale, transport, seasonal fluctuations, and **profit calculation methodology**<sup>25</sup>.

### ► Recommendation 4: Encourage individual IGAs or small groups based on voluntary association

Although **group IGAs** have certain advantages, for example remaining "active" for longer, this approach does not usually generate sufficient income for participating households to remain motivated. This means that we either have to consider targeting households that only need a small regular income (not the most vulnerable), or encourage group IGAs that function as (i) purchasing cooperatives or (ii) entities that manage costly equipment.

**Individual IGAs** have a greater impact on the household economy and are better suited to the expectations of the community. It is therefore necessary to plan for sufficient personnel to provide significant support, especially during the first few months of activity.

As part of the **voluntary repatriation programme for CAR refugees** and to facilitate follow-up, it would be appropriate to encourage group IGAs (small groups) for refugee households so that IGAs will not be abandoned when some members leave the area. However, individual support for an activity that would be useful during the return process (in particular reconstruction) must not be ruled out due to operational follow-up considerations.

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25. Per week or per unit of purchase, as is the case for the category of IGAs that sell agricultural produce, fritters, cassava chips, etc.

► **Recommendation 5: Do not use profit figures from the projected operating statement in the business plan as criteria to select or reject projects**

The margin for error in these calculations is too large, which can influence the inclusion or exclusion of beneficiaries and also bias follow-up. The business plan is still an essential element to select households since it provides a qualitative assessment of whether the applicant understands all the implications of the business in question. SI teams should prepare business plan templates for 80% of the proposed activities, to ensure that households use the right logic to define their:

- Strengths and weaknesses
- Good quality operating statement, especially for production costs and economies of scale
- Financing plan.

► **Recommendation 6: Provide support that is based on advice rather than on monitoring financial indicators**

Follow-up/advice is essential both to ensure the development of IGAs and the motivation of beneficiaries. The selection of households within the scope of humanitarian funding – based on vulnerabilities – leads to a higher risk of activities being abandoned. For this reason, weekly follow-up/advice on the development of the activity is crucial. The goal is to foster the development of an entrepreneurial approach and thus complement training, rather than focusing on the use of management tools while the majority of beneficiaries are illiterate. The essential points are calculating profitability, diversification, retaining/increasing working capital to start with, then saving and investing income from the IGA into the household's livelihood at a later stage. For this reason, it is important to prepare an operating statement with more precise figures after a few months of activity, which takes into account seasonal fluctuations. **Indicator follow-up visits (including turnover, stock, working capital, etc.) should be carried out once a month for the first six months, then once a quarter.**

## 5 APPENCICES

### APPENDIX 1

ASSESSMENT MATRIX

### APPENDIX 2

QUESTIONNAIRES

### APPENDIX 3

DISCUSSION WORKSHOP SCHEDULE



> Watering of black nightshade and guinea sorrel seedlings in Gado, February 2018  
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