FPAD PLC

Handbook:Enhancing Resilience of Micro-, Small and Medium-sized Enterprises for Accelerating SDGs in Ethiopia, with the support of generative Artificial Intelligence Tools

Submitted to:

DSDG/DESA

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December, 2025

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Introduction

This training explores the significant contribution of MSMEs to Ethiopia's economic growth and sustainable development. Participants will understand how MSMEs can foster job creation, enhance innovation, and drive inclusive growth in the country. The training covers key concepts, practices, challenges, and opportunities for MSMEs on the use of Generative Artificial Intelligence (Gen AI) at both the national and sub-national levels. This training provides a deeply detailed, structured, and practical guide for MSMEs and support institutions in Ethiopia on the use of Generative Artificial Intelligence (Gen AI). It integrates Ethiopian national policies such as Digital Ethiopia 2025, SDG targets, African case studies, interactive activities, demo guides, practical exercises, and curated references.

The first part of the module addresses the significant contribution of MSMEs to Ethiopia's economic growth the challenges MSMEs face, By examining public and private sector programs designed to support MSMEs, participants will learn how to tap into available resources and enhance their business sustainability.

The second module provides MSMEs in the manufacturing sector with practical and advanced applications of Generative Artificial Intelligence (Gen AI) to design marketing content, prepare basic financial plans, and generate business plans, improve customer service, product innovation, internal operations, sustainability, and overall business resilience aligned with Sustainable Development Goals (SDGs). It provide hands-on experience with tools to plan, market, innovate, and operate using AI tools to design marketing content, prepare basic financial plans, and generate business plans, all aligned with SDG-driven MSME growth in Ethiopia.

The third module addresses Strategy, Policy & Sustainability issues that can help participants think long-term: not just using AI, but preparing their business ecosystem for adoption. It uses real-world African and Ethiopian examples to contextualize strategy. It provides participants with measurement frameworks so they can track AI's contribution to SDGs. It also drive policy-level conversation and alignment between entrepreneurs and government stakeholders, producing practical roadmaps for action.

Overall Training & Module Objectives:

By the end of this modules, participants will be able to:

- ✓ *Understand the role of MSMEs in achieving the SDGs and their potential impact on inclusive economic growth.*
- ✓ *Understand the landscape and contribution of MSMEs in Ethiopia and Africa.*
- ✓ *Understand the fundamentals of Gen AI and its relevance to MSME growth and sustainability.*
- ✓ *Explore use cases of Gen AI in financial planning, business planning, and digital marketing.*
- ✓ *Identify ethical, data privacy, and regulatory considerations in adopting AI.*
- ✓ *Ground participants in both the strategic (SDG, policy) and technical (Gen AI) foundations.*
- ✓ *Build practical familiarity with AI tools relevant to MSMEs.*
- ✓ *Encourage critical thinking on ethics, responsibility, and local constraints.*
- ✓ *Assess MSME readiness for AI adoption (skills, infrastructure, partnerships).*
- ✓ *Identify the key barriers and opportunities of Gen AI adoption for MSMEs in Ethiopia*
- ✓ *Enable participants to envision how generative AI can transform their own enterprises.*
- ✓ *Practically apply Gen AI tools through step-by-step demos.*
- ✓ *Help participants think long-term: not just using AI, but preparing their business ecosystem for adoption.*
- ✓ *Use real-world African and Ethiopian examples to contextualize strategy.*
- ✓ *Equip participants with measurement frameworks so they can track AI's contribution to SDGs.*
- ✓ *Drive policy-level conversation and alignment between entrepreneurs and government stakeholders, producing practical roadmaps for action.*

Module I Understanding Gen AI and Its Relevance for MSMEs

Introduction:

This module introduces participants to the significant contribution of MSMEs to Ethiopia's economic growth and sustainable development, the fundamentals of Generative Artificial Intelligence (Gen AI), its relevance to MSME operations, and its alignment with Ethiopia's digital transformation agenda and SDGs. It is designed for MSME owners with limited digital skills, ensuring simplified explanations and highly practical demonstrations using free or low-cost AI tools. The module covers key challenges and opportunities for MSMEs at both the national and sub-national levels, highlighting how these businesses contribute to environmental sustainability and local communities. The unit also addresses key concepts, practices, challenges, and opportunities for MSMEs on the use of Generative Artificial Intelligence (Gen AI) at both the national and sub-national levels. It integrates Ethiopian national policies such as Digital Ethiopia 2025, SDG targets,

Module Learning Objectives

By the end of the module, participants will be able to:

- ✓ Explain the economic significance of MSMEs in Ethiopia and their link to SDGs.
- ✓ Define Generative AI, its tools, and the major types of foundation models.
- ✓ Identify practical Gen AI use cases across MSME functions (finance, marketing, production, HR, customer service).
- ✓ Understand ethical, data privacy, and regulatory considerations in using AI.
- ✓ Assess MSME readiness for AI adoption (skills, infrastructure, partnerships).
- ✓ Identify major constraints affecting MSME performance and and opportunities of Gen AI adoption for MSMEs in Ethiopia
- ✓ Recognize how technology and Gen AI can address MSME bottlenecks.
- ✓ Practically explore free and paid Gen AI tools applicable to MSME

Unit 1: Overview of MSMEs and SDGs in Ethiopia– MSME Resilience, SDGs & Ethiopia's Development Agenda

Introduction

MSMEs play crucial role in accelerating sustainable development in Ethiopia. Therefore, if the country needs to expedite sustainable development, their importance, the challenge and opportunities they have and the public private sector support program available to them should be analyzed and understood.

1.1. MSMEs: Definition and Classification in Ethiopia

The definitions given to MSMEs vary from country to country and also mean different things to different people even within the same country. This lack of consistent defintion has evidently led to confusion and failure to distinguish between one segment and another and has significant implications on the structure of interventions and promotional support that could be provided to the sector.

Any discussion of definition should be preceded by a very clear understanding of the purpose for which the definition is to be used (Harper 2024:2). Evidently, because definitions of MSME vary from country to country, there could be no global definition (Levitsky, 2014). This also appears to be true in the case of Ethiopia.

Regardless of the variations, the two basic approaches of defining MSMEs—**qualitative and quantitative** definitions. The former looks into the operational styles, degree of specialization, overall aims and objectives of the relationship with local community etc to coin a definition for SSEs. **Quantitative definitions** include some or all of the following: Number of employees, Sales turnover, Assets capital net worth, Specific industry wide measures etc.

Ethiopia classifies Micro, Small, and Medium Enterprises using Ministry of Trade & Regional Integration criteria, based on:

- Number of employees
- Capital investment
- Annual turnover

Therefore, realizing the above diversity of defintions that could prevail and realizing that both approaches could have limitations, a definition merging both could generally be acceptable. Hence, taking into consideration the Ethiopian situation, SSEs may be considered to comprise the following.

Also recently, Ministry of Industry and Central Statistics Authority (CSA) have given the following definitions.

Table 1. MSMEs Categorization in Ethiopia

Type of Enterprises	Sector	Man power	Size of capital (ETB)
Micro Enterprise	**Industry**	**≤5**	**< 100,000**
	Service	**≤5**	**< 50,000**
Small Enterprise	**Industry**	**6 ≤30**	**100,001- 1.5 million**
	Service	**6 ≤30**	**50,001- 500,000**
Medium Enterprise	**Manufacturing**	**31≤100**	**1.5 – 20 million**

The **Central Statistical Authority (CSA)**, for the purposes of its survey on "Urban Informal Sector Activity Operators and Small-scale Manufacturing Industries," attached various definitions to enterprises in different sectors, namely: the informal sector, cottage or handicrafts, small-scale manufacturing industries, and medium- and large-scale manufacturing industries.

The CSA based its definitions on the size of employment and extent of automation for small-, medium- and large-scale enterprises and used a combination of criteria for defining informal sector operators. However, as indicated in the National MSE Strategy, shortcomings in the drafting of these definitions may have meant that some capital-intensive establishments, which should fall solely under medium- or large-scale enterprises, may possibly have come within the scope of the definition for the MSE sector.

Therefore in order to exclude those capital-intensive enterprises, which should not be entitled to the support services established for "real" MSMEs, it was advised that a new definition be drafted which takes this into account. Hence, a definition that is based on capital, and which takes into consideration the level of technical and technological capacities, was adopted as part of the MSE National Strategy.

CSA definition of enterprises:

- "Large and medium scale manufacturing enterprises have been classified as establishments with more than ten employees using automated machinery.
- Small and medium enterprises are establishments that engage less than 10 persons using power driven machinery.
- Cottage/handicrafts are household type enterprises located in households or workshops normally using own or family labor and mostly manual rather than automated/mechanical machinery." All this indicates the lack of uniform definition or the Need for Uniform Definition so as to provide contextual support and policy intervention.

1.2. Importance of MSMEs & their role in the Development Effort

MSMEs are essential to Ethiopia's economic fabric due to their capacity to absorb large labor forces and operate within both urban and rural contexts (FDRE, 2020).

- **Economic Growth and Job Creation**:
  MSMEs are a significant driver of **economic development** in Ethiopia, contributing to both **urban and rural employment**. They account for a substantial portion of the **GDP** and employment in the country, particularly in sectors such as agriculture, manufacturing, and services. They are key to reducing **poverty** and fostering **inclusive growth** by providing employment opportunities, especially in **informal sectors** where many people, particularly women and youth, find work. MSMEs help diversify the economy and reduce reliance on large enterprises or imports, strengthening the **resilience of the economy**.

- **Entrepreneurship and Innovation**:

  MSMEs encourage **entrepreneurship** by providing a platform for **innovative business models** and creative solutions, particularly in technology, agriculture, and services. They act as **incubators for new ideas**, driving both **local innovation** and **global competitiveness**. MSMEs can also adapt more quickly to changing market conditions and consumer needs, allowing them to **introduce new products and services**.

- **Contribution to Sustainable Development Goals (SDGs)**:

  MSMEs play a significant role in Ethiopia's pursuit of the **UN Sustainable Development Goals (SDGs)**, particularly in the areas of **decent work**, **economic growth**, and **reducing inequality**. By promoting local employment and contributing to **green technologies**, MSMEs also have the potential to make significant impacts on **environmental sustainability** and **climate resilience**.

In Summary, studies indicate that MSMEs:

- Account for **70% of non-agricultural employment** (World Bank, 2022).
- Contribute significantly to urban income generation.
- Serve as stepping-stones toward industrialization.
- Support youth and women entrepreneurship.

1.3. Key Challenges Faced by MSMEs at the National and Sub-National Levels

Despite their importance, MSMEs in Ethiopia face recurring challenges:

1. **Limited Access to Finance**:

One of the **biggest challenges** MSMEs face is accessing affordable and timely finance. Many MSMEs struggle to obtain loans due to **lack of collateral**, **high interest rates**, and **insufficient financial literacy**. The **informal nature** of many MSMEs makes it difficult for them to meet the requirements of traditional **banking institutions**, limiting their ability to scale operations and access working capital. Alternative sources of finance such as **microfinance institutions** and **fintech solutions** have been developed but remain insufficient to address the full financial needs of MSMEs.

2. **Informality:** results in:Weak business records, Poor documentation, Ineligibility for loans and government support
3. **Regulatory and Policy Barriers**:

Despite various government efforts, there are still **complex and bureaucratic** regulations that hinder the growth of MSMEs. Issues such as **difficult registration procedures**, **high tax burdens**, and **complicated licensing processes** make it difficult for MSMEs to operate effectively, especially in the **informal sector**. The lack of **policy consistency** and **poor enforcement of existing regulations** often creates confusion and uncertainty for MSMEs.

4. Marketing and Market Access Challenges

- Weak branding
- No digital presence
- Limited customer data
- Inconsistent product quality

5. **Capacity and Skills Gaps**:

Many MSMEs face challenges in terms of **business management skills**, **financial literacy**, and **technical capabilities**. Entrepreneurs may lack the necessary skills to **develop business plans**, manage **financial accounts**, or **access market opportunities**, which limits their potential for growth. The lack of **trained workers** and **leadership capacity** in MSMEs further restricts their ability to expand and meet growing market demands.

6. **Infrastructure and Technology Constraints**:

MSMEs often operate in regions with **inadequate infrastructure** (e.g., poor road networks, unreliable electricity supply, limited access to high-speed internet). This hinders productivity and increases the cost of doing business. **Technology adoption** is still a challenge, especially for MSMEs in rural areas, where **digital tools** and **e-commerce platforms** are underutilized. This limits their ability to reach larger markets or improve operational efficiencies.

1.4. Opportunities for MSMEs at the National and Sub-National Levels

- **Growing Demand for Local Products**:
- **Government and International Support Programs**:
- **Digital Transformation and E-commerce**:
- **Green Business Opportunities**:

1.5. Support Programs for MSMEs

- **Government Support Programs**:
- **Private Sector Support Programs**:
- **International Support Programs**:

1.6. Ethiopia's Development Agenda and Digital Transformation

Ethiopia's national development frameworks highlight MSME support as a top priority:

Digital Ethiopia 2025 Strategy (Ministry of Innovation & Technology, 2020)

- Strengthens digital foundations
- Supports inclusive digital economy
- Prioritizes MSMEs as "engines of innovation"

Ten-Year Development Plan (2021–2030)

- Focus on industrialization
- Job creation for youth and women
- Technology-led growth

Homegrown Economic Reform Agenda

- Expands access to finance
- Encourages private-sector competitiveness
- Promotes innovation

1.7. MSMEs and the Sustainable Development Goals (SDGs)

MSMEs contribute to at least **8 major SDGs**:

SDG	How MSMEs Contribute
SDG 1	Job creation reduces poverty
SDG 5	Promotes women entrepreneurs
SDG 8	Drives economic growth and decent jobs
SDG 9	Encourages innovation and industrialization
SDG 10	Reduces inequality through inclusive business models
SDG 12	Encourages sustainable production
SDG 17	Builds partnerships with private & public sectors

Unit 2: Introduction to Generative AI

Unit 2 provides participants with a foundational understanding of Generative AI. It breaks down complex Gen AI concepts into simple explanations suitable for beginners, focusing on practical benefits rather than technical theory.

Learning Objectives

Participants will be able to:

1. Define Generative AI in simple terms.
2. Differentiate between types of Gen AI tools.
3. Identify practical MSME applications.
4. Understand the role of foundation models like GPT and Gemini.

2.1. Fundamentals of Gen AI

2.1.1. Artificial Intelligence (AI) vs Generative AI?

2.1.1.1. What is Artificial Intelligence (AI)?

AI refers to computer systems capable of performing tasks that normally require human intelligence, such as:

- Language understanding
- Problem-solving
- Pattern recognition
- Decision-making

2.1.1.2. What is Generative AI?

Generative AI is a type of AI that creates NEW content, such as:

- Text
- Business ideas
- Images & designs
- Product descriptions
- Financial forecasts
- Social media content

It "generates" output based on patterns learned from large datasets.

"Gen AI is like having a digital assistant that can write, calculate, design, predict, and support business decisions. You do not need advanced computer skills—only the ability to type instructions clearly. This is called prompting."

2.2. Foundation Models

Foundation models are large AI models trained on enormous datasets. They power Gen AI applications.

Examples:

- **GPT (OpenAI)** – used in ChatGPT
- **Claude (Anthropic)** – known for reasoning
- **Google Gemini** – strong with images and search
- **LLaMA (Meta)** – open-source model
- **Mistral AI** – lightweight models for phones

2.3. Why is Gen AI important for MSMEs?

- Saves time
- Automates routine tasks
- Improves customer communication
- Generates marketing content
- Supports financial and business planning
- Helps in product design and branding

Unit 3: The Potential of Generative AI for MSMEs

Before we talk about tools, we must first understand the pain points. AI is not useful until it solves real business problems. Every MSME here—whether they sell textiles, coffee, food items, leather products, repairs, services, or crafts—faces bottlenecks. Let us identify these bottlenecks and map them to AI-supported solutions."

3.1. Mapping MSME Bottlenecks to AI Solutions

Common MSME Bottlenecks (Ethiopia Context):

Financial and Operational Challenges

- Difficulty predicting monthly cash flow
- Stock-outs and overstocking
- Inefficiencies in purchasing
- Unclear pricing strategy

Marketing Problems

- Poor branding
- Weak social media engagement
- No clear value proposition
- Manual content creation

Customer Management Challenges

- No system for keeping customer data
- Slow responses to customer questions
- No segmentation

Human Resource Challenges

- No formal job descriptions
- Limited training capacity
- Manual onboarding and supervision

These constraints reduce competitiveness and contribute to high failure rates among MSMEs (UNDP Ethiopia, 2023).

3.2. Gen AI Solutions by Functional Area

MSME Functional Area	Gen AI Use Case	Examples of Free/Low-Cost Tools	Ethiopian Example
Financial Planning	Cash flow forecasting, pricing suggestions, cost modeling	ChatGPT, Gemini, Excel AI	A mini-bakery in Hawassa uses ChatGPT to predict seasonal bread demand
Marketing & Branding	Poster design, captions, product photos, SEO keywords	Canva AI, Meta Ad Manager AI	A Woreda-based coffee seller boosts online reach using Canva AI posters
Customer Relations	Automated responses, FAQ, WhatsApp Business templates	WhatsApp AI, ChatGPT	A shoe workshop responds to customers instantly using AI-generated answers
Operations & Production	Inventory prediction, production planning	Odoo AI, ChatGPT	Textile MSME reduces fabric waste using demand forecasting prompts
HR & Administration	Job descriptions, policy drafts, letters	Notion AI, ChatGPT	Guest house owner in Bahir Dar drafts HR policies in minutes
Innovation & Product Development	Product ideas, design variations	Midjourney, DALL·E, Canva AI	Handicraft MSME tests new design ideas with AI-generated sketches

3.3. Case Example: Textile MSME in Addis Ababa

- AI predicts fabric demand based on seasonal trends → reduces wastage by 20%.
- AI generates 10 design variations for cultural-themed dresses for holiday seasons.
- Marketing posts created using Canva AI increase customer engagement by 40%.

3.4. Interactive Activity: Bottleneck Brainstorming

- **Task:**
  Dear Participants! list top 3 challenges (production, marketing, finance) and propose how Gen AI could solve them using sample prompts.

Unit 4: Ethical, Data, & Regulatory Considerations Ethiopian Context

This unit equips MSME trainees—beginners with limited digital experience—to understand the **ethical, privacy, safety, and regulatory issues** that arise from using Gen AI tools. The unit focuses on **Ethiopia's emerging digital governance landscape**, the **risks and consequences of misusing AI**, and **practical steps MSMEs can take to adopt AI responsibly**.

By the end of this unit, participants will be able to:

1. Identify the major ethical risks associated with Gen AI use.
2. Understand data privacy and responsible use principles.
3. Recognize Ethiopia's current digital strategy and emerging AI regulatory trends.
4. Apply ethical thinking to real MSME scenarios using guided case studies.
5. Develop basic internal guidelines for safe, transparent, and fair use of AI.

4.1. What Is AI Ethics?

AI ethics is a set of principles that guide the safe, fair, and responsible use of AI technologies.
Key ethical pillars include:

- **Transparency:** Users should know AI was used.
- **Privacy:** Personal/business data must be protected.
- **Fairness & Non-discrimination:** Avoiding bias.
- **Accountability:** Humans remain responsible for AI-assisted decisions.
- **Safety & Security:** Safe use and protection from misuse.

4.2. Data Privacy Considerations

Given that most MSMEs lack data protection knowledge, you need emphasize on the following:

Types of Sensitive Data MSMEs Might Handle

- Customer names, contacts
- Financial statements

- Employee data
- Supplier contracts
- Business strategies

Important: Many AI platforms store user inputs to improve their models. MSMEs must avoid entering:

❌ Passwords
❌ Bank details
❌ Customer personally identifiable data
❌ Confidential business contracts

4.3. AI Risks in MSMEs

AI risks are categorized into **operational, ethical, and legal** categories.

Risk Type	Description	Example
Privacy risk	Leakage of sensitive customer data	Entering customer list into ChatGPT
Bias	AI produces unfair decisions	Discriminatory hiring screening
Over-reliance	Blindly trusting AI outputs	Incorrect financial advice
Misinformation	AI hallucination	Wrong tax advice
IP risk	Using copyrighted text/images	AI-generated logos resembling competitors

4.4. Examples on Ethical Risks in AI Use

1. Data Privacy Risks

Examples:

- Uploading customer lists into AI tools
- Storing phone numbers in unsecured systems

2. Bias & Fairness Issues

AI models may contain biases because:

- They are trained on global datasets
- They may not fully understand Ethiopian cultural context

Example:

An AI model may assume men are better suited for leadership roles because of global data patterns.

3. Over-Reliance on Automation

AI may produce:

- Incorrect information
- Outdated data
- Misleading predictions

Note!— "AI is a Tool, Not a Decision-Maker"

"When we use AI, we must remember that it does not have lived experience in Ethiopia. It does not know your market reality unless YOU guide it. Always verify critical decisions. AI should assist you, not replace your judgment."

4.5. Ethiopian Legal & Policy Context

Although Ethiopia has not yet enacted a full AI law, several frameworks guide digital governance:

1. Digital Ethiopia 2025 Strategy

Focuses on:

- Protecting citizens' data
- Responsible digital transformation
- Strengthening digital capacity for MSMEs
- Encourages MSME digital adoption

2. Data Protection and Cybersecurity Frameworks (In Progress)

Efforts include:

- Ethiopia Personal Data Protection Proclamation (draft)
- Cybersecurity capacity-building initiatives
- National data governance discussions

3. Ministry of Innovation & Technology (MInT) Initiatives

- National AI research
- AI workforce development
- Digital literacy expansion

Other Key Policy Frameworks

1. **National Data Governance Initiatives (2021–2024)**
    - Government working toward data sovereignty
    - Setting foundations for AI policy and regulation
2. **Ethiopian Communications Authority (ECA)**
    - Overseeing digital service providers
    - Moving toward drafting AI governance frameworks
3. **African Union's Continental AI Strategy (2024)**
    - Promotes ethical, human-centered AI
    - Guides Ethiopia's policy direction

Key Message!

Ethiopia does not yet have comprehensive AI legislation, so MSMEs must apply **international best practices** and internal guidelines.

4.6. Responsible AI Checklist

Before Using AI

- Did you remove private customer data?
- Did you validate the information?
- Did you check for bias?
- Did you cross-check outputs with another source?

After Using AI

- Keep human oversight.
- Document how AI is used.
- Create internal AI-use guidelines.

4.7. Principles of Responsible AI for MSMEs

1. Transparency

MSMEs must be upfront about using AI tools.

2. Consent & Data Protection

Customers must agree before their data is used.

3. Fairness

AI must not discriminate against any group.

4. Accountability

Business owners remain responsible for the output generated.

4.8. Practical Guidelines for MSMEs

Do's

- Use AI for content creation, not confidential data
- Remove customer personal details before uploading
- Store data in secure cloud systems
- Use AI to improve fairness (structured evaluation criteria)

Don'ts

- Do NOT upload: ID numbers, financial records, customer phone numbers
- Do NOT allow AI to make hiring decisions alone
- Avoid sharing sensitive business strategies in open AI tools

4.9. Ethiopian Ethical Scenario Exercise, Case & Examples

1.Interactive Activities and Scenario's

Scenario:

An MSME uses AI to screen job applicants.
The system consistently rejects women applicants.

Discussion Questions:

1. What could cause this bias?
2. How can the MSME prevent discrimination?
3. What ethical guidelines should they follow?

Notes:

Please reflect on:

- Historical biases in datasets
- Social implications

Business risks of discrimination

2. Case Study for Group Discussion

Case: AI-Based Hiring Bias

An MSME in Addis Ababa uses an AI tool to screen job applications. The tool rejects 80% of female applicants. Staff suspect gender bias.

Discussion Questions

1. What caused the bias? (Training data patterns)
2. Who is responsible—the AI or the MSME?
3. How can the MSME reduce such bias?
    - Use diverse datasets
    - Conduct human review
    - Test tools before use

Another Ethiopian Example

A retail MSME uploads customer phone numbers to AskAI to generate targeted SMS campaigns.
Risk: Data privacy violation + customer mistrust.

Ethiopian Case Example: Ethical Misuse of AI

A small business in Addis Ababa used AI to generate customer segmentation rankings.
Issue

- The AI consistently placed older groups at the bottom.

Investigation found:

- Prompts included the phrase "young and energetic," creating age bias.

This demonstrates how harmful AI misuse can be.

Unit 5: Building AI-Ready MSMEs (Skills, Infrastructure & Partnerships)

This unit focuses on the foundational requirements MSMEs need before adopting AI. Many Ethiopian MSMEs lack digital literacy, device access, data organization skills, and connectivity—which limits AI adoption.

Learning Objectives

By the end of this unit, trainees will be able to:

1. Identify key digital skills needed for AI adoption.
2. Understand basic technical infrastructure needed for Gen AI tools.
3. Map their current AI-readiness status.
4. Identify potential partners & support networks for AI capacity building.

5.1. Skills Required for AI Adoption

AI does not require expertise in coding. MSMEs need three skill domains:

A. Digital Literacy

- Basic smartphone competency
- Using browsers effectively
- Installing and organizing apps
- Understanding online safety

B. Data Literacy

- Collecting relevant business data
- Using simple spreadsheets
- Interpreting trends

C. Prompt Engineering (Beginner Level)

Essential for all MSMEs:

- How to ask clear questions
- How to request step-by-step outputs
- How to refine AI results

5.2. Infrastructure Requirements

Devices

- Smartphones
- Laptops
- Tablets
- Shared community devices

Connectivity

- Mobile data packages
- Community Wi-Fi
- Offline AI tools ("GPT4All", DeepSeek Local Version)

Storage

- Cloud storage (Google Drive)
- Local storage
- Backups

5.3. Partnership Opportunities for MSMEs

- Digital Ethiopia 2025 platforms
- Partnering with ICT hubs
- University-business collaboration
- Using AI startup platforms
- Leveraging private digital service providers
- Collaborating with NGOs implementing digital literacy programs

5.4. Organizational Readiness

MSMEs must evaluate:

- Do we have the minimum tools?
- Do we understand how to use them?
- Who will be responsible for AI tasks?
- What processes can be supported by AI?

5.5. Interactive Activity: MSME AI Readiness Assessment

Trainees complete a short checklist with 3 components:

1. Skills readiness
2. Infrastructure readiness
3. Partnership opportunities

Checklist: Is Your Business AI-Ready?

Tick (✓) if YES:

Requirement	Status
I can use a smartphone effectively	□
I can search Google	□
I can type short messages	□
I keep basic business records	□
I use social media for business	□
I am willing to learn new tools	□

If you checked at least 3 boxes, you are ready to start using AI.

Unit 6: Challenges & Opportunities for Gen AI Adoption in Ethiopia

This unit highlights the **unique barriers** Ethiopian MSMEs face, and the **opportunities** created by Gen AI tools—especially low-cost and mobile tools.

Learning Objectives

Participants should be able to:

1. Identify key challenges limiting AI adoption in Ethiopia.
2. Understand opportunities emerging from Digital Ethiopia 2025.
3. Recognize how Gen AI strengthens MSME resilience.
4. Develop opportunity-based action plans.

6.1. Key Challenges

A. Limited Broadband Connectivity

- Rural areas face unstable mobile networks
- Internet cost is high
- Many AI tools require stable network

B. Low Digital Skills Among MSMEs

- Most MSMEs operate informally
- Limited exposure to digital tools
- Poor record-keeping

C. Low Data Culture

- Data is not collected systematically
- Poor documentation habits
- No customer data insights

D. Language & Cultural Gaps

- Most AI outputs are in English
- Limited support for Ethiopian languages

E. Financial Constraints

- Limited capital
- AI subscriptions may be costly
- Device purchasing is difficult

6.2. Major Opportunities

A. Digital Ethiopia 2025 Prioritizes MSMEs

Government focus areas include:

- Digital entrepreneurship
- Digital literacy
- Innovation hubs
- Fintech expansion

B. Free AI Tools for MSMEs

Examples:

- ChatGPT Free
- Canva Free AI
- Google Gemini Basic
- Microsoft Copilot Free
- Perplexity Free
- Odoo AI Community Edition

C. Growing Youth Digital Talent

Ethiopia has a young population with increasing digital adoption.

D. AI as a Productivity Equalizer

MSMEs can compete with larger businesses through:

- Faster content creation
- Cheaper branding
- Improved decision-making

E. Offline & Low-Bandwidth AI Models

Tools like:

- GPT4All
- Llama-based offline tools
- Local models from EAI Institute

This helps rural MSMEs.

Module II PRACTICAL APPLICATION OF GENERATIVE AI FOR MSME OPERATIONS

Introduction:

This part of the module translates AI concepts into real business action. By the end of this module participants will use AI tools to design marketing content, prepare basic financial plans, and generate business plans, all aligned with SDG-driven MSME growth in Ethiopia.

Module 2 is designed to **translate Generative AI concepts into real business action**. While Module 1 focused on awareness and understanding, **Module 2 is fully hands-on and practice-oriented**.

Module Objectives:

By the end of this module, MSME participants will be able to:

- Use **free or low-cost AI tools** to support marketing, branding, business planning, and financial management.
- Apply AI outputs directly to their **own businesses**.
- Align business decisions with **SDGs and Ethiopia's development priorities**.

This module emphasizes **learning by doing**, not theory.

1. Translate theory into concrete business value:
2. Provide hands-on experience with tools to plan, market, innovate, and operate.
3. Support participants to produce tangible deliverables (e.g., mini business plans, prototype content)

Unit 1. Gen AI for Business Development & Digital Marketing

(Business naming, branding, and social media content)

Learning Objectives

By the end of this unit, participants will be able to:

- ✓ Identify how Generative AI backing the different Marketing functions & integrates into Digital Marketing
- ✓ Identify the different Generative AI tools that support the different Marketing/Digital Marketing functions
- ✓ Generate **business names and slogans** using AI.
- ✓ Create a **one-month social media content plan**.
- ✓ Develop SDG-aligned marketing messages.
- ✓ Use AI for **basic brand identity development**

1.1. Digital Marketing (Overview)

1. What is Digital Marketing?

Digital marketing means **using online platforms** to promote products and services.

For Ethiopian MSMEs, digital marketing is important because:

- It is **cheaper than traditional advertising**
- Customers increasingly use **Facebook, Telegram, and TikTok**
- It reaches customers beyond physical location

2. Why These Platforms Matter in Ethiopia

- **Telegram** → strong for customer groups & order management
- **Facebook** → most widely used for ads
- **TikTok** → viral product videos
- **WhatsApp Business** → client engagement

AI helps MSMEs create **consistent and attractive content** for these platforms.

3. Core digital marketing activities include:

- Branding
- Social media posting
- Advertising
- Customer communication
- Website content

1.2. Overview of Digital Marketing Strategies for MSMEs

- **Search Engine Optimization (SEO) for MSMEs**:
  - SEO is a tool used in optimizing a website that can help MSMEs rank higher on search engines and increase visibility to potential investors.
  - Importance of **keyword optimization**, **content creation**, and **backlink building** to improve online presence and attract investor attention.
  - Practical steps MSMEs can take to enhance their digital footprint for better investor reach.
- **Social Media Strategies for MSMEs**:
  - Leveraging platforms like **LinkedIn**, **Twitter**, **Instagram**, and **Facebook** to build brand recognition and engage with investors.
  - How to create a strong **online profile** and engage with investment communities and networks through content sharing, participation in discussions, and direct outreach.
  - The importance of regular updates, business milestones, and success stories to build trust and credibility among investors.
- **Content Marketing for Building Investor Interest**:
  - Content marketing can help position an MSME as a thought leader in its sector.
  - It is a key strategy for creating **compelling business narratives** and **sharing success stories** through blogs, videos, podcasts, and infographics.
  - It also uses **educational content** to showcase the potential of your business and its long-term growth prospects.

- **Building a Digital Pitch Deck**:
  - By creating an **effective digital pitch deck** for online investor presentations.
  - Key elements to include in a pitch deck: **business vision**, **financial projections**, **use of funds**, **market opportunity**, and **team credentials**.
  - Best practices for **digitally presenting** the business through webinars, video pitches, and online conferences.

- **Email Campaigns and Direct Outreach**:
    - Crafting **personalized email pitches** and **follow-up strategies** for engaging investors.
    - Maintaining relationships with potential investors through regular email updates, newsletters, and financial reporting.
    - Utilizing **CRM systems** to track investor interactions and stay connected.

1.3. How Generative AI Supports Digital Marketing

Generative AI helps MSMEs:

- Write marketing messages
- Design posters and flyers
- Generate slogans and brand names
- Plan social media content
- Segment customers
- Improve SEO and online visibility
- Product descriptions
- Marketing calendars

Note :

AI does not replace your business idea—it helps you express it better and faster.

1.4. SDG Alignment in Marketing

Marketing messages can support:

- **SDG 8:** Promoting decent jobs and local production
- **SDG 9:** Innovation and value addition
- **SDG 12:** Responsible production and consumption

Example SDG-aligned message:

"Our handmade soaps use locally sourced materials and support youth employment."

1.5. GEN AI TOOLS TO BE USED

- ChatGPT (Free)
- Microsoft Copilot
- Google Gemini
- Canva (Free, with "Magic Write" & "Text-to-Image")

- Looka (logo ideas – free preview)
- Surfer SEO Demo Version
- HubSpot AI (customer segmentation – free CRM tools)

1.6. PRACTICAL DEMO's ON DIGITAL MARKETING

1.6.1. PRACTICAL DEMO 1: BUSINESS NAMING & SLOGAN CREATION USING AI

Tools to Be Used

- **ChatGPT Free** or **Google Gemini**

Prompt (Trainer Demonstration)

Generate 5 creative business names and slogans for a women-led handmade soap MSME in Ethiopia aligned with SDG 8 and SDG 12.

Steps

1. Open ChatGPT or Gemini
2. Copy and paste the prompt
3. Review generated names and slogans
4. Discuss:
    - Which name sounds local?
    - Which slogan communicates SDG values?
5. Edit the best option manually

1.6.2. PRACTICAL DEMO 2: CANVA AI POSTER DESIGN

Tools to Be Used

- **Canva Free (with AI features)**

Steps

1. Open Canva → Click **"Create with AI"**
2. Enter:

Design a promotional flyer for a bakery in Dire Dawa focusing on affordable bread and local employment.

3. Choose a suggested design
4. Edit:
    - Colors
    - Business name
    - Contact details
5. Download or save

Learning Point

AI creates the base design; **the MSME personalizes it**.

1.6.3. PRACTICAL DEMO 3: 1-MONTH SOCIAL MEDIA CONTENT PLAN

Tools to Be Used

- **ChatGPT / Gemini**

Prompt

Create a 1-month social media content plan (3 posts per week) for a small coffee processing MSME in Ethiopia. Include one SDG-related message per week.

Steps

1. Run the prompt
2. Review weekly themes
3. Identify SDG-linked posts
4. Adjust language to local context

Sample Output

- Week 1: Product introduction
- Week 2: Behind-the-scenes (jobs created)
- Week 3: Customer testimonial
- Week 4: SDG message on sustainable sourcing

1.6.4. PRACTICAL DEMO 4: EMAIL CAMPAIGNS

Tools to Be Used

- **ChatGPT**
- **Gmail / Outlook**

Prompt

Write a short promotional email for a small textile MSME announcing a new product line.

Steps

1. Generate email draft
2. Edit greeting and tone
3. Add contact details
4. Save for reuse

1.6.5. PRACTICAL DEMO 5: WEBSITE CONTENT DEVELOPMENT

Tools to Be Used

- **ChatGPT**
- **Google Sites / Wix (free)**

Prompt

Write homepage content for a small agro-processing MSME in Ethiopia focusing on quality and sustainability.

Steps

1. Generate website text
2. Copy to website builder
3. Adjust language and branding

1.6.6. PRACTICAL DEMO 6: COPYWRITING FOR ADS

Tools

- **ChatGPT / Gemini**

Prompt

Write a Facebook advert for a handmade soap MSME targeting youth customers.

Steps

1. Generate ad copy
2. Review clarity and tone
3. Modify language for local slang if needed

HANDS-ON ACTIVITY (GROUP WORK)

Each participant must:

- Generate **1 business name**
- Create **7 social media posts**
- Link **1 post to an SDG**

Unit 2: INTEGRATING GEN AI INTO BUSINESS PLANNING

Learning Objectives

Participants will be able to:

- Identify AI use in business planning
- Generate SWOT analysis
- Draft feasibility studies
- Create pitch deck outlines

2.1. OVERVIEW OF BUSINESS PLANNING:

A **business plan** explains:

- What you do
- How you make money
- Who your customers are
- Why your business will succeed

AI helps **structure and speed up** this process.

2.2. PRACTICAL DEMO ON BUSINESS PLANNING:

2.2.1. PRACTICAL DEMO 5: BUSINESS IDEA GENERATION

2.2.1.1. PRACTICAL DEMO 7: BUSINESS IDEA GENERATION (Simple)

Tool

- ChatGPT / Gemini

Prompt

Generate a realistic business idea for a small textile manufacturing MSME in Ethiopia aligned with SDG 9.

2.2.1.2. PRACTICAL DEMO 8: BUSINESS MODEL CANVAS (BMC) GENERATION USING AI

Purpose of the Demo

To help MSMEs **visualize their entire business model** in one page.

What is a Business Model Canvas?

A simple tool showing:

- Customers
- Value proposition
- Revenue

- Costs
- Partners

☞ Perfect for **startups and small businesses**

Tools to Be Used

- **ChatGPT Free**
- **Canvanizer AI** or **MS Word / Flipchart**

BUSINESS MODEL CANVAS DEMO

Tools

- Canvanizer / Convoboss / MS BMC Tool

Prompt

Create a simple business model canvas for a small leather shoe MSME in Ethiopia.

Example MSME

Youth-led agribusiness producing packaged vegetables

Prompt to Use

Create a simple Business Model Canvas for a youth-led vegetable agribusiness in Ethiopia.

Include:
- Customer segments
- Value proposition
- Channels
- Revenue streams
- Key activities
- Key costs

Keep it simple and practical.

Steps

1. Open ChatGPT
2. Enter prompt
3. Copy output
4. Transfer into:
    - Canvanizer OR
    - Flipchart / worksheet

Tips:

Explain **each BMC block** slowly using local examples:

- "Who buys?"
- "Why do they buy?"
- "How do you earn money?"

Activity

Each team:

- Generates **one BMC**
- Presents **one block** to the class

2.2.1.3. How does AI personalize the Business Model Canvas? Tips to Practice

AI-powered tools can rapidly generate a tailored Business Model Canvas, transforming business ideas into actionable plans in minutes. These generators simplify the process by asking a few questions and delivering a detailed canvas based on proven frameworks. This significantly reduces the time typically spent creating such a document, offering AI-driven insights and recommendations for a more structured and effective business model.

AI can personalize the Business Model Canvas (BMC) by tailoring each of its nine building blocks to a specific customer segment, context, or business goal. Here are practical ways AI enhances each block:

1. Customer Segments

- Segment discovery: AI analyzes large datasets (customer interviews, CRM, social data) to identify distinct segments, needs, and behaviors.
- Dynamic personas: Generative models create evolving personas based on real-time inputs (seasonality, trends, feedback).

2. Value Propositions

- Pain/need mapping: NLP/semantic analysis extracts pain points from feedback and reviews, suggesting aligned value propositions.
- Personalization at scale: AI proposes multiple value propositions tailored to each segment or micro-segment, with prioritized impact and feasibility.

3. Channels

- Channel optimization: Multi-touch attribution and propensity modeling determine the most effective channels for each segment.
- Content customization: NLP models generate messaging, emails, and ads tuned to segment preferences and tone.

4. Customer Relationships

- Relationship scaffolding: AI suggests whether to automate, self-serve, or humanize based on segment needs and lifecycle stage.
- Proactive engagement: Predictive analytics flag churn risk or opportunity, triggering personalized interventions.

5. Revenue Streams

- Pricing optimization: AI analyzes willingness to pay, competitive pricing, and demand elasticity to propose dynamic or tiered pricing.
- Monetization experiments: Reinforcement learning or A/B testing guide revenue model variants and forecast outcomes.

6. Key Resources

- Resource planning: AI forecasts demand for critical resources (tech, data, partnerships) and suggests outsourcing or build-versus-buy choices.
- Data assets: Identification of data needed for personalization (CRM, product usage, telemetry) and data governance recommendations.

7. Key Activities

- Automation and scaling: Process mining and workflow automation identify repetitive tasks to automate and where human-in-the-loop adds value.
- Product and service iteration: AI-driven experimentation plans (hypothesis, metrics, iteration speed) speed up validated learning.

8. Key Partnerships

- Ecosystem mapping: AI analyzes partner capabilities, overlaps, and complementarities to propose partnerships that unlock new value.
- Risk and compliance: Continuous monitoring flags risks and suggests mitigation for data sharing, compliance, and SLA alignment.

9. Cost Structure

- Cost optimization: Predictive cost modeling identifies high-variability costs and opportunities to reduce through automation or alternative resources.
- Scenario planning: AI runs multiple business scenarios (growth, plateau, churn) to show how costs shift with strategy changes.

What it enables in practice

- Personalization at scale: Turn vague ideas into segment-specific canvases with concrete value propositions and channels.
- Faster hypothesis testing: Build, test, and iterate business models using data-driven experiments.
- Continuous adaptation: The BMC adapts as data changes (markets, customer behavior, competition), keeping the model relevant.
- Decision support: Provides quantitative forecasts (revenue, costs, win rates) alongside qualitative insights to inform strategic choices.

Possible workflows

- Data gathering: Connect CRM, product analytics, customer feedback, and market data.
- AI-assisted drafting: Generate a first-pass BMC tailored to a target segment.
- Validation loop: Run experiments (pricing, channels, messaging) and update the BMC with results.
- Scenario planning: Create "what-if" scenarios (e.g., new channel launch) and compare outcomes.

2.2.2. PRACTICAL DEMO 1: SWOT ANALYSIS

Tool

- ChatGPT / Gemini

Prompt

Create a SWOT analysis for a small dairy processing MSME in Ethiopia.

Steps

1. Generate SWOT
2. Discuss realism
3. Adjust strengths/weaknesses

GROUP ACTIVITY

Each team produces:

- SWOT
- Mini feasibility
- Pitch outline

2.2.3. PRACTICAL DEMO A: AI FOR CUSTOMER SEGMENTATION

Purpose of the Demo

To help MSMEs **understand who their customers are**, group them meaningfully, and design **targeted marketing messages** using AI instead of guesswork.

What is Customer Segmentation?

Customer segmentation means **grouping customers who are similar** so you can:

- Send the *right message*
- Set the *right price*
- Choose the *right marketing channel*

☞ Example:
Students and office workers **do not respond to the same message**, even if they buy the same product.

Tools to Be Used (Free / Novice Friendly)

- **ChatGPT Free** or **Google Gemini**
- (Optional – for advanced exposure): **HubSpot AI (free CRM version)**

2.2.3.1. Practical Demo: AI-Based Customer Segmentation (Simple)

Example MSME

Handmade soap business in Addis Ababa

Sample Data (Participant Displays)

Customers:

- University students (18–25 years)
- Office workers (26–40 years)
- Prefer scented soap
- Buy mainly via Telegram

- Budget-sensitive

Prompt to Use

Act as a marketing consultant.

Segment customers for a handmade soap MSME in Ethiopia.

Use simple categories such as:
- Age
- Buying behavior
- Preferred marketing channel
- Price sensitivity

Suggest 2–3 clear customer segments and explain how to market to each.

Steps (Live Demonstration)

1. Open **ChatGPT Free**
2. Paste the prompt
3. Review the generated segments
4. Ask follow-up:
5. Suggest one marketing message for each customer segment.

Expected Output (Simplified)

- **Segment 1:** Students
  - Channel: Telegram
  - Message: Affordable, trendy, scented soap
- **Segment 2:** Office Workers
  - Channel: Facebook
  - Message: Quality, long-lasting, hygienic soap

AI for Customer Segmentation (HubSpot AI) — simple idea

Customer segmentation groups customers by similar traits (age, buying habits). AI suggests simple segments (e.g., "young people who buy scented soaps") so you can send the right message to each group.

Tips: Use a two-segment example: students vs. office workers — different posts and prices.

- For quick starts with minimal code: AutoML platforms (H2O AutoML, Google Vertex AI, Azure AutoML) to generate segments rapidly.

Note!

✅ AI does **not replace customer knowledge**
✅ AI helps MSMEs **think faster and smarter**

Group Activity

Each participant:

- Identifies **2 customer segments**
- Writes **1 AI-generated message** for each

2.2.3.2. PRACTICAL DEMO: AI FOR CUSTOMER SEGMENTATION (ADVANCED – HUBSPOT AI)

(Optional – exposure only)

Tool

- **HubSpot Free CRM (AI-supported)**

Purpose

To show how **larger MSMEs** can automate segmentation using customer data.

Steps (Demo Only)

1. Open HubSpot
2. Add sample contacts:
    - Name
    - Age
    - Product purchased
3. Use AI suggestions for:
    - Segmenting contacts
    - Email targeting

Key Message

⚠ Not required for micro businesses
✓ Shows **future growth path**

2.2.4. PRACTICAL DEMO : AI FOR CUSTOMER SEGMENTATION(conceptual)

Tool

ChatGPT / HubSpot AI (conceptual)

Prompt

Segment customers for a handmade soap business into two groups: students and office workers.

2.2.5. PRACTICAL DEMO **: Business Planning**

Prompt:

> "Write a 2-page business plan for a honey-processing MSME in Tigray aligned with SDG 1, A **Supply Chain (SC)** refers to the network of companies and organizations involved in the process of producing and delivering goods and services from suppliers to customers. This includes the flow of materials, products, information, and finances from raw material sourcing to the final consumer

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2.2.6. PRACTICAL DEMO 2: FEASIBILITY STUDY

Tool

- ChatGPT

Prompt

Prepare a simple business feasibility study for starting a juice processing MSME in Bahir Dar.

Steps

1. Review market, costs, risks
2. Discuss feasibility decision

2.2.7. PRACTICAL DEMO 3: PITCH DECK OUTLINE

Tool

- ChatGPT

Prompt

Create a 5-slide investor pitch outline for a youth-led agribusiness.

Unit 3: GEN AI FOR FINANCIAL PLANNING & OPERATIONS

Learning Objectives

Participants will:

- ✓ Understand how Gen AI integrates into financial planning functions
- ✓ Identify alternative Gen AI tools for budgeting, forecasting, cash flow, statements & reconciliation
- ✓ Generate monthly budgets
- ✓ Prepare revenue & expense forecasts
- ✓ Generate cash flow projections: Use ChatGPT + Excel for cash flow
- ✓ Produce simple income statements
- ✓ Understand Gen AI-supported reconciliation
- ✓ Reduce financial errors using AI
- ✓ Manage inventory through AI prediction

3.1. Major Concepts of Financial Planning

Financial planning includes:

- Budgeting
- Forecasting
- Cash flow
- Income statements
- Reconciliation
- AI helps **reduce errors and save time**.

3.2. Core aspects/Practical Tips for MSME Entrepreneurs on Building & Improving Financial Plan & Management

- **Understanding Key Financial Statements**:
  - An effective financial plan starts with a **thorough understanding of financial statements** such as the **income statement**, **balance sheet**, and **cash flow statement**.
  - The **income statement** shows the company's profitability, while the **balance sheet** provides insights into assets, liabilities, and owners' equity. The **cash flow statement** tracks how cash flows in and out of the business, providing a snapshot of liquidity.

- Understanding and regularly reviewing these financial documents helps identify potential financial risks and opportunities and ensure the business remains **profitable** and **liquid**.

- **Interrelationship Between Financial Statements**:
  - How the **income statement** feeds into the **balance sheet** and how profits from the income statement are reflected in the business's **equity**.
  - How **net cash flows** from the **cash flow statement** impact the **bank balance** and can be used to fund future operations or investments.
- **Maintaining Financial Records**:
  - Importance of keeping **accurate and up-to-date financial records** to comply with tax regulations, attract investors, and make informed business decisions.

    How to use **accounting software** (e.g., QuickBooks, Xero) or hire a **professional accountant** to ensure financial records are properly maintained

- **Financial Forecasting**:
  - **Financial forecasting** involves predicting future financial performance based on historical data, market trends, and business goals. It helps businesses understand how to manage **cash flow**, **expenses**, and potential growth opportunities over time.
  - By preparing forecasts for **revenue**, **expenses**, and **profits**, MSMEs can identify potential challenges before they arise, such as cash shortfalls, and take proactive measures.
  - **Scenario analysis** can also be used to prepare for potential economic downturns, changing market conditions, or new competitors, enabling businesses to be more **resilient** and adaptable to external factors.
- **Managing Cash Flow Effectively**:
  - Proper **cash flow management** is essential for the survival of MSMEs. Entrepreneurs should regularly track and forecast their cash flow to ensure they have enough liquidity to meet daily operating expenses.
  - Tips for improving cash flow include **negotiating better payment terms** with customers and suppliers, **monitoring receivables and payables**, and using **cash flow management tools**.
  - Keeping **operational costs** in check and ensuring that there is adequate working capital can help prevent liquidity crises, which can derail business operations

- The **Cash Flow Statement** tracks the **inflows** and **outflows** of cash within a business over a period. It is crucial for understanding how much cash is available for operations, investments, and financing.
- Key components:
  - **Operating Activities**: Cash received or paid from core business operations (e.g., sales, payments to suppliers).
  - **Investing Activities**: Cash flows from investments in assets or securities (e.g., purchase of equipment, sale of assets).
  - **Financing Activities**: Cash flows from obtaining or repaying debt, or issuing equity (e.g., loans, dividends, or capital investment).

- **Creating a Financial Roadmap for Growth**:
  - A financial roadmap outlines **specific steps** the business will take to reach its financial goals. It includes **budgeting** for operational costs, allocating funds for **expansion**, and setting clear **performance targets**.
  - The financial plan should include strategies for managing **operating costs**, increasing revenue, and maintaining profitability as the business scales.
  - A roadmap also outlines how to **balance short-term needs** (such as covering operating expenses) with **long-term investments** (such as upgrading equipment or expanding production capabilities).
- **Setting Financial Goals and Managing Growth**:
  - MSMEs need to set **short-term and long-term financial goals** that are **measurable**, such as revenue targets, profit margins, and cash flow milestones. These goals help in monitoring progress and adjusting strategies as needed.
  - The financial plan serves as a key instrument in managing business growth. It provides a framework for **identifying and capitalizing on opportunities**, such as expanding into new markets, hiring additional staff, or increasing production capacity.
- **Setting Financial Goals and Budgets**:
  - Setting realistic **financial goals** such as increasing revenue, reducing costs, or improving profit margins.
  - Developing a **budget** to align business operations with financial goals and allocate resources effectively.
  - Regularly comparing actual financial performance to budgeted figures to identify deviations and take corrective action.

3.3. Alternative Gen AI tools for Financial Plan & Management

AI Use Cases for MSMEs

Area	How AI Helps
Cash Flow Forecasting	AI predicts next-month inflows/outflows based on spending patterns
Inventory Management	AI estimates stock shortages before they happen
Pricing	AI calculates correct selling price based on cost & margin
Budgeting	AI creates clear monthly and annual budgets
Recordkeeping	AI helps create simple tables for income & expenses

Recommended Tools

- **ChatGPT Free / Copilot / Gemini** (financial text, tables, projections)
- **Excel AI (Forecast Sheet)**
- **Google Sheets AI functions**
- **Zoho Inventory Free / Odoo Community** for inventory insights

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3.4. PRACTICAL DEMO ON FINANACIAL PLANNING:

3.4.1. PRACTICAL DEMO: MONTHLY BUDGET

Tool

- **Ch**atGPT

Prompt

Create a simple monthly budget for a small metal workshop in Adama.

Steps

1. Review cost categories
2. Adjust values
3. Identify profit

3.4.2. PRACTICAL DEMO: EXCEL AI FORECASTING

Tool

- Microsoft Excel AI

Steps

1. Enter 3-month sales data
2. Select **Forecast Sheet**
3. Review forecast

3.4.3. PRACTICAL DEMO: CASH FLOW PROJECTION

Prompt

Generate a 12-month cash flow projection for a small coffee processing MSME in Jimma.

Tool: **Excel AI / ChatGPT**

Prompt:

"Generate a simple monthly cash flow forecast table for a micro-retail shop in Hawassa with a starting capital of 30,000 ETB."

ACTIVITY

Participants generate:

- 6-month cash flow
- Simple income statement

3.4.4. **PRACTICAL DEMO : INVENTORY MANAGEMENT USING PREDICTIVE AI**

Purpose of the Demo

To help MSMEs:

- Avoid **overstocking**
- Prevent **stock-outs**
- Reduce waste and tied-up cash

What is Predictive Inventory?

Predictive AI uses past sales data to:

- Estimate future demand
- Suggest how much to stock

☞ Instead of guessing, MSMEs **predict demand**.

Tools to Be Used

- **ChatGPT Free**
- **Microsoft Excel (Forecast Sheet)** or **Google Sheets**

Example MSME

Small retail shop selling cooking oil & sugar in Hawassa

Sample Sales Data (3 Months)

Month	Cooking Oil (liters)
Jan	200
Feb	240
Mar	280

Prompt to Use

You are a supply chain assistant.

Based on the following 3-month sales data, predict next month's inventory needs.

Suggest:
- Expected demand
- Recommended reorder quantity
- Simple explanation

Data:
January: 200 liters
February: 240 liters
March: 280 liters

Steps

1. Open ChatGPT
2. Paste prompt
3. Review prediction
4. Discuss:
    - What happens if demand increases?
    - What if price rises?

Optional Excel AI Step

1. Enter data in Excel
2. Select data → **Forecast Sheet**
3. Excel generates trend and forecast automatically

Key Learning Point

✓ Even **basic data** can improve decisions
✓ AI supports **better stock planning**, not perfection

Integration Summary

Business Function	AI Tool Used	Benefit
Customer Segmentation	ChatGPT / HubSpot AI	Better targeting
Inventory Planning	ChatGPT / Excel AI	Reduced waste
Business Modeling	ChatGPT / Canvanizer	Clear strategy
Marketing Messages	ChatGPT	Higher engagement

Group Activity

- Each group selects **one product**
- Predicts **next month's inventory** using AI

Module III STRATEGY, POLICY & SUSTAINABILITY

Introduction:

Most MSMEs begin using AI tactically—writing posts, generating budgets, or drafting plans. This module shifts participants from short-term use to long-term strategic thinking.

The module help participants think long-term: not just using AI, but preparing their business ecosystem for adoption. **This module emphasizes** real stories, practical lessons, and action planning**, not theory**

OVERALL MODULE OBJECTIVES

By the end of this Module, participants will be able to:

- ✓ Understand **real-world AI success stories** from developing contexts
- ✓ Identify **best practices** for sustainable AI adoption in MSMEs
- ✓ Measure how AI contributes to **SDG 8, 9, and 12**
- ✓ Develop a **practical AI adoption roadmap** for their own MSME
- ✓ Develop actionable AI-driven strategies.
- ✓ Engage in **policy dialogue** with government and ecosystem actors
- ✓ Think strategically about **ethics, inclusion, sustainability, and resilience**

UNIT 1: CASE STUDIES OF SUCCESSFUL GEN AI & AI FOR MSMEs IN DEVELOPING COUNTRIES

Purpose

To inspire MSMEs by showing **"people like you"** succeeding with AI in **resource-constrained environments**, not Silicon Valley.

Learning Objectives

Participants will be able to:

- Understand real-world AI success stories from developing contexts
- **Use real-world** *Developing Countries*, **African and Ethiopian examples to contextualize strategy.**
- Identify best practices for sustainable AI adoption in MSMEs

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a. Case Studies of Successful AI Integration

A. African Case Studies

Case 1: Twiga Foods – Kenya

AI Use:

- AI-based demand forecasting and supply–demand matching
- Reduces food waste and stabilizes farmer income

Why It Matters to MSMEs:

- Shows how **AI improves efficiency**, not just marketing
- Applicable to small traders, cooperatives, agro-processors

SDG Links:

- SDG 8 (Decent Work)
- SDG 12 (Responsible Production)

Key Lesson for Ethiopian MSMEs:
AI can be used **behind the scenes** to reduce losses and increase predictability.

Case 2: Flutterwave – Nigeria

AI Use:

- Fraud detection and transaction monitoring

Why It Matters to MSMEs:

- Trust and security are critical for digital payments
- MSMEs using mobile money can benefit from AI-powered risk tools

Key Lesson:
AI increases **trust**, which increases **sales and customer retention**.

Case 3: African Case Study: Nigeria's Hair Extension MSMEs Using AI

Women-led MSMEs used AI tools to:

- Predict best-selling hair types
- Create marketing content
- Optimize Instagram hashtags

This led to a 32% increase in sales (UN Women Africa, 2023).

Case 4: Local African MSMEs using Canva AI

AI Use:

- Logo design, posters, social media content

Why It Matters:

- No need for graphic designers
- Reduces marketing costs by 70–90%

Key Lesson:
AI democratizes **professional-quality branding**.

B. Ethiopian Case Studies

Case 5: Gebeya (Ethiopia)

AI Use:

- AI-powered talent matching platform

Relevance to MSMEs:

- Demonstrates how Ethiopian enterprises can build **AI-enabled platforms**
- Inspires youth-led digital MSMEs

SDG Link:

- SDG 9 (Innovation)

Case 6: Ethiopian MSMEs using Canva & ChatGPT

Examples:

- Small cafés generating menus and posters
- Tailors creating TikTok captions
- Traders drafting customer messages in Amharic & English

Key Lesson:
AI works even with **low bandwidth, smartphones, and basic skills**.

C. **Other Developing Countries**

Case 7: India – Small Retailers

AI Use:

- Inventory forecasting using simple AI tools

Lesson:
AI can be **simple and affordable**, not complex or expensive.

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b. Best Practices & Success Factors

Best Practices from Africa

- Start small (one function, one tool)
- Focus on **business pain points**
- Combine AI with **local knowledge**

Best Practices from Ethiopia

- Use mobile-friendly tools
- Prioritize local languages and platforms
- Align with government digitalization programs

Best Practices from Other Developing Countries

- Community learning
- Shared digital resources
- Gradual scaling

c. Activity – Case Reflection

Participants discuss:

- Which case resembles their business?
- What AI use can they adopt in the next 3 months?

UNIT 2: MEASURING IMPACT ON SDGs

Purpose

MSMEs must move from **"using AI"** to **"proving value"**—to themselves, funders, and policymakers.

Learning Objectives

Participants will be able to:

- Identify SDGs relevant to their business
- Define simple indicators
- Track AI's contribution to growth and sustainability

2.1. Key SDG Measurement Framework

SDG 8 – Decent Work & Economic Growth

AI Contribution Indicators:

- Increased sales
- Reduced costs
- New jobs created
- Time saved

Example:
AI-generated marketing → more customers → higher income

SDG 9 – Innovation

Indicators:

- New products/services
- Digital tools adopted
- Improved processes

Example:
AI-based inventory planning → fewer stock-outs

SDG 12 – Responsible Production

Indicators:

- Reduced waste
- Better resource use
- Improved forecasting

Example:
AI demand forecasting → less unsold inventory

Simple M&E Table for MSMEs

Area	***Before AI***	***After AI***	***Change***
Monthly Sales	30,000 ETB	45,000 ETB	+15,000
Waste	High	Reduced	↓
Time Spent	10 hrs/week	4 hrs/week	↓

2.2. Activity – SDG Mapping

Each participant:

- Selects 1 SDG
- Defines 3 simple indicators
- Shares with the group

UNIT 3: PLANNING FORWARD & POLICY DIALOGUE

Purpose

To move from training to **action, alignment, and sustainability**.

Learning Objectives

Participants will be able to:

- Develop an AI adoption roadmap
- Identify policy and ecosystem needs
- Engage constructively with government stakeholders

3.1. AI Adoption Roadmap

1. **Assess Readiness** – skills, tools, internet
2. **Select Priority Use Cases** – marketing, finance, planning
3. **Build Skills** – training, peer learning
4. **Implement & Monitor** – track results
5. **Scale & Sustain** – partnerships, policy support

3.2. Policy Dialogue

MSMEs need:

- Affordable internet
- Digital skills training
- Access to AI tools
- Clear regulations

3.3. Government Needs from MSMEs

- Feedback
- Compliance
- Innovation pilots

3.4. Interactive Activity

Activity 1 – Group Roadmap

Each group develops:

- 6–12 month AI roadmap
- 3 policy recommendations

Activity 2 – Action Plan for You

1. Select one business problem.
2. Choose one AI tool (ChatGPT, Gemini, Canva).
3. Try one prompt.
4. Improve the output.
5. Apply it to your business.
6. Practice weekly.

4. SUMMARY OF ENTIRE MODULE

1. MSMEs are the backbone of Ethiopia's economy

They contribute significantly to employment, innovation, and economic diversification.

2. Gen AI is not only for big companies—it is accessible to MSMEs

Free tools like ChatGPT, Gemini, Canva AI, Excel AI, and Notion AI can dramatically improve productivity.

3. Gen AI strengthens MSME resilience through:

Faster decision-making

Better financial planning

Improved customer reach

Enhanced product quality

Reduced operational costs

4. Digital skills and data readiness are essential for successful AI adoption

MSMEs must gradually improve digital literacy and data organization.

5. Ethical and responsible AI use is important

Start small, monitor outputs, and always double-check AI-generated results.

6. AI is a tool—not a replacement for human creativity

The best outcomes come when AI supports human decision-making.

7. Ethiopia offers a supportive digital transformation agenda

Leveraging Digital Ethiopia 2025, MSMEs can align with national priorities and global SDGs.

8. Start simple: one tool, one problem, one solution

AI adoption should be incremental and practical.

8. Consider the following key takeaways:

- AI helps MSMEs **decide better**, not guess
- Free tools are **enough to start**
- Data quality matters more than tool complexity
- Start small → grow gradually
- Learn from **real-world AI success stories**
- AI is a **strategic tool**, not just a technical one
- MSMEs can measure and prove impact
- Sustainability requires planning and alignment
- Policy engagement strengthens MSME resilience

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World Economic Forum. (2023). *Scaling AI for MSMEs in Africa.* WEF Publications.

RECOMMENDED REFERENCES & LINKS

Ethiopia Policy & Strategy

- Digital Ethiopia 2025 Strategy
- Ethiopia ICT Hub: https://ictet.org
- Ministry of Innovation & Technology

Free AI Tools

- ChatGPT Free – https://chat.openai.com
- Google Gemini – https://gemini.google.com
- Canva AI – https://www.canva.com
- Notion AI – https://www.notion.so
- Microsoft Excel AI (Free Online)

African & Global MSME Reports

- UNDP Africa – Digital Transformation Reports
- World Bank – Ethiopia MSME Competitiveness Report
- Mastercard Foundation – Youth & Digital Economy Studies

Videos & Tutorials

- Google Digital Skills for Africa (Free courses)
- Microsoft AI for Beginners (YouTube series)