

Pictorial Budget

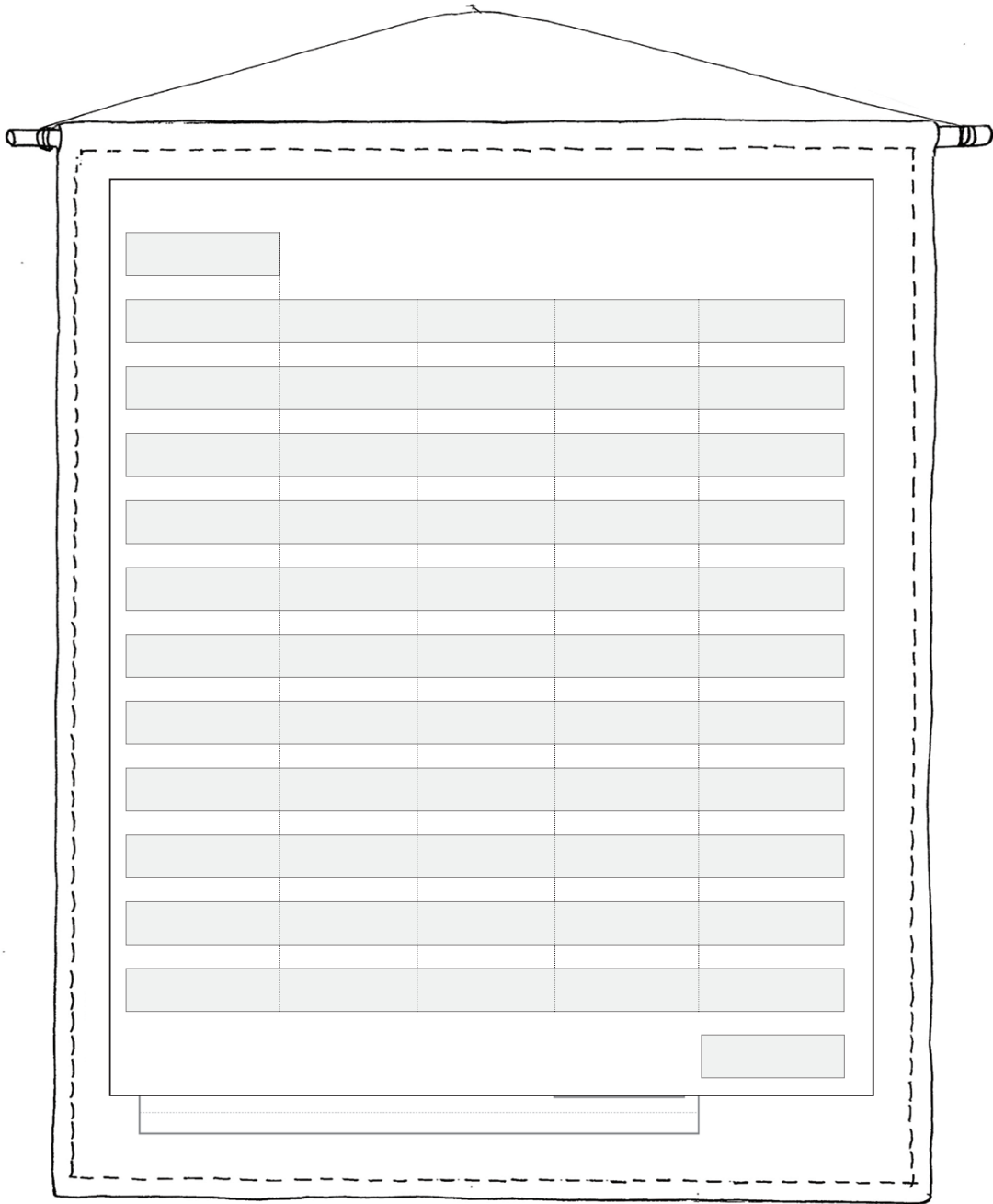
Toolkit



Trainer's Guide

This guide will help you use the Pictorial Budget Toolkit. As the trainer, please read through and familiarize yourself with the entire guide before facilitating any discussion.

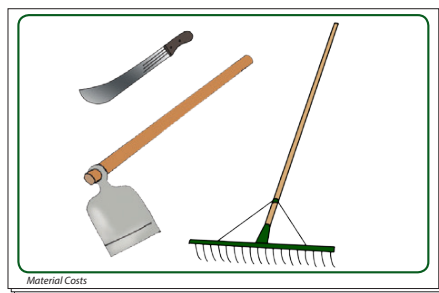
Elements of the Pictorial Budget Training Set



A full size chart with table



Crop card and
title cards



Material cards



Labour cards









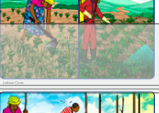


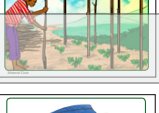
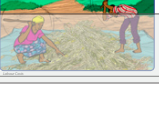

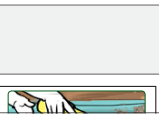


Introduction

The Pictorial Budget Training Set is meant to help the farmer make choices based on a cost-benefit analysis. With the help of the Pictorial Budget tool, the farmer produces an overview of costs related to the agronomy practises of climbing beans. Note that this activity can be used for other crops by replacing the cropcard of climbing beans with another cropcard (either drawn or written).

The Pictorial Budget Training Set consists of the following parts:

- A full size chart with a table. The table on the chart divides the costs into two categories; input costs (materials that need to be bought) and labour costs (the costs for hiring people to do certain tasks).
- 11 Material cards
- 11 Labour cards
- 1 Cropcard reflecting a climbing beans plant and 5 title cards

This activity can be done with an audience of 30 people maximum

	Cost	Labour	Cost	Total
	150,000		30,000	180,000
	0		10,000	10,000
	50,000		0	50,000
	80,000		20,000	100,000
	80,000		20,000	100,000
	20,000		0	20,000
				
				
				
				
				460,000

The amounts in the table are examples. Make sure these amounts match the reality in your region.

Activity instructions

Guide your audience through the activity:

- Say: We are going to practice doing the cost-benefit analysis and profit analysis of growing a climbing bean crop.
- Place the cropcard in the box on the left top of the chart. Place the five title cards on top of each of the five columns. The cards should have the order from left to right: 'inputs' - 'Cost' - 'Labour' - 'Cost' - 'Total.' See also the example on page 4.
- Let the participants agree on the size of land for the crop that will be analysed. This is important since costs change for different land sizes. Ideally you agree on a piece of land of 1 acre.
- Let the participants decide on which material inputs and labour activities are relevant for the crop that they are analysing (choose from the material cards and labour cards).
- If there are other labour activities or material inputs that are not on the cards, new cards can be created and included.
- Let the participants insert the cards in the right order in the first and third column of the chart (materials inputs in the first column and labour inputs in the third column).

Trainer Note:



How to determine input costs

- Determine the different inputs required for each activity
- Determine how much of each input will be needed to grow the crop in the size of land chosen
- Determine the unit price for each input
- Determine the total cost for each unit, write this number on a piece of paper and insert this in the second column.
- Add all of the total prices for each unit to find the total input cost.

How to determine the labour costs

- Determine how much labour is needed to grow this crop in the land size chosen
- Determine the unit cost of the labour per activity, write this number on a piece of paper and insert this in the fourth column.
- Determine the total labour cost

How to determine the total cost of production

- Add the numbers in the second and fourth column horizontally and include this number in the fifth column under 'total,' to know the total costs per activity.
- Add all the numbers in the fifth column and include this number in the bottom right box. These are the total costs of producing this crop for the agreed land size.

- Ask the participants to identify all of the costs associated with land preparation – i.e. both the 1st and 2nd ploughing.
- Continue this process until the other ten farming activities of the first crop are filled in completely.
- Determine an expected yield (output) of the crop. How many bags do you expect to harvest from the proposed land size?
- Determine the unit price for which each bag will be sold.
- Multiply the number of bags by the unit price of each bag. Write this number on a piece of paper.
- Subtract the total costs of the crop by the expected income to find an expected profit.
- Repeat this process for other crops (if applicable).

- When the expected profit has been calculated for each crop, discuss which crop is most profitable.
- Ask: Why is it important to do cost-benefit and profit analysis before deciding which crop to farm as a business?
- Allow some participants to respond before giving the answers below.
 - Some crops require high quality inputs and labour, but their expected returns may also be high. Some crops are relatively inexpensive to farm, but may give low returns. We can only know when a crop is estimated to be profitable when we factor in all of the costs and compare with the expected income.
 - We can compare an analysis with those of other crops to predict which crop will be the most profitable.
 - Farmers need to do a cost benefit and profit analysis every season for each of their crops:
 - > Before production – to confirm how much profit they expect to get.
 - > After production – to confirm how much profit they made, based on actual quantities and market prices.
 - Farmers need to keep records of all the activities done and their costs to calculate a profit margin before they agree to sell at a particular price.

Key message:

- Use cost-benefit and profit analysis to predict how much profit an enterprise will make and to select the enterprise that you expect to give you the most profit.



For more information contact:
National Agricultural Research Organisation (NARO)
P.O. Box 295, Entebbe, Uganda
E-mail: dgnaro@naro.go.ug
www.naro.go.ug
Telephone: +256 414 3201041

Illustrated and designed by

