

Fungal Focus



Financing Mushroom Growing and Manufacturing in Uganda

GEE Group 40
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1.0. Business Concept Proposal

1.1. Introduction

Our proposal is based around the potential for Ugandan women to gain financial independence through entrepreneurship. This as an obtainable goal, but it is only obtainable with an initial financial backing from western organisations. We wish to do this not to gain profit, but to assist the growth of a potential industry in a third world country.

1.2. Goal

Our goal is to assist in achieving independence and empowerment in Ugandan women, so that they can gain dignity, and be in a position to provide a better life for themselves and their families. As Littlefield et al explains, "...access to financial services can empower women to become more confident, more assertive, more likely to participate in family and community decisions, and better able to confront systemic gender inequities."

1.3. Basic overview of the plan

The way we plan to achieve this goal is by investing in mushroom growing, manufacturing and exporting in Uganda, this involves a number of components which we will go into detail about later in this business plan. In doing this women can gain employment, and most importantly independence. We plan to get funding from western organisations, these funds will then be used to construct the necessary infrastructure for growing mushrooms. The funds invested will then be paid back over a set period of time, and with this money more mushroom establishments will be created, hence creating a managed fund. After all the funds have been repaid, the mushroom growers will continue to pay a small monthly fee which will go towards the labour costs incurred in the construction of other mushroom infrastructure.

1.4. Objectives

- To encourage woman's entrepreneurship in Uganda.
- To achieve self-sufficiency for the women involved.
- To have construction of mushroom infrastructure underway by July 2006.
- To build 20 units in total, with more being built using the repayments from the others.
- To find funding of NZ\$158,200 from western organizations.
- To create ongoing construction by using the repayments from the established mushroom producers.

2.0. Justification

2.1. Target Group

We are choosing to target women for two key reasons; the first reason is that it is statistically proven that there is a higher success rate when financing is targeted at women "Women often prove to be more financially responsible with better repayment performance than men. Also it has been shown that women are more likely than men to

invest increased income in the household and family well-being,” Angela Achori, Coordinator African Women’s Development Fund, this reason is obviously more on practical grounds than for any other reason. Secondly, there is a need for Ugandan women to gain independence as Mukasa, our Ugandan counterpart explains ‘In Uganda poor women/girl child are more vulnerable to HIV/aids because they are poor hence rich men exploit them, we also look at poor women most hurt with domestic violence simply because they can't take their husbands to courts of law/police because fear after putting the man in cells no one will look after the family.’ If women are in a position to provide for their families themselves, then these points become less prevalent.

Its Government policy to empower women to reduce their vulnerability by acquiring life time skills and information VFHWL Women have seized economic opportunities in Agricultural sector and are doing well

2.2. Location

We are opting to implement this plan in Uganda primarily because Mukasa our GEE teammate is based there, so he and Vision for Hope Women Link (VFHWL) would be able to manage this operation locally. Also the fact that it is Mukasa’s home country which we are operating in will give Mukasa more motivation to make running this organisation a success.

2.3. Product

There are several reasons why we have decided that mushrooms are the most effective way of achieving our goal:

- The labour required to grow mushrooms is not overly physical, therefore there is no need for manpower.
- Growing mushrooms can be done on a small piece of land
- Mushroom growing requires relatively low set up costs
- Mushrooms take a short period to yield (3 months), and after this period the next lot of mushrooms can be planted straight away.
- Not an extremely complex process, therefore the operation will not require a lot of training, which would be an extra cost.
- The Ugandan climate is conducive to growing mushrooms. Due to the fertile soils, these countries can only compete favorably in Agricultural sector due to low technical support.
- Mushrooms have numerous health benefits
- Mushroom seeds are available locally from the Ugandan Research Institute this is a bonus as mushroom seed is the major input.

3.0. About Vision for Hope Women Link (VFHWL)

This is an established organisation in Uganda, it was formed in May 2005 by a few Women activists from Vision for Hope Organization (VFHO) who aimed to empower Ugandan women and make them less dependent on their husband for reasons aforementioned by Mukasa. Many of the Women were not supported by their husbands, divorced separated and school dropouts who were in no position to be self-sufficient.

VFHWL are already involved in similar activities and would be the core avenue for establishing the idea of mushroom production.

4.0. Implementation

4.1. VFHWL's role

VFHWL will overlook the implementation and of this project. Their responsibilities will include:

- Sourcing the necessary materials for construction.
- Constructing the mushroom huts.
- Finding a supplier for the ongoing resources involved in mushroom growing.
- Educating people in the methods of mushroom growing.
- Assessing applications to grow mushrooms based on a case by case scenario.
- Managing and enforcing the repayments.
- Arranging to sell the product through a local distributor or exporter.

4.2. Sourcing Materials

All the materials for construction and growing will be sourced from local suppliers in Uganda. Buying in bulk and having a set design for construction will make the process more efficient. VFHWL will buy the ongoing materials such as seeds, and the individual mushroom growers will in turn buy from them.

4.3. Construction

Construction will be done onsite. VFHWL will create a basic design, orchestrate, and work alongside a local builder. Using the same builder each time will both make the process more efficient, and create a fulltime job.

4.4. Application

VFHWL will be responsible for managing the applications. They will target a specific category of people that fit the profile that we wish to assist. There is no need for a lot of advertising for recruitment; this is due to the nature of the service. However, it is essential that they interview a broad enough group of people to ensure highly appropriate applicants are found.

4.5. Training

The training for growing, drying, and packaging mushrooms is fairly basic, and can be done over a short period of time. This will also be conducted by VFHWL.

4.6. Monitoring and Evaluation

This part of the process is most important to ensuring the continued success of the project; this will be conducted by VFHWL. This also involves the enforcing of repayment. This is something that we intend to be strict with, as the project needs repayments to survive. We will put in place penalties for not making repayment; these will vary on a case by case scenario, and is something we will leave in the hands of the management (VFHWL).

We intend to use two types of evaluation, which include:

- i. Process Evaluation – Measuring how many set tasks were accomplished.
- ii. Impact Evaluation – Numbering of Women benefited from the project by directly measuring the effects of what we set out to achieved.

4.7. Sustainability:

Once we get the initial working capital to establish the new mushroom ‘farms’, we shall be able to effectively manage the project to ensure it’s sustainability thorough the following:

- Exceptional management and administration.
- First-rate financial management to ensure continuity of project including ensuring that repayments are made so that future projects have the funds necessary.
- Increase exposure and training to the members in the skills needed to improve the performance of the project.

4.8. Action Plan

	Time Period		
	July 2006	August-October 2006	October 2006
Activity	<ul style="list-style-type: none"> • Construction of shelter • Purchase Product equipment -drums, deckers and charcoal stoves • Prepare conducive environment for mushroom planting • Plant mushrooms 	<ul style="list-style-type: none"> • Monitoring & maintenance 	<ul style="list-style-type: none"> • Harvesting

5.0. Project Management Team (PMT)

The Project Management Team is comprised of six female members of the Vision for Hope organization which are all based in the Kyebando Zone Kawempe Division-Kampala District. As this project will be implemented through the VFHWL, it was crucial to ensure roles were allocated accordingly, relative to the skills and qualifications that the women possessed. The role of this team is to ensure that implementation stages run smoothly and to carry out tasks such as resource management and allocation, certifying that the money is spent as planned and also to enforce repayment to endorse future projects and ensure continuity.

Name	Position	Qualification
Gulirwa Fortunate	Project Coordinator	Hon.B. Social Science (Makerere University) Cert. Train & Trainers Workshop Entrepreneurship
Namusoke Evas	Project Secretary (Accountant)	B.B Admin (Makerere University) Dip. Business Studies
Nabakijje Afisa	Project Officer (loans)	Dip. B. Admin Cert. Micro Finance Management
Nandaula Prossy	Project Officer	Hon. B. Education (Makerere University)
Namulindwa Hadijja	Program Officer (organizer)	Dip. Secretarial Studies Cert. Project Planning & management
Ainebyona Grace	Secretary for women (welfare)	Cert. Micro Finance Small Scale Industries

6.0. Economic Rationale

From an economic standpoint Uganda is in a transitional stage where traditional real sector export drivers, such as coffee and maize, are facing declining market share and projected revenue levels. Uganda's agricultural sector is facing a shift from small scaled production for the local market to a large scale production for exporting to the global market. The Ugandan government has played a key role in this process by encouraging local business entrepreneurs to divesture i.e. encouraging small business entrepreneurs to market their products across borders, placing Uganda in a more favorable position to compete in the global marketplace.

The Uganda government has joined different trade bodies such as the East African Trade Federation (EATF). Trade organizations have a clear commitment to fair trade as the principle core of their mission. These organizations provide its members with many benefits which reduce trade barriers such as the lowering of trade tariffs and quotas. This is a great benefit to developing countries such as Uganda as it makes the international market more accessible to small firms and emerging entrepreneurs.

The Uganda Manufacturers Association (UMA) has also had a great impact in this matter by encouraging local entrepreneurship by organizing seminars and workshops, providing trade shows to potential markets, and offering awards to promote and commend entrepreneurs such as Entrepreneur of the year, with the assistance of the Uganda Export Promotion Board (UEPB). Along with the Uganda Bureau of Standards (UBOS), these bodies verify products before they are ready for export and provide information on the most suitable markets to enter.

Since all the raw materials used in this project are locally produced, our product sufficiently meets the World Trade Organization's (WTO) 'rule of origin' which states that a minimum of 40% of materials must be produced locally, allowing us to export under this trade agreement. This also places us in a favorable position to receive funding from local organizations and possibly to receive government grants as more money is being injected into the local economy.

7.0. Funding and Support Facilities

The initial aim of the project will be for women to produce the goods as a means of becoming self-sufficient. Once this is achieved, the nature of the product will change from a self-sufficiency basis to manufacturing of valuable and profitable goods firstly for the local market and subsequently for export. In order to carry out this task initial start-up funding is necessary and therefore the necessity to examine mechanisms on offer that would support our project. We are seeking funding of NZ\$158,200 to cover initial startup costs which will be maintained after implementation through the revenue produced. There are many different mechanisms available to support women's entrepreneurship and economic independence. This proposal fits the criteria of many of the grants and funds available and as there is generally a capped amount of funding provided, the funding pool will consist of grants from several different organizations.

UNIFEM is the women's fund at the United Nations and is one mechanism which provides financial and technical assistance to innovative approaches aimed at fostering women's empowerment and women's entrepreneurship.

The Global Fund for Women provides flexible, general support grants for projects that address universal issues such as economic independence for women. Grant making is organized into geographical regions with the majority of the funds going to Africa.

The African Women’s Development Fund is a fundraising and grant making fund which aims to support the work of the African women’s movement. The beneficiaries of the fund will be local, national and regional African women’s organizations working in the area of economic empowerment.

Funding Pool

Organization	Obtainable funding amount (\$NZD)
UNIFEM	120,000
Global Fund for Women	20,000
African Women’s Development Fund	15,000
TOTAL	\$155,000

8.0. Technical Aspect

To distinguish our product from other mushroom growers we have differentiated our product by using simple methods to add value to our products, resulting in three different yet profitable products

- i. Fresh mushroom – harvested, cleaned and ready to eat.
- ii. Dried mushroom – dried using a drier in order to preserve it. This method provides a less perishable product which when packaged can last at least six months increasing its shelf life.
- iii. Powdered mushroom – can be prepared as mushroom soup or added as a spice

9.0. Market

9.1. Market strategy

Due to the nature of the product and the small scale of this project, there is very little marketing required. Initially, the availability of this entrepreneurship opportunity must be marketed to increase public awareness, but as this is on a small scale, could be covered using costless methods such as via church announcements and other community events. Also, VFHWL deals with large numbers of women whom many of which will be suitable for this project and therefore finding suitable candidates should come with ease. The end product itself though will not have to be marketed as goods will be distributed via a distributor/exporter and therefore there will be no resulting marketing costs.

9.2. Distribution

Distribution of the packaged end product should be a simple and unproblematic procedure as by implementing this product through VFHWL we can benefit from the use of supply centers already established by the organization to distribute the products in the local market.

On a global scale the key decision that had to be determined in terms of distribution was whether to ‘make or buy’ i.e. whether to establish our own distribution channels such as obtaining an export license to become an authorized exporter, or

whether to use ones already established such as the use of distributors. To reduce costs it would seem the most rational option would be to establish our own distribution channels. But with the limitation of monetary resources and a lack of real knowledge of the global market the reasonable option is to sell the products wholesale to a distributor reducing the overall complexity of the task at hand.

This project will establish twenty of these set ups in various locations around Uganda within this timeframe. Although the work itself is not labor intensive, the initial shelter construction is and therefore the cost of construction labor has been taken into account. Mushroom growing has a short gestation period of three months and seasonal crop gives morale to the members as they take short time to realize their effort benefits and get returns thus speeding up their development patterns. Also, with the benefit of a non-seasonal product with a short gestation period, participating entrepreneurs will benefit from four harvest yields per annum.

10.0. Conclusion

This proposal aims to provide women with self sufficiency, entrepreneurship skills and overall economic independence and empowerment. These issues are highly gender specific and are universal in nature with many small, non-profit organizations like Vision for Hope dedicated to resolving these issues.

Participating women will benefit by improving their welfare, standard of living and the quality of life of their families, with the aim of self sustainability rather than dependency. Also, by enforcing repayment of funds we ensure the continuity of this project and possibly an expansion in some areas which would enable greater numbers of women to access this opportunity. Uganda Government is serious about closing the gap between the first and second economies Empowerment of Women Entrepreneurship doesn't only contribute to the women welfare but also immensely towards the Government's Objectives of fighting poverty. The low costs of production, accessibility to raw materials, and the overall demand both locally and in the international market make it an undoubtedly justifiable success.

“Women want a world free from hatred, violence and poverty, a world of equal opportunities and rights, a world that is prosperous and secure for all”

- Noeleen Heyzer, Executive Director, UNIFEM

APPENDICES

Price Range (NZD)

Product	Distributor buying price (NZD)
1 Kg Fresh Mushroom	\$20 - \$ 40
1 Kg Dried Mushrooms	\$35 - \$60
1 Kg Powder mushroom	\$70 - \$120

Financing

Proposed budget for the Mushroom Project

Item	Cost Per Unit (NZD)	Qty	Total input (NZD)
Fixed Costs			
Construction	\$700	3 Rooms	\$2100
Deckers	\$300	4	\$1200
Drums	\$30	2	\$60
Charcoal Stove	\$30	2	\$60
Weighing Scale	\$80	2	\$160
Sealing machine (packaging)	\$75	2	\$150
Labor costs (construction)	\$10 (per hour)	320 hours	\$3200
Total Fixed Costs			\$6930
Variable Costs			
Cotton waste	\$3	30 Bags	\$90
Timber Waste	\$2	30 Bags	\$60
Maize brand	\$5	10 Sacks	\$50
Polythene bags	\$3	20 Bundles	\$60
Mushroom Seeds	\$120	6 Jericans	\$720
Total Variable Costs			\$980
Total			NZD \$7910

Overall Total costs (20 units)	NZD \$158200
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Investment and Returns

Project Gross Income: 4 Harvests – Per Annum

Product	Cost Raw materials (\$NZD)	Average Qty per (Kg) Item	Average price per Item (\$NZD)	Total Output (\$NZD)
Fresh Mushrooms	1306	500	30	15000
Dried mushrooms	1306	200	50	10000
Powdered mushrooms	1306	75	95	7125
TOTAL	\$3920	775Kg	175	32,125

Project Net Income

Gross Revenue	\$32125
Less Variable Costs	\$3920
Less 10% Fixed Cost	\$693
Total Net Profit	\$27512

References

Angela Achori, Coordinator African Womens Development Fund
<http://www.peace.ca/affundraising.htm>

East African Federation (EATF)

Global Fund for Women
<http://www.globalfundforwomen.org/work/grants/content.html?profile=forde-u>

Noeleen Heyzer, Executive Director, UNIFEM
<http://www.unifem.org/about/brochure.php>

UEPB (Uganda Export promotion Board)

Ugandan economy – www.uganda.com

Uganda Manufacturers Association (UMA)

Uganda Bureau of Standards (UBOS)

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