

ASGM Business management training

Training material consists of 6 topics with a total duration of 12 hours. Training topics include:

- ✓ Change your mindset!
- ✓ You are an entrepreneur!
- ✓ Legal liability and insurance
- ✓ Income and cost accounting
- ✓ Developing your partnership and business planning
- ✓ Mutual savings group

The main objectives are:

- i. To change the miner’s mindset to see ASGM and their partnership/cooperative as a small business and equip the miners with the knowledge on how to become a successful entrepreneur, legal liabilities of an ASMO, how to do simple accounting and planning for their ASM operation, which are much needed for securing investment in the future.
- ii. Provide information and knowledge about making savings from the ASGM income, establishing a savings group within the ASMO.
- iii. Provide knowledge and information on benefits of planning and recording the operational costs and activities, using some of the parts of the Business Plan Toolkit, developed by planetGOLD

Total attendees: 20-25 people

Attendees: Heads of the ASMOs, ASMO trainers, officers responsible for documentation, financial reporting, secretaries, managers, CRAFT development officers.

Agenda:

1st day (In-class)	
Time	Title
09:00-09:10	Opening
09:10-09:20	Ice breaker activity
09:20-09:40	Pre-test
09:40-10:10	Change your mindset lecture
10:10-10:40	You are an entrepreneur
10:40-11:00	Tea break
11:00-11:30	Activity on assessment of entrepreneurial skills
11:30-12:30	Legal liabilities (taxes, insurance, licenses)
12:30-13:30	Lunch
13:30-14:10	Team activity and discussion (Taxes and insurance being paid by ASMOs and miners)
14:10- 15:10	Income, costs and accounting
15:10-15:30	Tea break
15:30-16:30	Activity on recording, classification, planning of operation and costs <ul style="list-style-type: none"> - Processing plants - Hard-rock mine - Gold trader
2nd day (In-class)	

09:00-09:20	Short revision of the previous day content	
09:20-10:40	Developing your ASM partnership/Planning the business	
10:40-11:00	Tea break	
11:00-12:30	Introduction to mutual savings group Savings group game/activity End of the training	
12:30- 12:45	Post-test	

Topic: Change your mindset!

Content	Methodology/Materials
<p>Opening remarks by Dulguun M., Investment Specialist at planetGOLD Mongolia project (5 minutes) Ice-breaker activity (10 minutes) Attendees introduce themselves (Name, ASM organization, and a hobby) Set training rules (10 minutes) The attendees will talk together and set around 5-7 rules. For example, no talking (disturbing the trainer's lecture), set the phone ringtone to silent, not disturb others, etc.</p>	
<p>Change your mindset! Duration: 40 minutes</p> <ol style="list-style-type: none"> 1. What is mindset management? 2. Why do we need to change our mindset? 3. How to develop yourself to change your mindset? <p>1. What is mindset management?</p> <p>What are the 5 most important factors in our lives? Why is our life still the same? What will change bring us?</p> <p>2. Why do we need to change our mindset?</p> <p>Can we make our goals clearer? What should you look for when setting your goals? How to set your goal?</p> <p>3. How to develop yourself to change your mindset?</p> <p>Identify ways to develop yourself Get to know your own way of learning</p> <ol style="list-style-type: none"> 4. Activity session (30-40 minutes) Providing chance for participants to share their vision on where they see ASGM and their ASMO in the near and far future. (This will be linked to the last session of the training on Business Planning and Developing the ASMO) 	<ul style="list-style-type: none"> • PPT • Distributing materials • Give time to reflect and think.

Topic: You are an entrepreneur!

Content	Methodology/Materials
<p>You are an entrepreneur! Duration: 40 minutes (In-class)</p> <p>Who is an entrepreneur?</p> <p>Provide an understanding of running a business. Will focus on artisanal and small-scale mining as a business.</p> <p>For Mongolians the very first encounter of running a business started in 1990s, when our economy shifted to market economy, by this time the first artisanal miners started their individual mining activities. For us seeing ASGM as a business might be totally new, but we need to realize that we are doing a small business.</p> <p><u>Characteristics of an ASGM entrepreneur</u></p> <p>This topic provide the content to artisanal miners on what it is like to be an entrepreneur and link it to their ASGM work. The participants will assess their own entrepreneurial abilities.</p> <p>Technical skills are the practical abilities you need for your artisanal mining business idea to result in goods produced or services provided. For example, if you want to start an ASGM business, you need to know the skill on how to do artisanal and small-scale mining. Do you have technical skills that are necessary for ASGM?</p> <p>Business management skills are the abilities to run your ASGM business efficiently. Do you have skills in marketing, costing, record keeping, people motivation, etc.? The more you know about ASGM business, the more you will avoid making costly mistakes. Do you have a detailed knowledge of the ASGM business?</p> <p>Negotiation skill is the ability to communicate with others without offending anyone. When you negotiate, you not only think about what is in your favour, but you must be aware of things that are in the other person’s favour also. Can you get what you want from a negotiation in a way that both parties can benefit? You will need this skill when doing the ASGM business and looking for or communication with a possible investor in your ASGM.</p> <p>Your business and the environment As an ASGM entrepreneur, you need to know the environmental issues affecting the ASGM business. Do you know how to sustain the natural capital or resources on which your business depends?</p> <p>Commitment to your community Your business needs to be community friendly. Entrepreneurs are important members of the community, and you need to have a commitment to the advancement of the community. Does you</p>	<p>PPT Activity Discussion</p>

<p>ASGM organization you have a good relationship with the community?</p> <p>Taking risks There is no absolute safe business, ASGM included. You always run the risk of failure. Are you prepared to take risks? Are you willing to risk your money? If you are already an artisanal miner, we think you already have this skill.</p> <p>Problem solving Running your own business requires that you are able to solve problems. Do you have the ability to solve the root cause of problems in creative ways?</p> <p>Goal orientation One feature that differentiates an entrepreneur from an employee is the ability to develop and achieve goals. You should be able to envision where your business is headed and to see the bigger picture than just focusing on minor details. Since you all have already developed a vision board for your ASMO or the sector in whole in the previous section, this should not be a problem. Activity session (10 minutes)</p> <p>The attendees will have time to assess their own business skills and abilities and see, which of the skills should be improved.</p> <p>How should an entrepreneur improve?</p> <p>There can be many ways to improve your entrepreneurial skills, such as:</p> <ul style="list-style-type: none"> - Seeking help from others - Attend different trainings that will develop your skills (for example trainings from ASM NF and planetGOLD) - Learn from successful business people. Because ASGM is a business too, you should look up to other business owners too. The trainers bring up successful business stories, local or international. - Listen to podcasts on business and read articles, booklets, articles developed by planetGOLD and the ASM NF. 	
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Topic: Legal liability and insurance

Content	Methodology/Materials
<p>Duration: 1 hour 30 minutes (In-class)</p> <p>All ASGM sites have their legal obligations aside from the main formalization and land approval documentations. In order to do any business we all have to have the right information and knowledge about the right type of permits and licenses needed for ASGMs.</p> <p>Tax</p>	<p>Stand papers, marker PPT Activity- What are the taxes that ASMOs pay</p>

As the ASGM is also a business, in this section we talk about information about what taxes (types of them) you have to pay, why the taxes are important, and how you contribute to the society will be provided.

Paying taxes is important for any ASMO to be regarded as a legitimate, socially responsible, valuable organization. On the other hand, if the ASMO does not pay any taxes, it will not showcase them as a reliable organization in the local soum, aimag and the country in whole.

This is our legal liability, with this tax money our children are able to go to kindergarten, our elderly parents are being paid retirement money, our future depends on the money that we pay as taxes and insurance.

The taxes include: Income taxes for the entity, Personal income tax, VAT, Royalty tax, Land tax, Vehicle taxes, etc.

You as artisanal miners, need to collect any types of tax payment data and bills in your organizational documents, in order to showcase that you are working responsibly and running a business.

We mention examples about Mongolia getting into FATF grey list, because there were many grey areas in Mongolian economy, including the issue of non-traceable gold from artisanal mining.

Social insurance

We will explain the importance of social security, what is included in it, why social security should be paid (that it is our duty under the law). We will explain that this is to make the public aware of responsible artisanal miners and to create the right attitude towards them.

In Mongolia we pay 24% (12.5% paid by the entity, 11.5% paid by the employee) for social insurance. Bring an example for a certain ASM organization and a miner who works there. Calculate with the class, using calculators, which are distributed to the attendees, for this and later exercises. The money from 11.5% is distributed into funds, such as pension fund- 8.5%, benefits- 0.8%, fund for accidents 0.8%, health insurance- 2%, unemployment insurance fund. Also, the employer himself, aka the ASM partnership should pay the insurance of 12.5% for the miners. These funds serve the miners themselves, their families, parents, pregnant wives, their children and etc.

License and permits

Will provide information on what permits (including land conclusion from MRPAM, Rehabilitation plan, Mining contract

with the soum governor, Gold trade permit, etc.) should be obtained to ensure that ASGM work is carried out without any restrictions and problems.

The documentation for licensing and permitting should be developed by the partnership, and all the partnership members should be involved in its development. The current example, where only a few partnership members are responsible for developing and maintaining the documentation and licensing is not viable. On the other hand, the partnership could assign the roles inside their partnership, where there are assigned members, who are responsible for different roles, and they are provided with a suitable amount of salary.

By paying all of these taxes and insurances, the ASMOs are able to showcase that they work responsibly, but also they enable their social security and sustainable work environment, also they are developing a good base for a solid ASGM business.

Topic: Income and cost accounting

Content	Methodology/Materials
<p>Income and cost accounting Duration: 2 hours (In-class)</p> <p>What is a cost?</p> <p>Participants will gain an overview of costs and understanding of the types of costs. Will explain the cost concept in a more hands-on approach by having participants do group works.</p> <p>Although there are many types of categories in accounting, for ASGM we will divide the costs into 3 categories:</p> <ul style="list-style-type: none"> • Direct Material cost, • Direct Labor cost, • Indirect costs. <p>When we learn to record and report based on these categories any investor or financial organization will be able to see that your ASMO is responsible, knowledgeable of a financial reporting and recording.</p> <p>Direct material costs are the costs for the main items and activities that are directly linked to the success of the main activity, which is artisanal gold mining. For example, it can include equipment, rent of equipment, PPE, technology, food, fuel for transportation, coal for heating and so on.</p> <p>Direct Labor cost is the cost paid for the main labor of the business, which is payment to the partnership members. For example, it will include salary for the partnership members, wage for the employees, part-time workers in the ASMO. The trainer will emphasize the importance of making contracts with anyone</p>	<p>Stand papers, marker Other materials PPT Activity- Income and cost planning (Annual)</p>

<p>involved in the ASGM operation, whether its a member, employee or a part-time worker.</p> <p>Indirect costs, will include additional costs that are not made on a constant basis, but are made from the partnership income money. For example, training and capacity building costs, stationary, printer, charity/contributions to the community or local soum/aimag, repairing costs for the office or mining equipment, OSH signage, safety items (first-aid kit, fire extinguisher...).</p> <p>The participants will do an activity where they determine the main items and costs that are prevailant in any ASGM operation. For example, equipment, fuel, food, PPE.</p> <p>Trainers will bring in a case study of an unsuccessfull pizza business, where the owner could not calculate, plan and record all the costs for doing the business. For example, raw material costs, fuel, packaging, taxes, transportation, etc.</p> <p>How to do accounting for income and cost?</p> <p>This topic will provide knowledge on how to differentiate between income and expenditure, how to register them, and how to create savings and protect against any risks.</p> <p>The trainer will show a sample yearly cost and income recording sheet for a hard-rock gold artisanal mining site and showcase how recording all the income and costs on a yearly basis.</p> <p>The participants will work together on a sample recording sheet for income from ASGM and the costs that are needed in order to run an ASGM business.</p> <p>The business types could be different, including a hard-rock gold mine, placer mine, ore processing plant or a gold trader. The cost and income categorization will be different based on the type of business in an ASGM.</p> <p>The trainer will explain that in order for any business to attract investment it needs to show its records of income and costs.</p>	
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Topic: ASGM partnership liabilities and Business planning

Content	Methodology/Materials
<p>Duration: 1 hours 20 minutes - 2 hours</p> <p>This is one of the main concluding sessions of this training, after talking about business development, legal liabilities and financial recording and planning sessions. This session consists of two main sections: Developing the partnership to the next level and Planning the ASGM Business.</p>	<p>Stand papers, marker Other materials PPT Activity: Simple 1-2 page Business plan summary (This will link with the very first Activity session on planning for development of the ASMO)</p>

Under this topic the trainer will provide the main information and characteristics of the smallest business entity- a partnership. Partnership is the main entity form chosen by most ASGM operations in Mongolia. The trainer will help in understanding that what the miners are doing is a form of business and they need to develop it to the next level as a stand-alone organization. Following are the main sub-topics:

- Definition of a partnership in Mongolian legislation
- Types of partnerships
- Benefits of becoming a registered partnership
- Legal liabilities and responsibilities

A business plan is a tool to help you plan for the future and make sure that your business is well thought out before you attempt to start operations.

In this sub-section the trainer will provide knowledge that in order to start or bring your business to the next level you will need a business plan. It could be a simple document that includes most of below aspects and this is one of the main tools to advocate for ASGM, to attract interest from investors, from other financial institutions and to showcase that your operation is legitimate and is developing. Most of the points below were already touched upon throughout this training.

- It includes description of your business goals, operations, area of service, and even your company name.
- It helps you take an inventory of all of your assets (cash, equipment, sources of financing).
- It helps you decide if you need a loan or need to look for investors.
- It will help you to think of which tasks are required on a day-to-day basis when operating the business, including how many employees you will need and how to manage those employees.
- It will help you explain your business to others, including potential investors/lenders. If you want to apply for a bank loan you typically must have a complete business plan.
- The most important part about a business plan is thinking ahead and considering potential costs and major purchases which will affect cash flow.

The participants will be divided into 3-4 groups to develop a very-short 1–2-page summary of a business plan (on a flipchart sheet). The miners will not be developing a full business plan, but they will be equipped with knowledge, inspiration and tools to develop a full business plan. Also, there could be a more developed training Module (next level) for developing a full Business plan for the ASGM operations.

Content	Methodology/Materials
<p>Mutual savings Duration: 1 hour 30 minutes (In-class)</p> <p>Importance of savings The trainer will introduce the basic concept, characteristics, and importance of mutual savings and explain how a mutual savings group has its own rules. We will also explain good and real-life examples of successful mutual savings. The trainer will showcase other success stories of international and Mongolian savings groups.</p> <p>Miners will be divided into mutual savings groups and will learn the saving methodology by doing it collectively. Thus, it will be easier and more understandable for them to understand.</p>	<p>Stand papers, marker Other materials Video PPT Savings box, fake paper money</p>

<p>Do you know clearly why you want to have your own business? Your business would succeed if you are very motivated to try your business idea, implement, and create wealth and make your money work for you. If you are doing this business just because you have nothing else to do, your chances are to succeed will be very slim.</p>		
<p>➤ <u>Taking Risks</u> There is no absolutely safe business idea. You always run the risk of failure. As an entrepreneur, you have to be ready to take risks despite all these factors. But you have to be clever to take the risks.</p>		
<p>➤ <u>Making Decisions</u> You will have to make important decisions while running your business. Important decisions cannot be postponed or passed to someone else. Decision making skills is very essential for an entrepreneur.</p>		
<p>➤ <u>Family Support</u> Running your business will take a lot of time. It is important to have adequate support from your family who understand and approve your plan to start your business. Their participation and help might be needed. Having a good support from the family is a “plus” and if not, it is a “minus”.</p>		
<p>➤ <u>Financial Situation</u> If you have your own financial resources to finance your business, it is a “plus”. Because, even if you fail, you won’t get into financial crisis. If you do not have your own resources, your business will greatly depend on your success. This would be a “minus”.</p>		

planetGOLD Mongolia Business Management training Activity Sheet 2

Objective: This topic will provide knowledge on how to differentiate between income and expenditure, how to register them, and how to create savings and protect against any risks.

Instruction: The participants will be divided into new groups, depending on the types of their ASGM business: hard rock/placer mining, processing plant, gold trader.

The participants will work for 20 minutes on a sample recording sheet for income from ASGM and the costs that are needed in order to run an ASGM business. The cost and income categorization will be different based on the type of business in an ASGM.

The teams will determine one speaker, who will provide an overview of the recording, the final amount of income and costs and their observations and lessons learned from this activity.

Monthly total of direct material expenses:

Expense	Total /MNT/
1. Equipment rent	
2. Work clothes	
3. Tools	
4. Food	
5. Fuel	
6.	
7.	
Total	

Monthly total of direct labor expenses:

Expense	Total /MNT/
1. Salary	
2. Bonus salary	
3. Social insurance deduction paid by the organization	
4. Other expenses deducted from salary /cigarettes, medicine, and etc./	
5.	
6.	
7.	
Total	Total /MNT/

Monthly total of indirect expense:

Expense	Total /MNT/
1. Training fee	
2. Donation and Support	
3. Stationary	

4. Cleaning and Disinfection	
5. Maintenance /fire extinguisher, ger, first aid kits and etc./	
6.	
Total	

Income and Expense Record													
	MAY	JUNE	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER	JANUARY	FEBRUARY	MARCH	APRIL	TOTAL
INCOME													
1. Income from minerals sale													
2. Income from other resources													
TOTAL INCOME													
EXPENSES													
1. Direct expenses for materials													
2. Direct expenses for labor													
3. Indirect expenses													

TOTAL EXPENSES													
Profit													
Cumulative profit													



planetGOLD Mongolia Business management training Activity Sheet 3

Objective: In order to start or bring your business to the next level you will need a business plan. It could start with a simple document that includes most of below aspects and this is one of the main tools to advocate for ASGM, to attract interest from investors, from other financial institutions and to showcase that your operation is legitimate and is developing.

Instruction: The participants will be divided into 3-4 groups (the same groups as in the very first Activity on envisioning the 5-year plan) to develop a very-short 1–2-page summary of a business plan (on a flipchart sheet). The participants will not be developing a full business plan, but they will be equipped with knowledge, inspiration and tools to develop a full business plan.

Business Plan Worksheet

1. Business Overview

Student Name/Group name: _____

Business Name: _____

Description of Business (what does your business do or sell)

Type of Industry (sales, manufacturing, etc.)

Products and Services (what is your business selling)



Risks and Market (other similar businesses present already? Low demand for business? Community misunderstanding)

2. Operating Plan

In this section we will describe the location of the business, the numbers, and names of employees as well as their roles in the business, develop an organization chart, and discuss other operational considerations required of your unique business. Some of these items will not be completed in this course but should be considered in a business plan.

Location of business (city):

Lease or own property:

Size/capacity (number of employees it can fit):

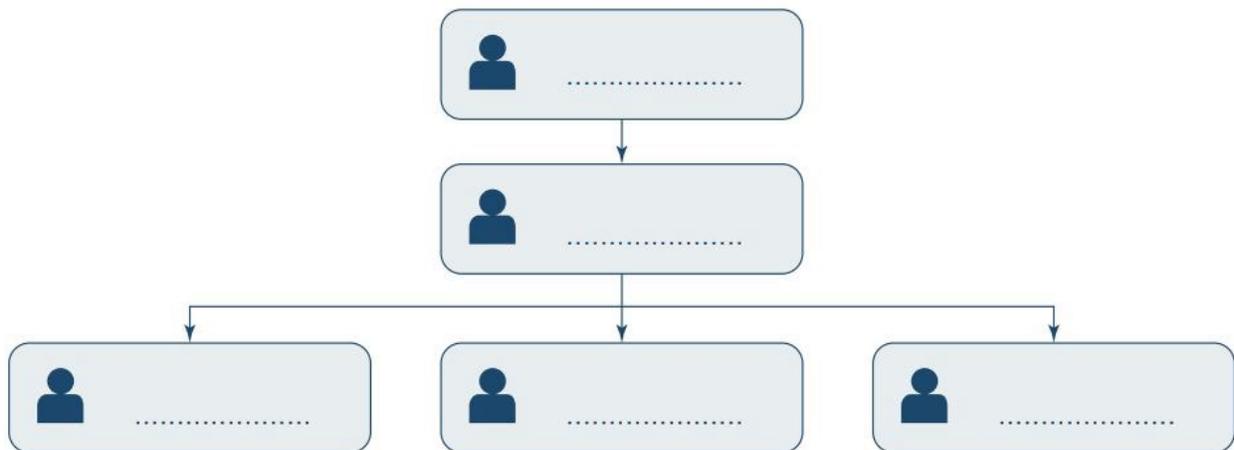
Equipment and furniture:

Environmental concerns:

Staff- Workforce:

Main duties	Does your partnership have this skills?	Job description	Number of staff
Management			
Financial recording			
Production/Mining			
Ore processing			
Gold trade			
OSH officer			
Geologist			
Technologist/engineer			
Other tasks			

ASMO Name:



3. Action Plan

The action plan is an important part of a business plan and allows you to determine what needs to be done in order to open a new business. This may include things like hiring employees, finding a supplier, finding a property to work from, or even small things like ordering furniture or thinking of a company name. Think of some action items that would be required to start up your business in this business plan. (Refer to previous activity on Planning)

Goal/Action item	Completion Date

4. Financial Plan

Monthly Budget

Complete the table with the appropriate information. (Refer to previous activity on cost recording and planning)

Monthly expense	Cost
Direct Material Expense	
Direct Labor Expense	
Indirect Expense	