



# From risk to resilience

## Incubating adaptive climate-proof businesses



FFF regional training-of-trainers for Africa

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## Introduction

Across all sectors Small and Medium Enterprises (SMEs) demonstrate high failure rates after 2 to 5 years of operations. This is also true of enterprises run by many different types of Forest and Farm Producer Organisations (FFPOs). The most common reasons for failure are cash flow problems (not keeping enough profit in the enterprise to pay for things when they must be paid for). But there are a host of other problems that cause failure – including the ever increasing threat of climate change – seen in variable rainfall patterns, and extreme weather events like droughts or floods. Failure often has dramatic negative consequences for the business owners and staff.

While plenty of guidance exists on how to set up a new business (i.e. business start-ups), there is little guidance on how FFPOs can help support enterprises over time (i.e. ‘business incubation’) and plan proactively to overcome risks of failure (i.e. ‘risk management’) which includes overcoming risks associated with climate change (i.e. ‘climate resilience’). Women have distinct roles to play and often face additional, gender-specific challenges that need to be taken into consideration. The integrated nature of the forest and farm sector means that these different issues cannot be treated separately but need an integrated approach.

This training-of-trainers provides a refresher course on two toolkits that have been developed to support practitioners in improving business incubation and risk management processes – plus adding a new module on 30 practical options to climate-proof your business:

- The ‘FORBINC - business incubation’ toolkit provides a framework for developing business incubation services within, primarily, a producer organisation but which could also be applied to other organisational structures (Such as a Non-Governmental Organisation or NGO).
- The ‘Securing the Future’ risk management toolkit provides a framework and set of tools designed to guide a process of identifying and assessing possible business risks.
- New training modules based on ‘Diversification for climate resilience – 30 options for forest and farm producer organisations’

Together with mainstreaming gender equality, these training approaches provide a set of tools and methods for FFF facilitators and FFPO business coaches to support FFPOs in strengthening their business development service delivery to members.

## Background (regional rationale)

The objective of Phase II of the Forest and Farm Facility (FFF) from 2019-2022 is to support forest and farm producers to achieve “Climate resilient landscapes and improved livelihoods”. FFF believes these producers are key actors in reducing poverty and achieving the many other Sustainable Development Goals (SDGs) and Nationally Determine Contributions (NDCs) to fight climate change.

The FFF makes sure FFPOs can participate strongly in innovative government meetings to improve the national rules and regulation within which their enterprises work. It channels money directly to them and provides training and farmer-to-farmer field exchanges to strengthen their enterprises. It works with them to build entrepreneurial resilience to an increasingly variable climate. Larger and more stable incomes within FFPO enterprises allow them to offer social and cultural services for their members and the rural poor (i.e. support for education, childcare, healthcare and so on).

Phase II puts specific emphasis on the inclusion of women in developing enterprise value chains that can deliver better livelihoods and climate-resilient landscapes at the same time. The key to FFFs success lies in encouraging entrepreneurial spirit so that FFPOs themselves have the drive and skills to access markets and finance and deliver business development services to their members.

Different regions have different enterprise challenges, so this training-of-trainers has been designed specifically to improve enterprise support processes in Africa. It aims to strengthen the entrepreneurial confidence and skills of participants so that they can go back and train colleagues in risk management

and business incubation. Throughout the training, FFF's themes of gender equity, youth and indigenous inclusion will be integrated.

## Objective

To train FFF in-country facilitators, apex FFPO business leaders and coaches in tools designed to strengthen business incubation and risk management services within producer organisations, with a particular emphasis on 30 practical options for building climate resilience into business planning for both women and men, so that they can replicate training in their countries to key stakeholders.

## Expected results

Participants can expect to be able to do the following by the end of the training:

- **Install business incubation services within an FFPO.** Together with that FFPO you will be able to: identify which sorts of client businesses to support; design an institutional structure, staffing and finance to provide that support; decide what services might form part of that support; plan how to manage the delivery of those client services; and set up a plan to assess impacts on clients.
- **Undertake a risk self-assessment process with an FFPO business.** Together with enterprises that you are supporting you will be able to increase understanding of why risk management is important. This will include tools for identifying, prioritising, and implementing a plan for managing risks together with local businesses and other partners in the value chains.
- **Employ from amongst 30 options for climate proofing an FFPO business.** Together with the enterprises you are supporting you will be able to choose and then implement up to 30 different options to improve a business climate resilience by making adjustments to the business organisation, natural resource use, market approach and technological physical infrastructure
- **Integrate gender sensitive approaches.** You will be able to analyse what specific gender constraints must be tackled in order to fully reach and facilitate women's productive and entrepreneurial potential. This will include operational guidelines for ensuring both women and men participate and benefit equally from trainings.
- **Train others in using these tools in their enterprises or organisations.** The training sessions will follow a format where participants will learn how to use a set of tools to facilitate information gathering, analysis of results and decision making by beneficiaries themselves.

## Resources

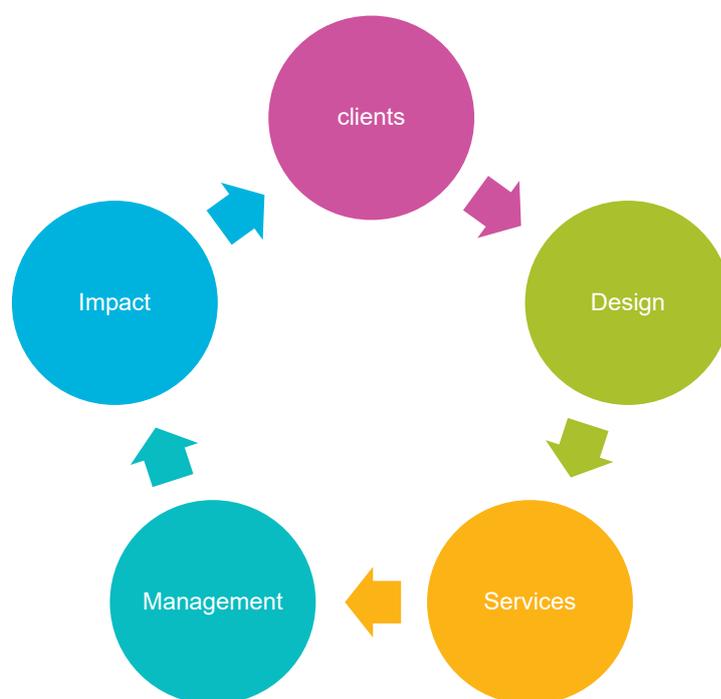
- [ForBlnc: Forest business incubation toolkit by and for Forest and Farm Producer Organisations | Publications Library \(iied.org\)](#)
- [Securing forest business: A risk management toolkit for locally controlled forest businesses | Publications Library \(iied.org\)](#)
- [Diversification for climate resilience. Thirty options for forest and farm producer organisations | Publications Library \(iied.org\)](#)

## Training Agenda

### Day 1. ForBInc – Forest business incubation by and for forest and farm producer organisations.

#### 1. Business incubation by FFPOs themselves – the ForBInc approach

The ForBInc toolkit has been designed to provide a logical process for thinking about how to design and manage a business incubation unit that can be built into different types of institutions. It comprises 5 main modules, which we will follow step by step:



*Figure 1 Cyclical flow of modules in the FORBINC toolkit*

The toolkit is designed to require consideration of gender issues such that particular modalities may need to be developed for providing business incubation to women.

After this session participants will understand what business incubation is – why it is something that every FFPO should aspire to – and how the different needs of men and women need to be taken into account in its design.

#### 2. Define the scope, types of clients, their needs, skillsets and how to source them

In this session we will discuss the geographical scope of the incubator, the types of clients their needs, and other value chain actors with whom they will need to interact. Using the client target group as a starting point, we map out the business environment within which they are operating and identify key skillsets needed by the organisation seeking to establish business incubation services so that it can serve its clients' needs. N.B. it is not necessary that all skillsets are to be found 'in-house' – rather that the FFPO knows where to source them.

After this session participants will be able to prepare data collection material and conduct a quick survey of potential enterprise clients and create the organisational structure and identify staffing needs and resources for a forest business incubator. Special attention will be paid to women's-led businesses and the role of women within the client businesses.

### 3. Understand what services to offer, how to deliver them and follow-up

In this session we will introduce the mixture of services types you can deliver through a pool of specialised staff and decide which services to develop internally and which ones to outsource to other actors in your network. We will go through the practicalities of selecting clients against criteria, conducting a client needs assessment, developing an 'intervention plan', planning for graduation / exit.

By the end of this session participants will be able to assess the cost and benefit of different delivery options and be able to develop a management plan for running an incubator.

**Homework for day 1 will involve choosing one business with which you are familiar and answer three questions: what are all the challenges that business might face to survive and remain profitable? What service could an incubator offer to help with each type of challenge? If you were in charge of the incubator – which of those services could you offer individually and which would you need to get help with (name the particular people you could ask).**

## Day 2. Securing forest business – Risk self-assessment for forest and farm businesses - Part 1

### 4. Introduction to the ‘securing forest business’ toolkit

A good start point for any business incubation process is to look in detail at the risks or challenges faced by an FFPO business, and then prioritise which need active management in the year ahead. This two-three training will cover the 7 steps and tools covered in the “Securing Forest Business” Toolkit. Each step includes a module and set of exercises that feed into each other in a logical flow of information gathering and analysis:



*Figure 2 The risk-assessment and management process and logical flow of the "Securing the future" toolkit*

The introductory session will be used to:

- Introduce the training
- Clarify key concepts and key words - including ‘risk’, ‘risk management’ and ‘opportunity’ and
- Explain the benefits of carrying out risk management will be key for the rest of the process
- Establishing purpose: link risk management with business objectives
- The main objectives of the business will be clarified and critical factors for achieving these will be discussed to understand how risks may affect the ability to reach those objectives.

After this session, you should be able to explain what risk management is, why it is useful, and how the business can do its own risk self-assessment using the tools in this toolkit – assessing risks against the business’ own stated objectives.

## 5. Identifying risks

Once you know which objectives are of interest to the business, you can start identifying and categorising risk. We will use a risk-assessment framework consisting of six areas of risk designed to help with brainstorming, and to help prompt questions, which include risks to do with: natural resources (including climate change), financial revenue flows, business relationships, policies and regulations, staff and operational capacities and brand reputation.

At the end of this session you will have a list of challenges that you need to address to meet business objectives. The participants will look at specific risks that occur for women's led or women's businesses.

## 6. Ranking risks

In this session we will rank and prioritise the most serious risks based on how likely it is that each risk will occur and its potential consequences for the business. We can either use participants own examples or conduct an exercise using a Madagascan example.

After this session, you will be able to focus the business's risk management efforts and resources on the most serious risks.

**Homework for Day 2 will involve a quick risk ranking exercise that participants will be asked to carry out for one business with which they are familiar.**

## Day 3. Securing forest business – Risk self-assessment for forest and farm businesses - Part 2

### 7. Assess risk management options

The purpose of this session is to develop actions to manage each of your priority risks. Using the main challenges identified participants will engage in a creative discussion and brainstorming session on different options and strategies for managing these.

At the end of the session participants will have a list of realistic options that they can put to use in plans to manage risks in the year ahead.

### 8. Developing an implementation plan

This module will draw on all material developed up until now to develop an action plan with designated roles and responsibilities. Effectively this becomes the enterprise plan for the year ahead – focusing on improving critical elements of the business in order to avoid failure.

After completing this session, it should be clear *who* in the business needs to do *what* in order to manage risks, what resources are needed and how to evaluate the results.

### 9. Designing a reporting and monitoring system

In this session we will use the implementation plan to design a system for monitoring progress – with idea of reviewing progress on an annual basis.

After this session, participants will have a clear idea of how to evaluate whether assigned strategies are working and how to incorporate lessons learnt from last year into your business this year.

**Homework for day 3 will involve coming up with a risk management plan for the enterprise example that you used in Day 2 – noting any particular plans for climate risk management.**

## Day 4. Thirty options for climate resilience

### 10. Defining and understanding climate resilience

Climate change poses a series of risks to FFPOs and their businesses – but these are only one source of risk (alongside risks to do with financial revenue flows, business relationships, policies and regulations, staff and operational capacities and brand reputation). Nevertheless, climate risks are real and increasingly a leading source of FFPO concern, so this session will introduce a framework for understanding the threats posed by climate change, and how to build climate resilience. It will help distinguish between activities to assess the nature of climate risks from activities to manage those risks.

After this session participants will understand a framework for thinking about climate resilience that fits with latest thinking from the Global Resilience Partnership.

### 11. Introducing 30 options for climate resilience – and social organisational option for resilience

In this session participants will be introduced to a rapid overview of how to diversify their resilience responses using 30 options for climate resilience. The 30 options include changes that can be made in terms of social organisation, farm ecology, business strategy and physical and technological infrastructure – where some thought must be given to the differential needs of men and women. The social options will be covered first – as they link to prior session on business incubation and risk management.

After this session, participants will have confidence that they know most of the options available to build climate resilience – and especially those to do with social organisation.

### 12. Ecological and technological options for resilience

In this session participants will be introduced in more detail to the ecological and technological options for climate resilience – things that any farmer can do climate proof their production system.

After this session, participants will have confidence that they know most of the ecological and technological options that they might use to improve the climate resilience of their farms.

**Homework for day 4 will involve, for a real or imagined farmer group, list the options that you have already put in place for climate resilience – and one additional priority that you might consider in terms of (i) what the organisation could offer (ii) what could be done on farm (iii) what technology might be added to give greater security.**

## Day 5. Climate proofing your business

### 13. Economic options for resilience

In this session participants will be introduced in more detail to the economic options for climate resilience – things that an FFPO business group can do climate proof their enterprise.

After this session, participants will have confidence that they know most of the ecological and technological options that they might use to improve the climate resilience of their farms.

### 14. Access to finance: how to finance climate resilience

In this session we will examine some of the reasons why forest and farm producer business struggle to access finance. We will examine the various steps that can be taken with those enterprises, and with financial service providers – but also to rethink how to access money from a broader range of potential sources.

By the end of this session, the participants should have a clear idea of six possible sources of finance, key priorities in developing access to those financial sources, and how to approach financial institutions.

### 15. Documenting and spreading understanding of climate resilience in ways that open connections to climate finance

This final session will introduce the ways in which FFPO structures – from local to regional to national level can be used to help build awareness about climate resilience and link to the main sources of climate and development finance that might become increasingly available.

After this session participants will be able to design a strategy for spreading climate resilience within their FFPOs and that also can serve to attract finance with government and civil society partners and funding streams.

**Homework for days 5 to 365 will involve taking what you have learned in this training, installing a business incubation unit in your organisation, and then working with at least one or more FFPOs to ensure that they undertake a risk analysis that involves climate risks and comes up with prioritised actions for the year ahead.**