

Rural Invest >

A toolkit and software for identifying, preparing, and appraising business plans and small to medium scale investment projects

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What is RuralInvest ?

- Methodology and software to plan, prepare and analyze **business plans / investment projects** in a **participatory, iterative and decentralized way**
- **Toolkit** comprised of :
 - Training modules (exercises, case studies, presentations)
 - E-learning and video tutorials
 - Technical manuals
 - Software
- A capacity development tool developed by FAO as a public good, contributing to FAO's Strategic Objective 4 “enable inclusive and efficient agricultural food systems”
- Applied in many countries, in all continents, since 1998
- Available in 8 languages (Arabic, English, French, Spanish, Portuguese, Russian, Turkish, Mongolian)



Why RuralInvest?

- ❖ Lack of adapted methodology, tool and software for assisting producers/communities/entrepreneurs to prepare and analyze their **business plans** and **small-to-medium scale** investment projects
- ❖ RuralInvest systematizes and standardizes the formulation, analysis and results assessment so as to make proposals and assessment framework comparable



Building national capacities for investment

National policies to promote investment (foreign and domestic) are generally high priority

Producers, MSMEs, rural communities and their organizations generally have limited capacities and adapted tools to formulate and analyze their investments and business plans



National financing institutions often reluctant to fund agriculture/rural sector and lack bankable projects

Extension staff, local service providers and academia often have limited skills & experience to support the preparation of bankable business plans and rural investments



RuralInvest: for whom?

- **Investors themselves (entrepreneurs, MSMEs, producer organizations, individual producers, communes, etc.)**
- **Field technicians who assist them (extension staff, business advisory consultants, credit agents)**
- **Institutions that employ these technicians:**
 - **Ministries** (and investment & development projects)
 - **National Financial institutions** (banks, MFIs, investment funds)
 - **NGOs, Federation of Producers' organizations**
 - **Business advisory service providers** (consultants, consulting firms)
 - **Chambers of agriculture and commerce**
 - **Learning and knowledge institutions** (colleges and universities)



RuralInvest: Types of Projects

RuralInvest tackles both income generating & non-for-profit activities

Below are some examples of each type of investment

Income Generating

- **Agriculture, Animal production, Forestry, Aquaculture, Fisheries**
- **Services: tourism, transport, trade, etc.**
- **Agro-processing, handcraft manufacture**

Non-Income Generating

- **Production Support:** Roads, bridges, storage, etc.
- **Social Projects:** Health services, water supply, cultural center, etc.
- **Environmental Projects:** Reforestation, soil conservation, spring protection, etc.



Basic Principles of RuralInvest

- ❖ Reflects the **priorities/views of the investors** and promotes their **participation** in the preparation and analysis of their investment proposals
- ❖ **User friendly** and **simple** for investors/technicians with little experience in project preparation
- ❖ Make sure that investment proposals are **appropriated, feasible and comparable**
- ❖ Demonstrates the **sustainability** of the investment from the financial, economical, operational, and environmental and social perspective
- ❖ Ensures **high quality projects/ business plans proposals** for financing
- ❖ Builds a **database of projects** for portfolio analysis and monitoring and evaluation throughout the project life cycle.



Modules of RuralInvest

Module 1

- Participatory development planning

Module 2

- Participatory preparation and analysis of project profiles

Module 3

- Detailed project formulation and analysis

Module 4

Portfolio management and M&E



Module 1

*Participative
rural appraisal*

Development
planning

Priority rural
investments

Presentations (Concepts + Tools)

Facilitation Simulation Exercise

Facilitation of Real Case



Module 2: Preparing Project Profiles

Presentations (Concepts + Tools)

Facilitation Simulation Exercise

Facilitation of Real Case

Estimating the investment need,
cost and funding

Defining the scale, operational
and general costs and income

Qualitative assessment (market
demand, environmental impact)

Results assessment (compare to
existing situation, alternatives)



Module 2: Preparing Project Profiles

- **Simplified / rapid analysis:**
 - Investment is detailed (and funding from own and external resources)
 - Average year of full production is considered
 - Compare existing and future situations
- **Main indicators:**
 - **Annual Income**
verify that income cover operational and general expenses
 - **Net Annual Income**
check that net income allows to replace the investment in the future
 - **Number of years at full production to recover the investment**
- **Calculations can be made in the field with initiators and with the software**
- **Adapted for modelling, simple and low cost investments**



Module 3: Detailed Project Formulation & Analysis

Qualitative analysis

- Description and analysis of beneficiaries
- Project description (background, justification, objectives, activities)
- Assessment of technology and related training and technical assistance needs
- Assessment of market demand and environmental sustainability
- Organization, management and social issues
- Critical assumptions and risks

Participatory formulation & quantitative assessment

- Detailed estimate of investment and funding (including credit)
- Defining products, production patterns, operational income and costs by product
- Estimate of self-consumption and self-produced costs
- Estimate of general costs and of financial assumptions
- Participatory assessment of results (multiyear cash flow before/after financing, profitability, working capital requirements)
- Testing various technical, operational and scale options, sensitivity analysis

Recommendations

- Recommendations for further steps/funding based on project feasibility and risks analysis

*Module 3 uses a custom **software** to simplify calculations, increase reliability and transparency, and easily allow modifications to proposals.*

See:

<http://apps3.fao.org/riv-demo/login>



Module 3: Detailed Project Formulation & Analysis

Essential software features

- automatizes and simplifies calculation, avoiding errors, and increases data reliability
- shows and facilitates discussion of technical and financial assumptions and results in a very transparent way
- easily allows modifications to proposals

Main reports & indicators

- **Multiyear Cash Flow (with project)**
- before and after financing, taking into account promoters' own resources, matching grants and loans
- number of years with negative cash flow
- **Cash Flow Year 1 / Working Capital Requirements**
- **Profitability Analysis (incremental analysis)**
 - from the national economy standpoint, considering all income & costs
 - Net Present value (NPV), Internal Rate of Return (IRR)
 - **Employment creation, cost and grant per beneficiary**



Detailed Project Formulation & Analysis

Presentations (Concepts + Tools)

Exercises on Illustration Cases

Facilitation of Real Case

Proposals +
Monitoring and Evaluation +
Project portfolio analysis

RuralInvest > Quick Search: project (\$) go

Home Profiles (\$) Profiles (:) Projects (\$) Projects (:) Search Help Configuration

Create Import Search Show All

Summary & Reports :: Illustrative Sugar-cane Out-grower Farm (\$)

- 1 General Information
- 2 Beneficiaries & donors
- 3 Description
- 4 Technology and training
- 5 Sustainability
- 6 Organisation & risk
- 7 Investment costs
- 8 General costs
- 9 Blocks
- 10 Reference items
- 11 Financial data
- 12 Recommendations

Reports

- PDF Excel - Project summary
- PDF Excel - General description of the project
- PDF Excel - Investment detail
- PDF Excel - General costs detail
- PDF Excel - Production pattern
- PDF Excel - Chronology of production
- PDF Excel - Operations income and cost details by block
- PDF Excel - Financial parameters
- PDF Excel - Cash flow (first year)
- PDF Excel - Cash flow
- PDF Excel - Financial profitability
- PDF Excel - Recommendation
- PDF Excel - Complete report

Summary tables

- With-project operational income and costs summary
- Donation summary
- Working Capital calculation
- Cash flow
- Financial profitability

Project indicators

Project name	Illustrative Sugar-cane Out-grower Farm
User code	SCOF1
Technician	Dino Francescutti
Field office	Bagamoyo
Status	Proposal
Category	Agriculture
Beneficiary	General
Environ. category	B
Invest. total	916,822.50
Invest. own resources	284,687.50
Invest. donated resources	200,000.00
Invest. financed	432,135.00
Annual employment	48.10
Annual net income	174,247.58
Working capital total	455,471.98
Working capital own resource	0.00
Working capital donated resources	0.00
Working capital financed resources	455,471.98
Total costs	1,372,294.48
Total costs own resources	284,687.50
Total costs donated resources	200,000.00
Total costs financed resources	887,606.98
NPV (all costs)	264,502.19
IRR (all costs)	17.18
NPV (applicant)	464,502.19
IRR (applicant)	23.63
Direct beneficiaries	250
Indirect beneficiaries	0



Module 4: Database management and M&E

Essential software features

- Aggregates all prepared profiles and projects into **one single database**
- Allows to **search** in the database based on key indicators (project type, area, status, category of beneficiary, financial criteria, etc.) to produce statistics and reports
- Allows to carry out an **ex-post evaluation** of a funded proposal entering actual data as monitored by the investor



RuralInvest application at country level

Region	Funding source	Countries served
Latin America & Caribbean	WB, IFAD, FAO, Govt.	Ecuador, Guatemala, Mexico, Argentina, Panama, Honduras, Paraguay, Brazil, Haiti, Jamaica, Bolivia, Peru, Venezuela, Chile
North Africa & Middle East	WB, FAO, Govt.	Morocco, Lebanon
Sub-Saharan Africa	WB, IFAD, FAO, Govt.	Madagascar, Mali, Kenya, Cameroun, Tanzania, Rwanda
Central Asia	FAO, Govt.	Turkey, Tajikistan, Kazakhstan, Kyrgyzstan, Azerbaijan, Uzbekistan
East & South Asia	WB, FAO, Govt.	Bangladesh, Vietnam, Mongolia

Training of trainers at country level funded by adopting institutions
 FAO fully funds the development of RuralInvest toolkit



RuralInvest online resources

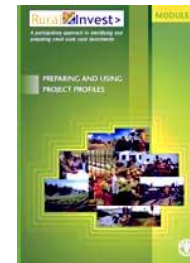
General information, manuals, brochure, tutorials, success stories

<http://www.fao.org/in-action/rural-invest/en/>



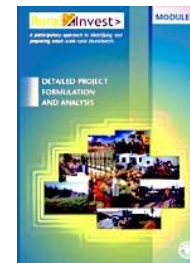
E-learning course

Introduction to RuralInvest and Module 2 concepts
<http://www.fao.org/elearning/#/elc/en/course/RI>



Software

<http://apps3.fao.org/riv-demo/login?lang=en>



RuralInvest diffusion at country level

A. Transfer of skills at national level

- Training of Trainers (ToT) approach
- Cascading RuralInvest skills and practical knowledge
- Build capacity of 3 type of users:
 - (i) national RuralInvest trainers
 - (ii) Ruralinvest end users
 - (iii) ICT staff/system administrator



RuralInvest diffusion at country level

Generally a 3-step ToT cycle :

- 1. Initial training** of a group of 20-25 technicians from the adopting institution & offices and services providers assisting promoters in preparing their investment proposals/business plans; participants take e-learning course
- 2. Capitalisation/knowledge exchange**, after a few months, and identification of potential national trainers amongst the 1st group
- 3. Training of a 2nd group of end users** with participation of the identified potential trainers, leading to **certifying national RuralInvest trainers by FAO**

Then Progressive diffusion by certified national trainers in regions/offices



Respectives roles of FAO/adopting institution

National institution (funding projects and managing the projects database)

- Designate RuralInvest **focal points** and **anchor** service
- Agreeing/updating RuralInvest **settings**
- **Training and progressive diffusion of RuralInvest:**
 - Plan training and knowledge exchange events
 - Maintain close links with the FAO RuralInvest team
 - Develop, tailor and update training material (exercises, case studies, etc.)
- **Technical support** to end users (service providers, projects promoters)
- **Quality review** of proposals
- **Portfolio management and M&E:**
 - Maintain the database of prepared projects/profile and of users and trainers
 - Produce statistics and reports

FAO

- Animate **ToT events**
- **Certify** national RuralInvest trainers
- Provide **distance support** after the full ToT cycle is completed
- Pursue **development of the toolkit** and releases **new software versions**



Example from the Field

Project Cycle:
Module 2

Mexico (2006-7): *Proyecto Escuela* (FFS like approach), RIV for M&E - On the Job CD



Ingresos Netos por Año	
Ventas :	227,768
Costos - Insumos :	144,240 -
Costo - Mano obra :	90,300 -
Costo - Reserva :	67,150 -
	<hr/>
	- 43,922
<hr/>	
Ventas :	620,213
Costo - Insumos :	1157,340
Costo - Mano obra :	45,150
Costo - Reserva :	67,150
	<hr/>
	350,573
Pago Prestamo	153,222 -
Año	<hr/>
	+ 197,351

Example from the Field

Project Cycle:
Module 2

Kenya (2010-2012) FFS + RIV – CD Workshops + On the Job CD



Example from the Field

Project Cycle:
Module 2

Mongolia (2013-15), Mongolia University of Life Sciences (MULS), Emphasis on RIV software



FACTS & FIGURES

Geographical coverage: Zavkhan, Arkhangai, Bayankhongor, Gobi-Altai, Khuvsgul provinces, Ulaanbaatar city

RIV introduced in Mongolia **07/2013**

No of trainings conducted **8**

No of trainees **192**

No of students trained by University **415**

No of participating institutions **25**

No of Master Trainers **7**

Lessons Learned

- **Module 1: Participatory Development Planning** - Not much demand since PRA capacities often available in member countries.
- **Module 2: Participatory Profile Preparation/Assessment** – High demand since results assessment often missing and simple visual approach appealing. Methodology easily appropriated. Facilitator skills needed.
- **Module 3: Detailed Project Preparation/Analysis** – Highly appreciated but sometimes not fully adopted. Requires full training of trainers cycle tailored to country/institution needs and strong institutional commitment for perennial use and diffusion of the toolkit.

