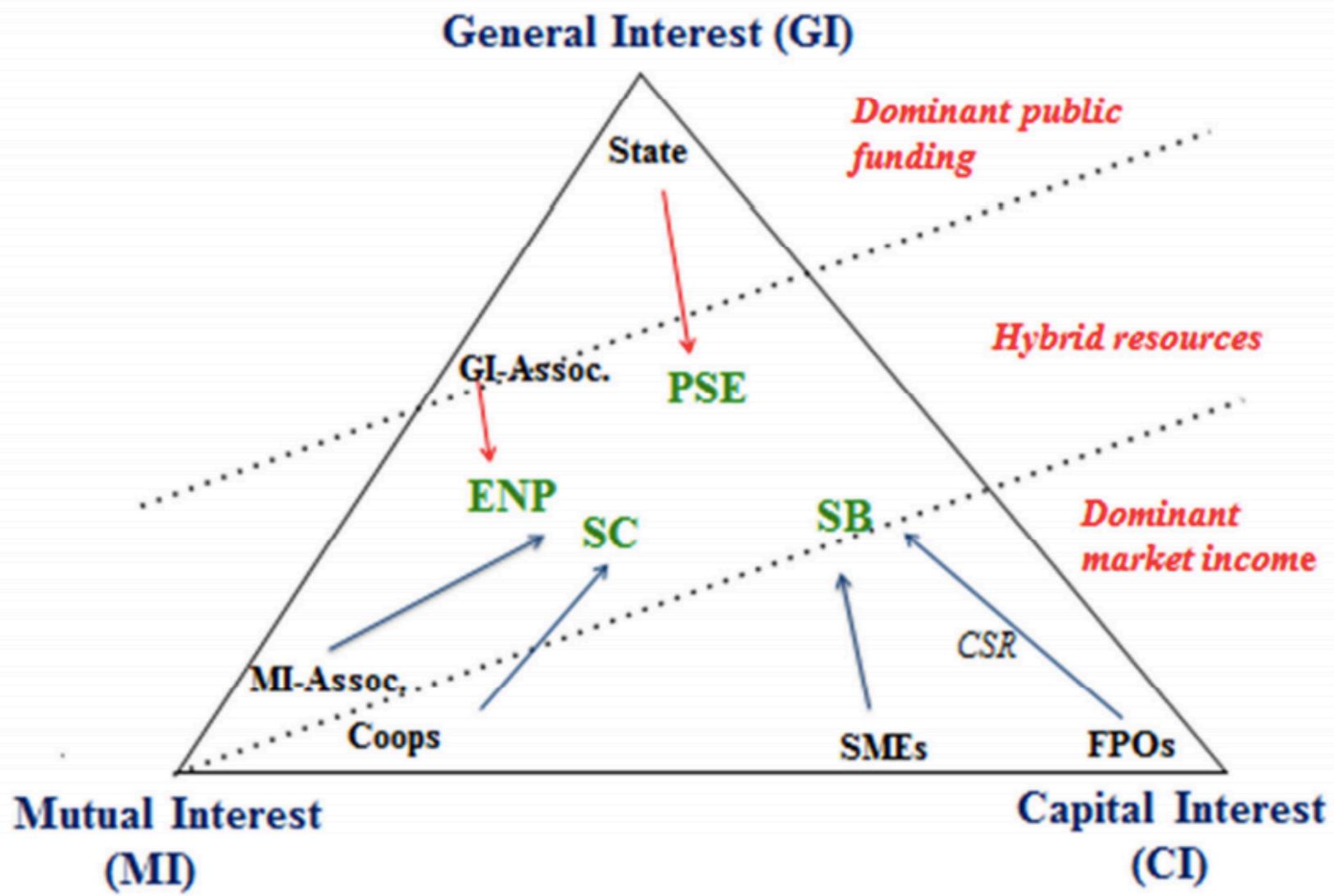


# **IGA: Income Generating Activities**

**«The social enterprise is that enterprise that maximizes the social impact under an economic constraint of sustainability»**

# THE SOCIAL ENTERPRISE SPECTRUM

		Purely Philanthropic	←————→	Purely Commercial
<b>Motives, Methods, and Goals</b>		Appeal to goodwill Mission driven Social value	Mixed motives Mission and market driven Social and economic value	Appeal to self-interest Market driven Economic value
<b>Key Stakeholders</b>	Beneficiaries	Pay nothing	Subsidized rates, or mix of full payers and those who pay nothing	Market-rate prices
	Capital	Donations and grants	Below-market capital, or mix of donations and market-rate capital	Market-rate capital
	Workforces	Volunteers	Below-market wages, or mix of volunteers and fully paid staff	Market-rate compensation
	Suppliers	Make in-kind donations	Special discounts, or mix of in-kind and full-price donations	Market-rate prices



**"Social enterprises justify their value based on their ability to mobilize and coordinate plural resources (public and private) for the achievement of goals of inclusion and social justice»**

**(Fazzi, 2018)**

**Perspectives of innovation in International Cooperation  
initiative: the case of Inuka project**

## Traditional Cooperation Model



- Input
- Output
- Philantropy

## Innovative cooperation Model



- Input
- Outcome (empowerment)
- Social Enterprise + IGA

- The Food Agriculture Organization (FAO), already in 1994, identified the IGA as an “essential instrument in meeting the demands of market economies”.
- The instrument of IGA has been commonly **used by non-governmental organisation** to affect the international programs of development and poverty reduction policies, especially in the rural area
- The IGA are designed to be **sustainable**, in terms of results, with effects not just in the short period but especially **in long term** and for have **community participation**, the greater the support from part of local is and better the result are for the communities themselves.
- The sustainability of the IGA can be achieved by involving the **local population** from the initial assessment and identification phases and with the collaboration of the other organization and actors present in the area

# Main steps of the IGA setting

- **a) identification**

- The participants should ask themselves how they can obtain income from an activity, and identify the factors contributing to the success of IGAs. At the same time they should ask themselves if they are already involved in the activity. They need to be aware of these factors and to gauge their own skills when they consider embarking on an activity. (Trainers or promoters should allow participants to express themselves freely and note all suggestions at this stage).

- **b) Technical feasibility**

- This involves finding out whether the women suggesting the activity have the required technical skills and, if not, whether they can acquire them rapidly. The necessity of a minimum of professionalism should be emphasized to allow a minimum profitability of the activity (good quality and competitive goods should be produced). Once the skills of each individual or group have been identified, other prerequisites for a technically feasible operation have to be established (for example water for home gardens, raw materials for handicrafts, feed for animal raising...) Management skills should not be forgotten since an IGA is an economic venture which needs specific skills in management.

- **c) Economic and financial profitability,**

- In addition to being technically feasible, the IGA should be profitable, that is to say they should produce income or a surplus (profit) and work without subsidies (sustainability). A profit-making activity should be profitable, in other words, returns should be higher than costs so as to produce a profit. Potential market should be identified and involved risks considered.
- The feasibility study is essential and should be conducted before starting any IGA (the results will allow to find out whether a proposed activity is a good idea or not!). It is a simple exercise because at this stage it concerns only a very small scale activity run at local level in some pilot villages (that is to say it is not necessary a feasibility study at national level for each IGA run at pilot level). But this does not mean anyway that the general socioeconomic context should be ignored. On the contrary the IGAs should be integrated in this context especially for some activities (such as village carpet unit).

# Main steps of the IGA setting

- **d) Planning**

- Once the activity has been carefully chosen all the operations should be identified and listed in logical and chronological order. These operations should be scheduled and a timetable should be drawn up. This means that all facilities and resources needed to carry out a given operation must be available in good time to avoid delay and ensure that the other operations begin on schedule. All tasks vocational training courses should be planned in details.

- **e) Plans for marketing**

- Products should be of good quality and competitive. Potential markets should be investigated.

- **f) Ways of financing**

- Since we are focusing, on profitable activities we should see the possibility of activities financed by the beneficiaries own funds and sources of potential forms of credit In some project areas it will be difficult for most of people to support start-up costs by themselves according to the lack of savings. It is important that the real costs are supported by beneficiaries. Nevertheless an initial grant to cover start-up costs can help the establishment of the IGA in specific cases (high poverty for example). Grants and subsidies should carefully used because they distort the real costs and consequently the profitability of the IGA. In addition the` can undermine the self-reliance of the beneficiaries.

# Main steps of the IGA

## *Training and capacity building needs*

### **a) Beneficiaries**

Project should establish relations with other partners in order to maximize use of resources.

### **Staff in charge of this component**

- **a) Staff needs**

The training programs for the staff should be carried out in priority, particularly the ones concerning the female promotor at village level since minimal skills are essential to initiate the activity at grass roots level.

# INUKA CBR

- Inuka Southern Highlands CBR (Community Based Rehabilitation) is a Rehabilitation Center, located in Wanging'ombe district, a rural village, in Njombe Region in the south west of Tanzania.
- The center was born on 2009, with the aim to provide high quality services to people with disabilities and other patients with rehabilitation needs, involving their families and the communities they are living in.



# Why INUKA CBR is born?

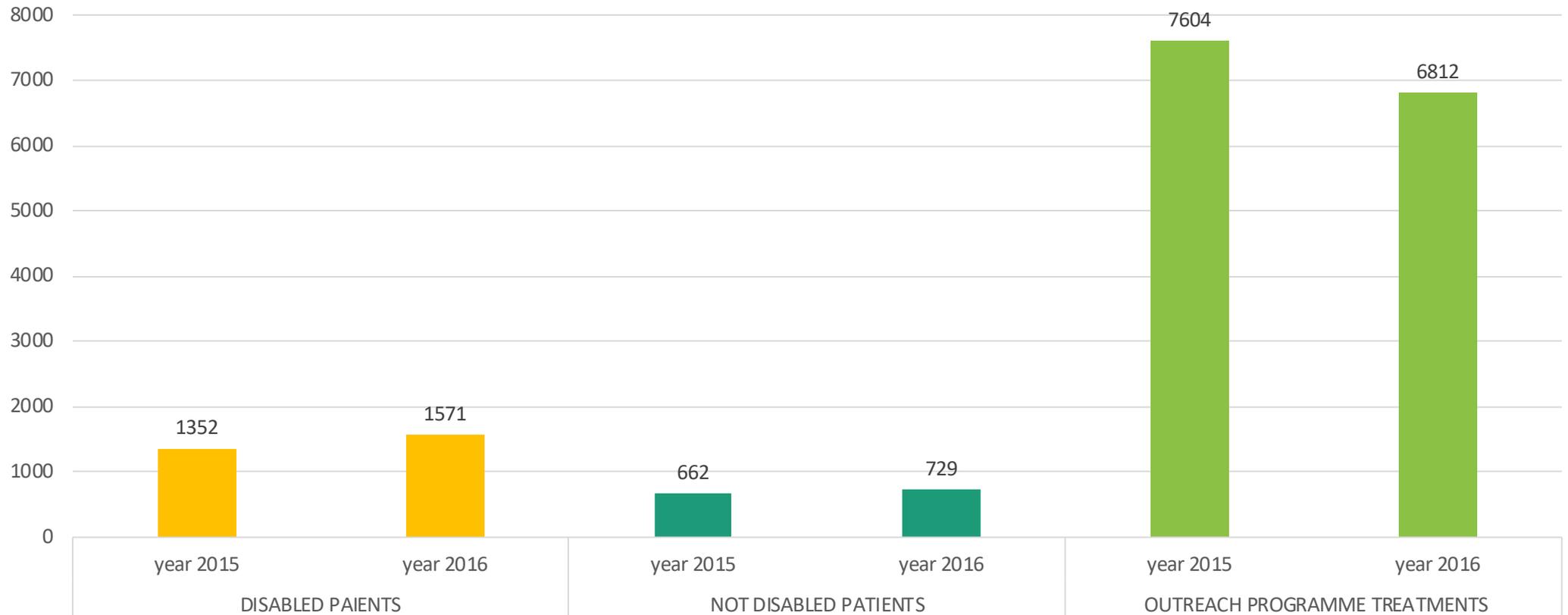
- In 2008, with the project “Inuka, raise your head!”, CESC project and Comunità Solidali nel Mondo Onlus made a census on the many rural villages distributed in the area of Njombe.
- Regards physical disabilities and the main causes, which are confirmed to be traumatic and post-traumatic and related to childbirth. In Njombe, at least **54.000 people** (10% of population) with disabilities of various kinds are estimated. Of these, **16.000 (30%)** inhabitants are affected by motor disabilities

# Why Inuka CBR is born

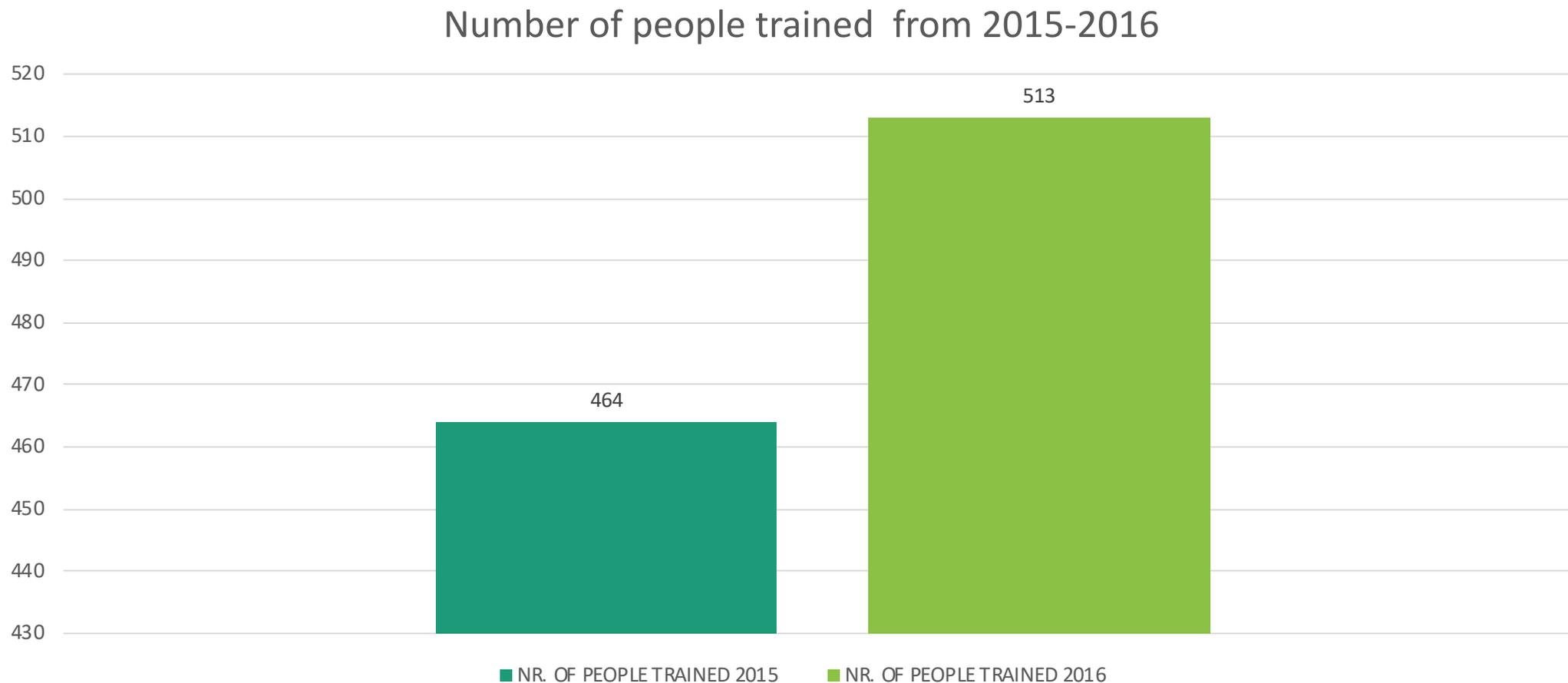
- In the Wanging'ombe District in which the Rehabilitation Center operates, the number of disabilities ascertained is **10.252**, of which 3,014 motor disabilities. The rate of social participation in the education and work of people with disabilities, and in general their level of quality of life, is extremely low.
- **25%** of people with disabilities do not participate in any way at work, school or other social activities;
- just **38%** attend schools
- **40%** cannot use any public or private transport and are actually semi-confined to their home, entirely dependent on their family members.

# What Inuka CBR has done!

Treatments provide by Inuka CBR

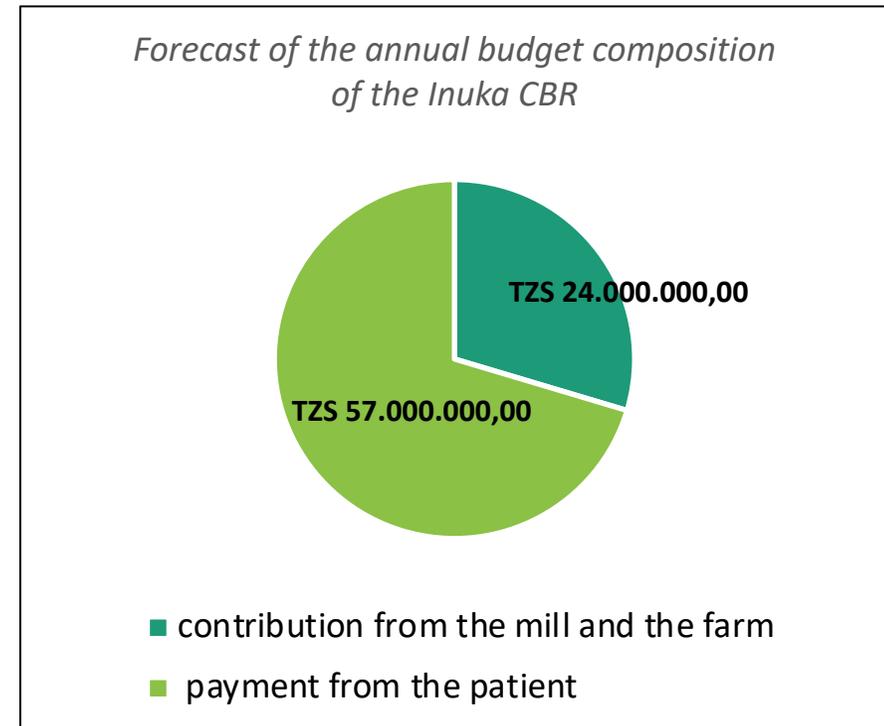
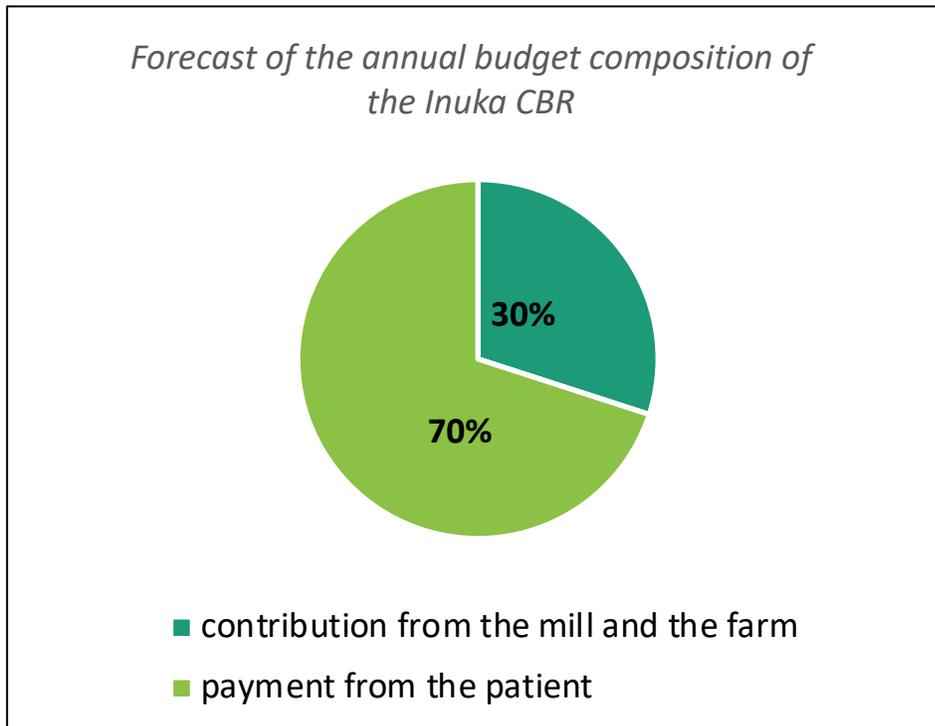


# What Inuka CBR has done!

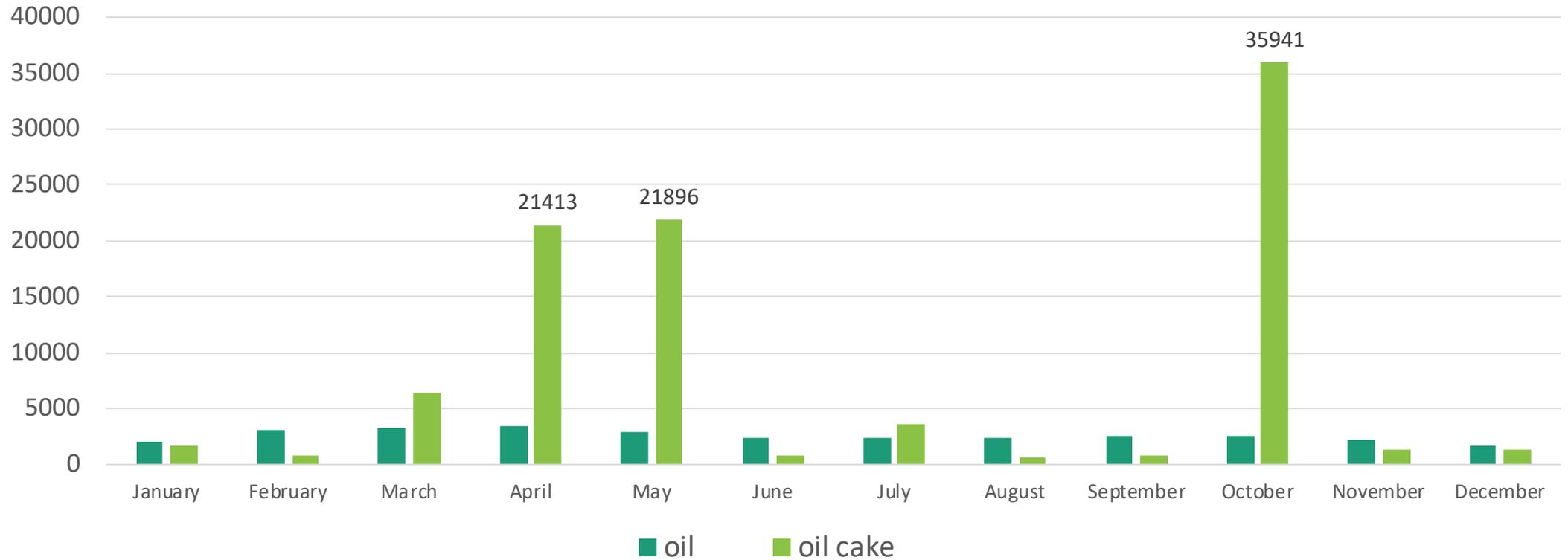


# Inuka Sunflower oil mill: The IGA of Inuka CBR

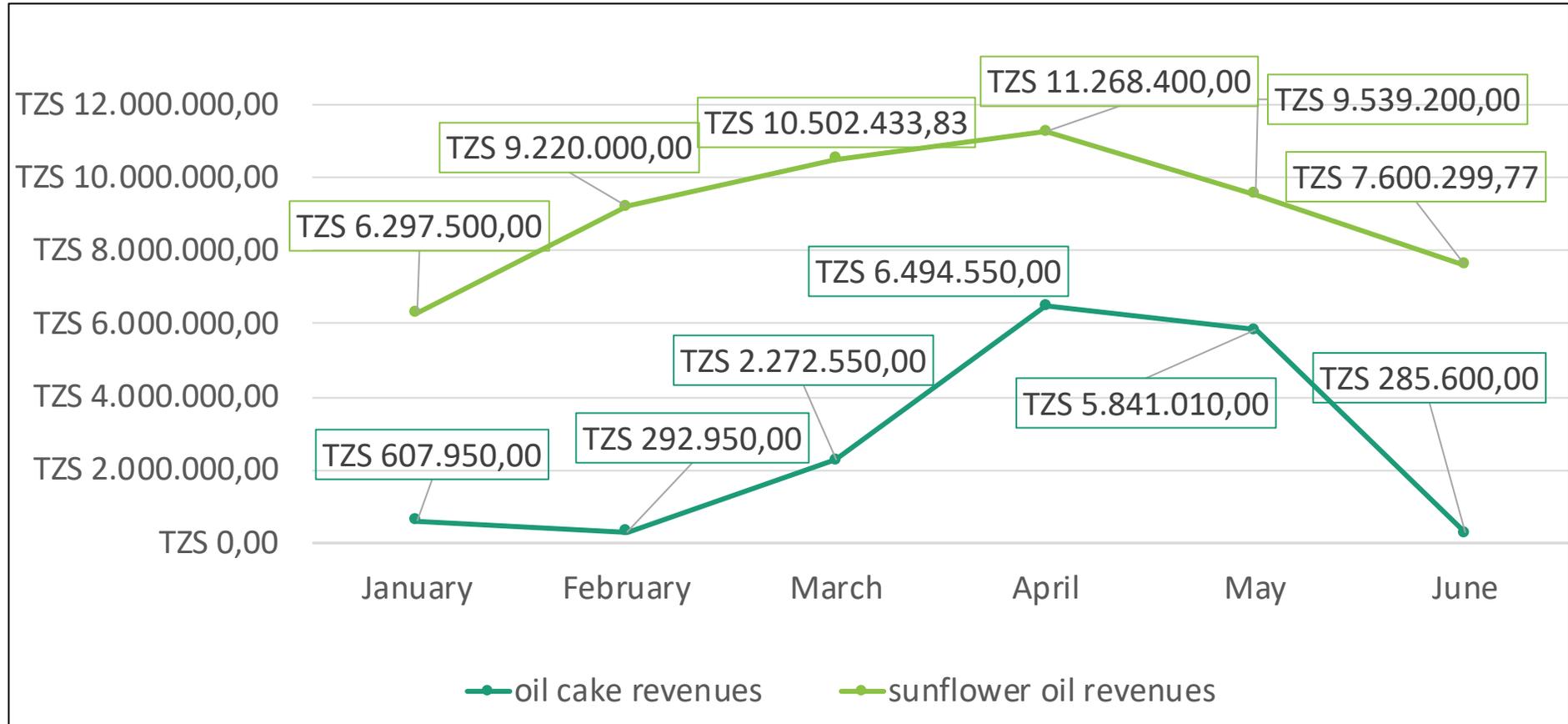
On 2012, it has started the “Shamba project” with the aim to make self-sustainability Inuka CBR and with the aim to create economic inclusion and enterprise development for local agriculture and for disabled people



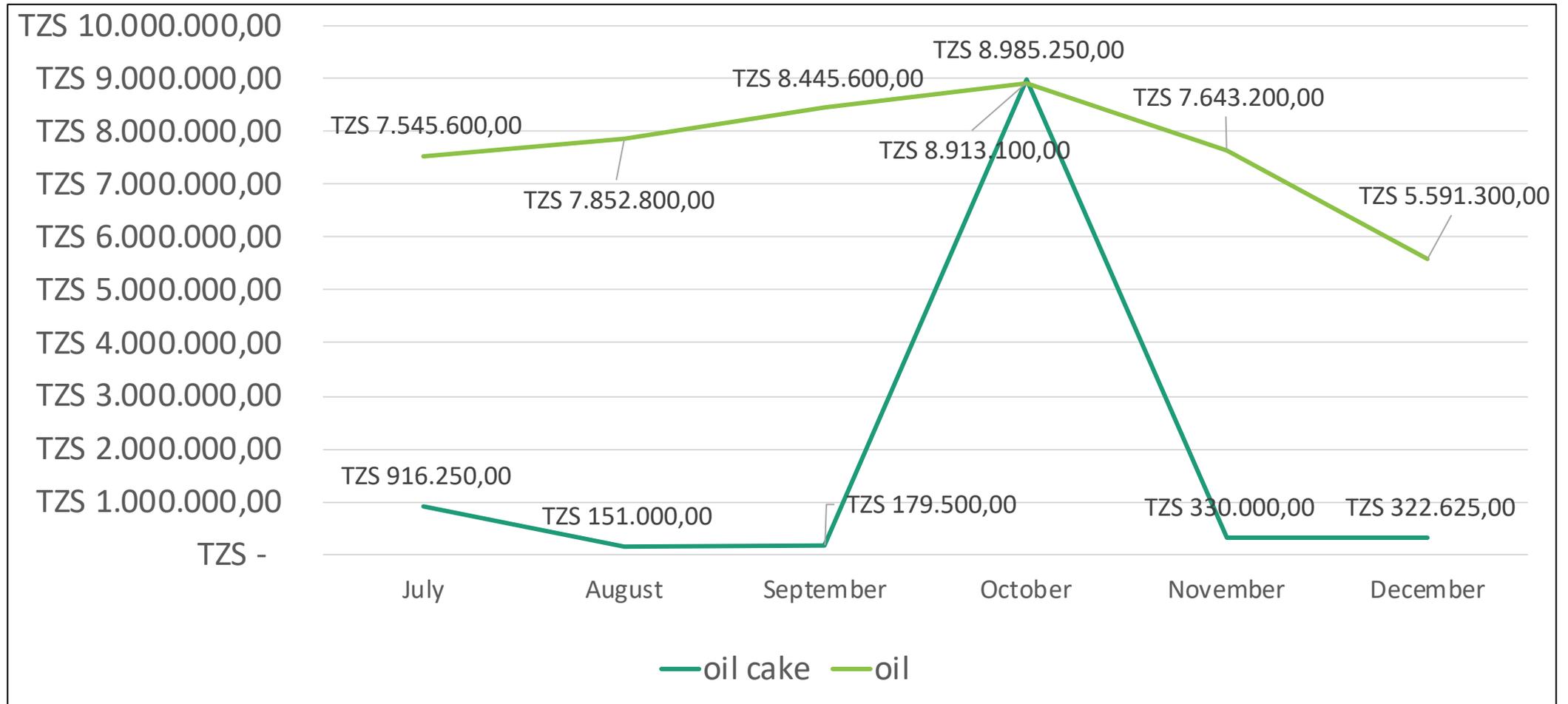
# *Sales trend of sunflower oil and oil cake*

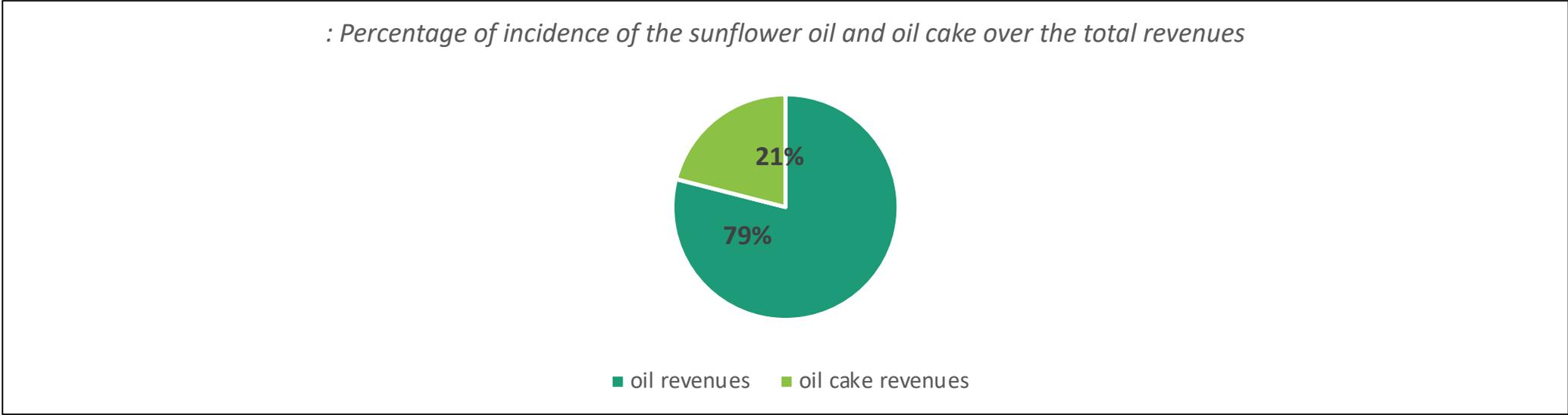
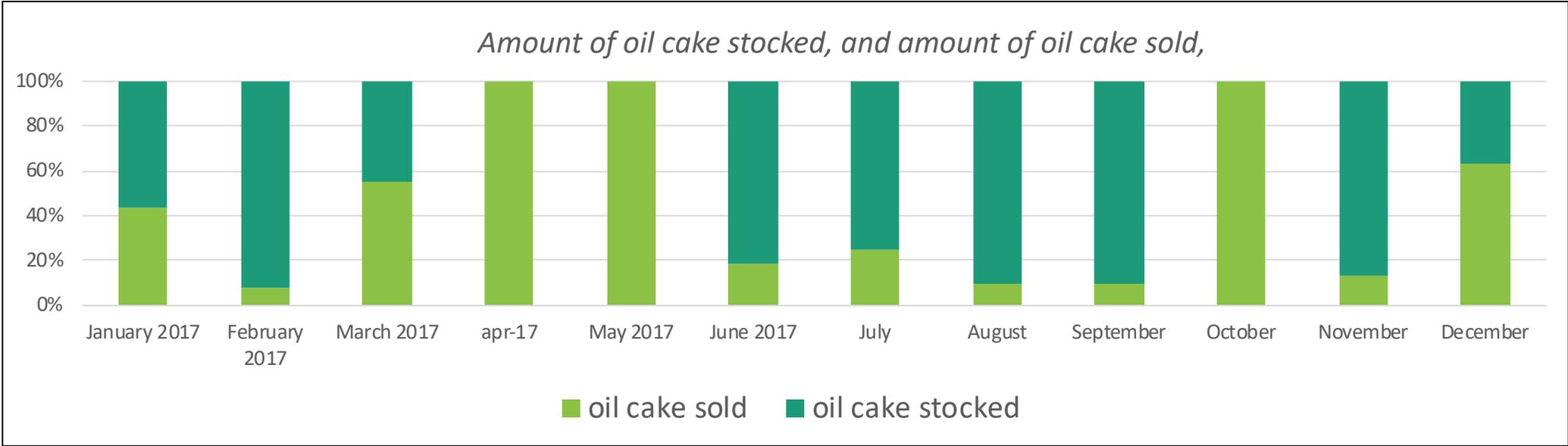


# Revenues first semester



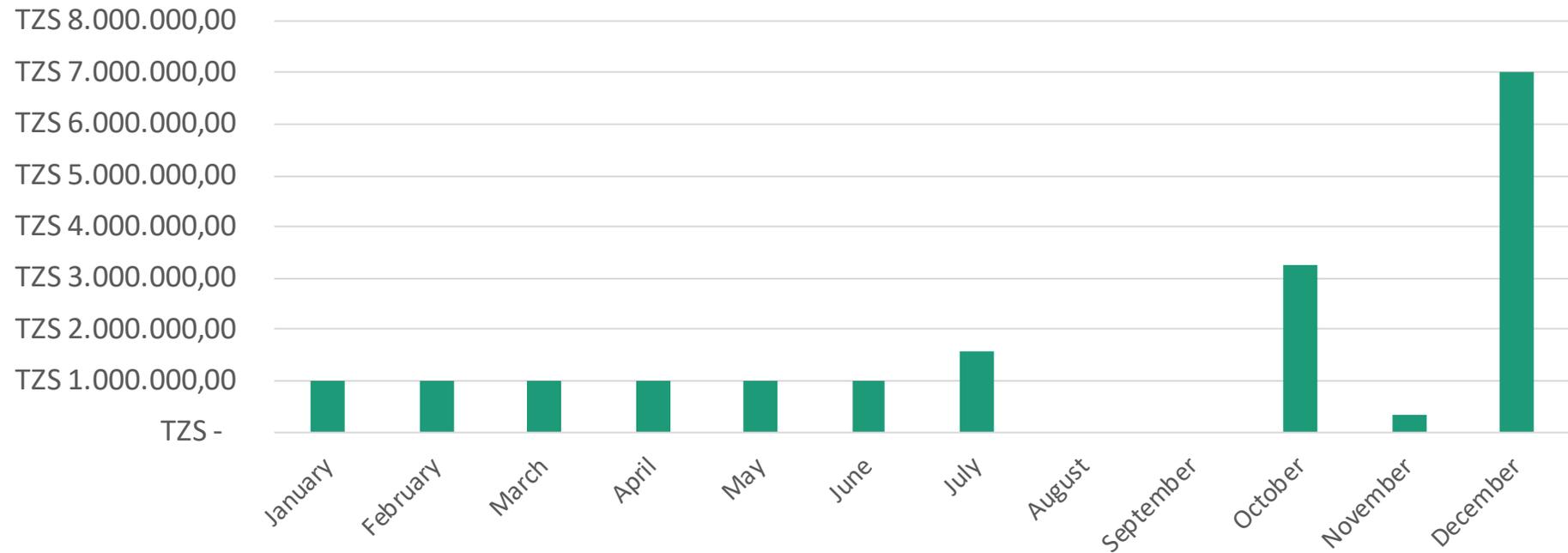
# Revenues second semester



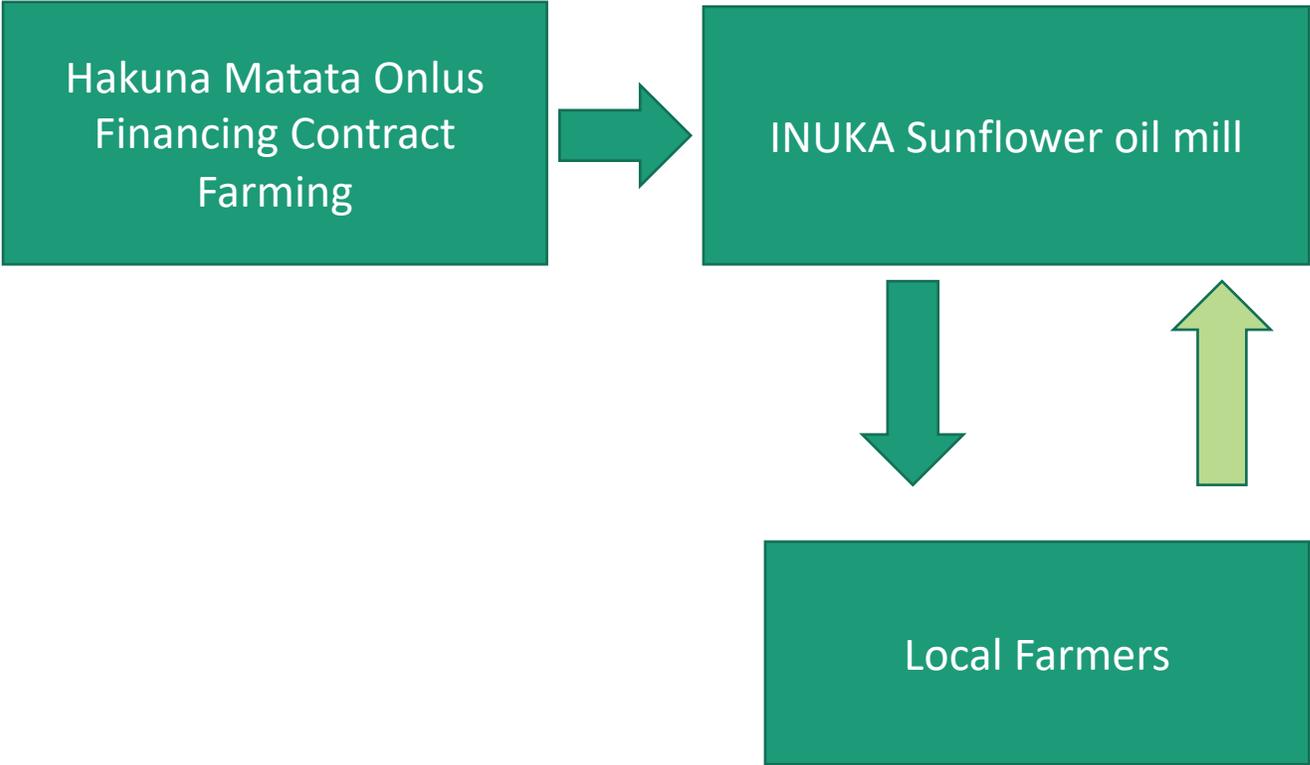
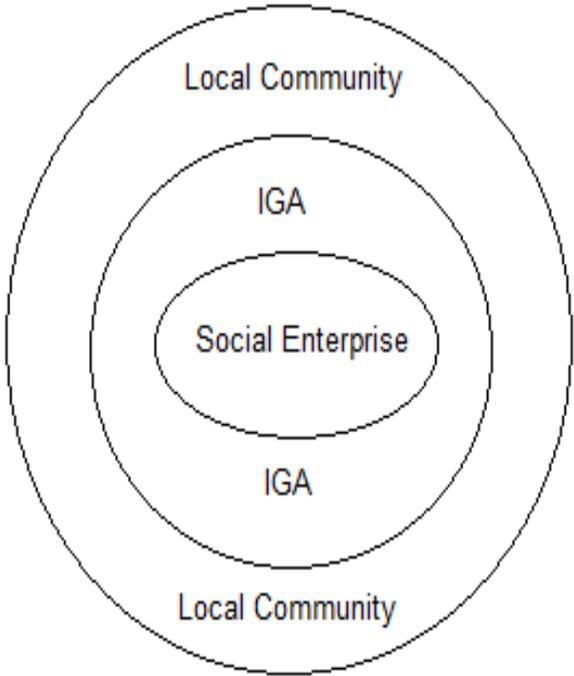


# Contribution to Inuka CBR

Since the mill has been opened, it has contributed to Inuka CBR just from January 2017, with an annual contribution of TZS 18.189.000, that represent 76% of the economic value that the mill should give to the rehabilitation center



# Social Impact generated on the community



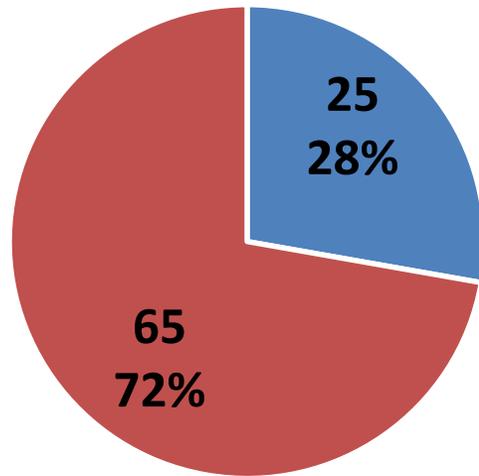
# Contract Farming in numbers

*Year of observation: 2015-2016*

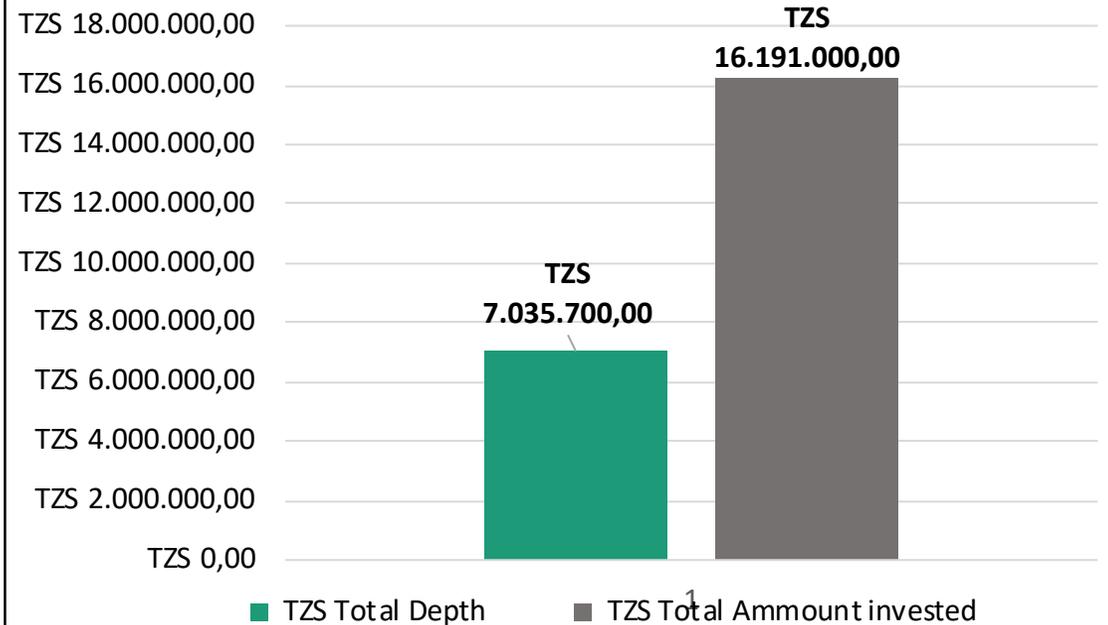
- Number of villages involved : 9
- Number of farmers involved :90
- Total amount invested to buy seed and fertilizers: TZS16.191.000,00
  
- Farmers with depth: 65 on 90
- Total depth value : TZS7.035.700,00
- Farmers who have generated personal revenues : 25
- Total revenues generated from 25 farmers : TZS1.476.000,00

# Graphic representation of Data

*Year of observation : 2015-2016*



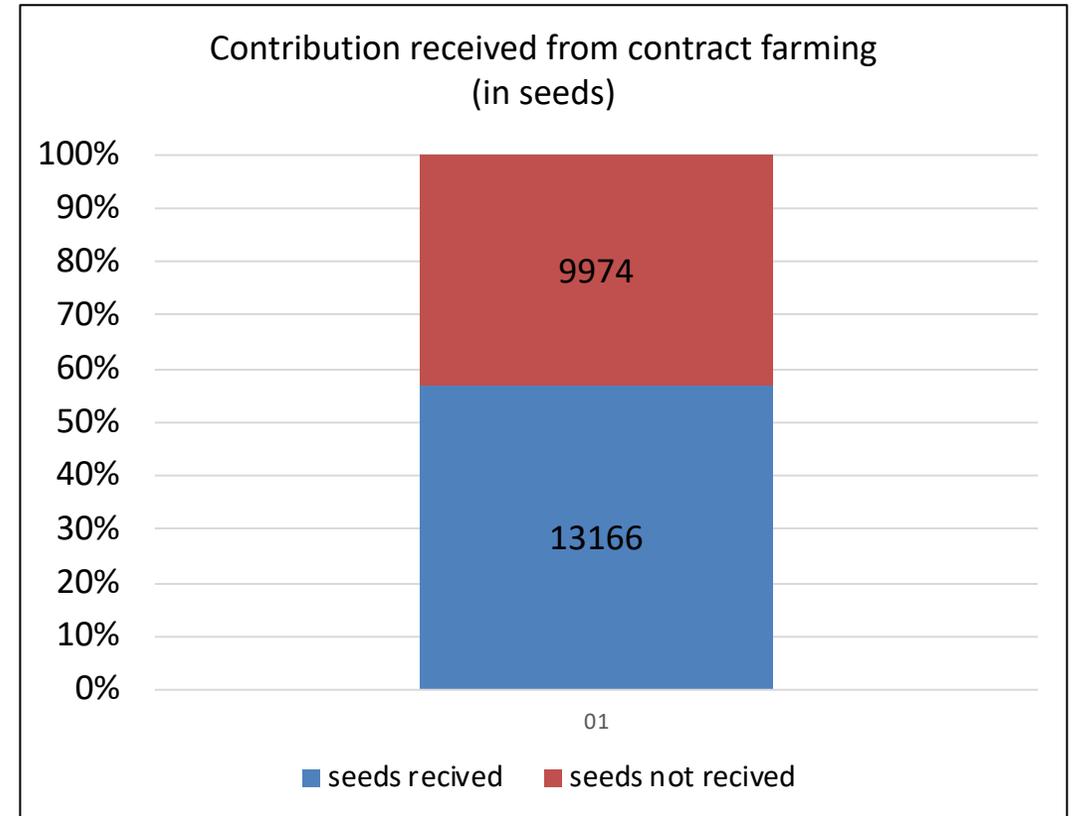
■ n of Farmers who have generated personal revenues  
■ n of farmers with dept



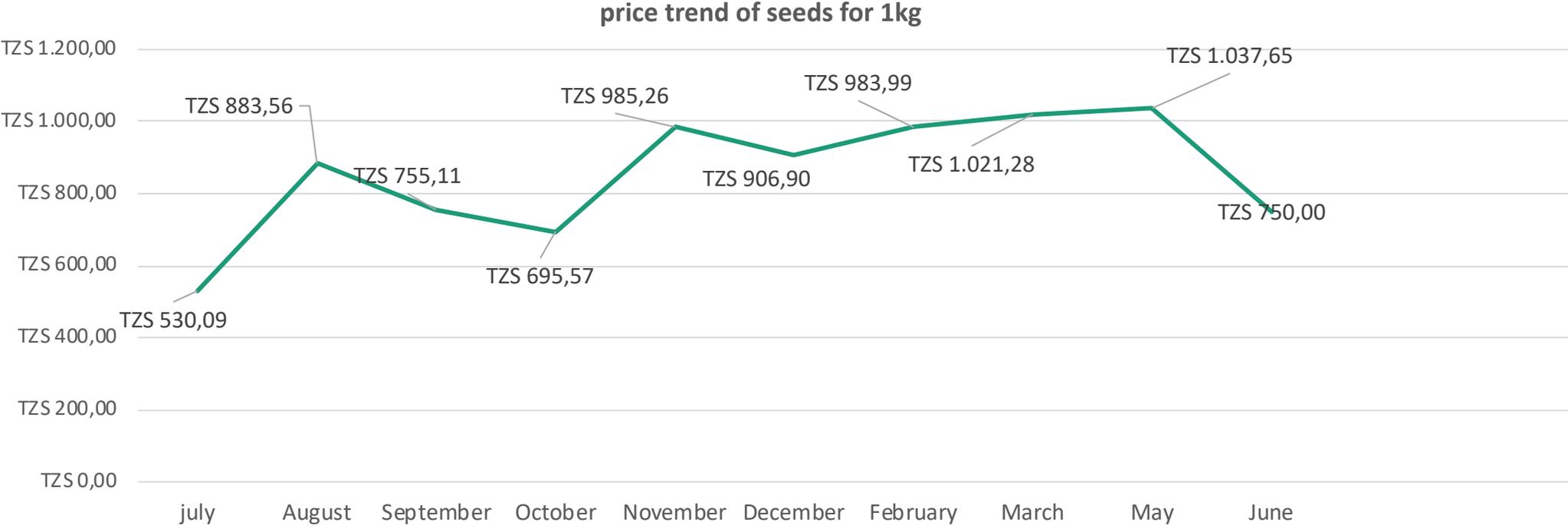
# Contract farming results !

## *Year of observation 2015-2016*

- The entire contract farming should have contributed to INUKA sunflower oil mill with a minimum of 23 tons of seeds
- The actual amount of seeds that Inuka received from the Contract Farming, it has been 13 tons
- The economic lost is equal to TZS 6.981.940,00



# Seed price map



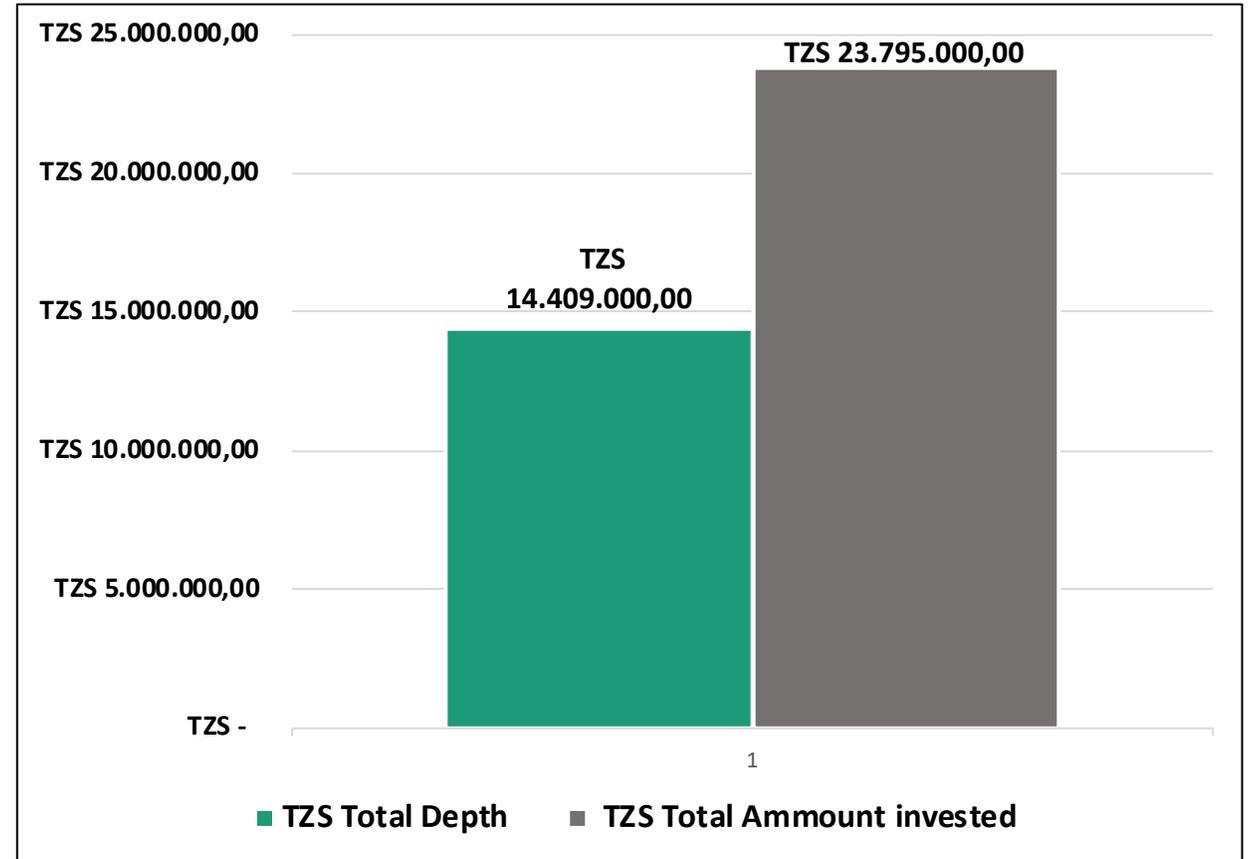
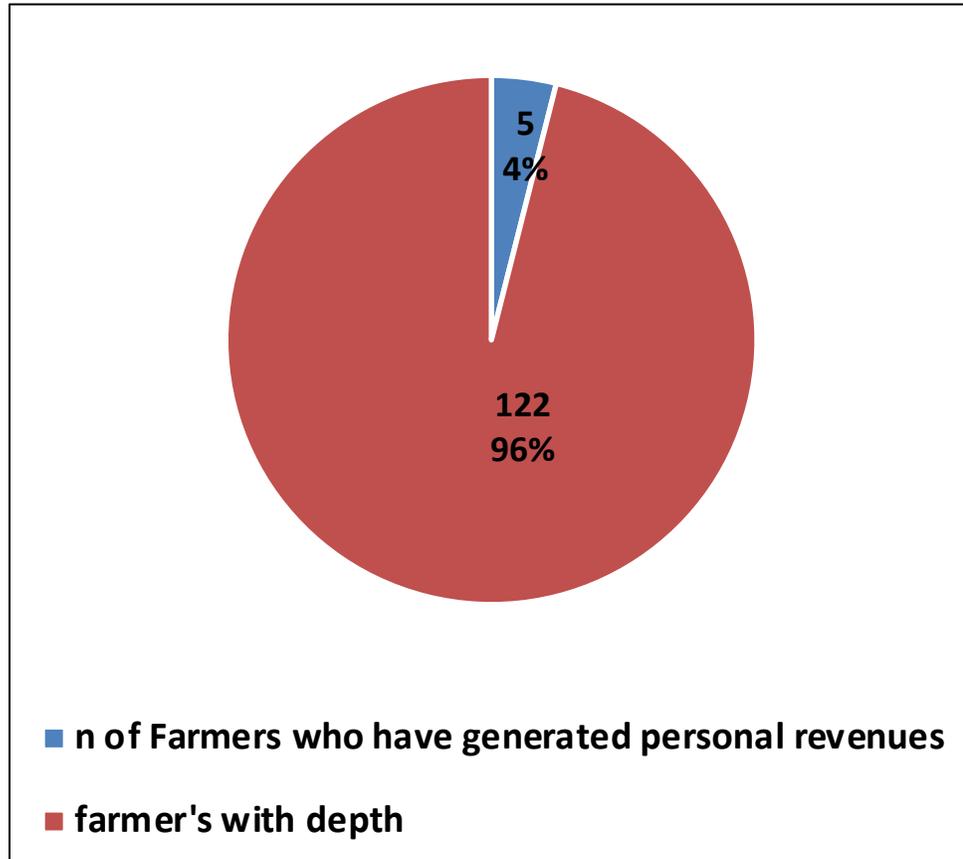
# Contract Farming in numbers

*Year of observation : 2016-2017*

- Number of villages involved : 6
- Number of farmers involved :127
- Total amount invested to buy seeds and fertilizers: TZS 23.795.000,00
  
- Farmers with depth: 122 on 127
- Total depth value : TZS 14.409.000,00
- Farmers who have generated personal revenues : 5
- Total revenues generated from 5 farmers : TZS 222.900,00

# Graphic representation of Data

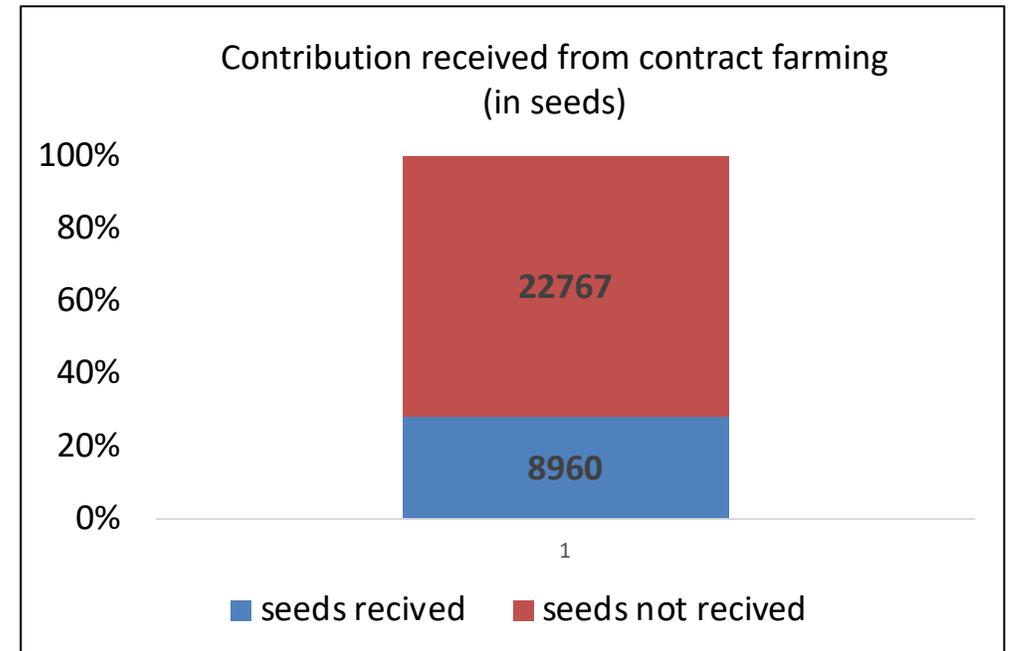
*Year of observation : 2016-2017*



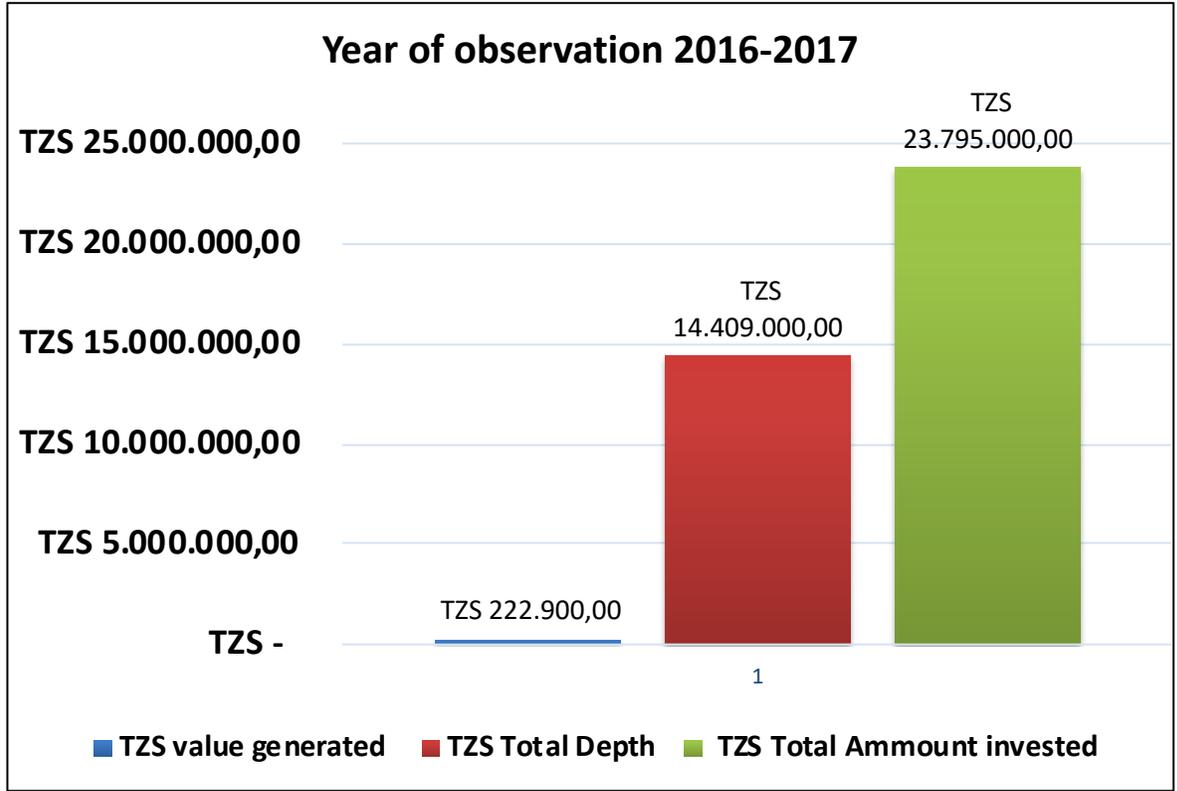
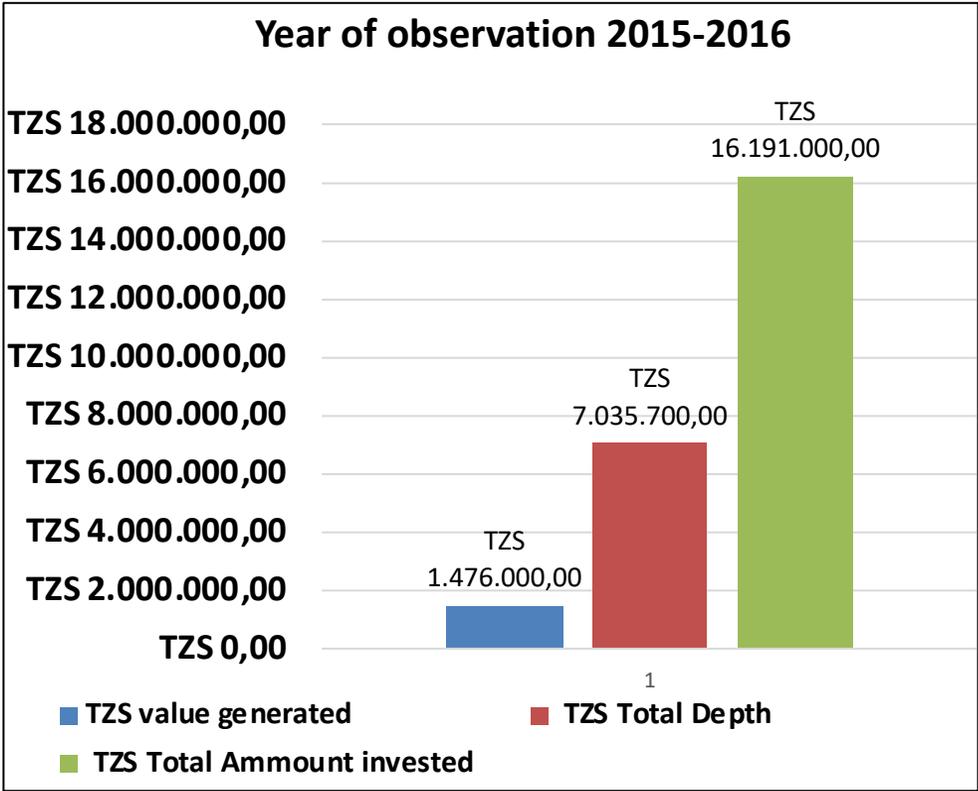
# Contract farming results!

*Year of observation: 2016- 2017*

- The entire contract farming should have contributed to INUKA sunflower oil mill with a minimum of 30 tons of seeds
- The actual amount of seeds that Inuka received from the Contract Farming, it has been 8 tons
- The economic lost is equal to TZS17.075.000,00



# Data Comparison



# Reasons of low results

To understand those low results it has been conducted a soil test:

- The soil analysis has been conducted both on a profitable land and on a land that has had really poorly harvested.
- Thanks to the soil results it has been possible to exclude low result due to the type of seeds
- The results have showed that the land have a very low potential for crop production, based on the fertility indicators values. The land have a very low nitrogen potassium and organic carbon levels

# Conclusion

- the mill still has to achieve an entrepreneurial mindset to become a proper enterprise . The model of social enterprise cannot be artificially transplanted from one context to another but must be adapted to the context.
- The evolution or transition of NGOs to become a social enterprise is a complex phenomenon and Non-profit entities today are mainly characterized by the change in the service delivery process
- A key factor in driving the growth and impact of the social economy is the availability of competent and specialised managers and sound governance structures for social economy organisations
- However all the other characteristics of Inuka are in line with the definition of social enterprise, which concerns the ability to respond to social needs not with the “eyes of welfarism” but with the lens of empowerment and with the aim to produce benefit for the whole community

To conclude

**Social enterprises operating in the private market can:**

- Have more managerial and professional skills
- Increase efficiency and innovative capacity
- Attracting investments
- Increase revenue sources

To conclude

**Social enterprises operating in the private market can:**

- **Have a strong focus on entrepreneurial action on needs**
- **Have a mission consistent with the pursuit of community interest**
- **Have a flexible organization**
- **Collect funds from different sources**
- **Have strong social legitimacy**

## To conclude

### **Social enterprises operating in the private market can also:**

- Not having the right balance between economic and social activity
- Not being able to communicate their mission and activities and make visible the generated social value
- Not being able to attract adequate professional skills (eg marketing, communication, etc.)
- Have difficulty finding the right mix of funding sources
- Not knowing how to manage social legitimacy (reporting, etc.)