# A Participatory Guide to Developing Partnerships, Area Resource Assessment and Planning Together

Mark Lundy, María Verónica Gottret, Rupert Best, and Shaun Ferris

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Local descriptors in English:
1. Participatory research.

AGROVOC descriptors in Spanish:
1. Desarrollo rural. 2. Empresas. 3. Explotación en pequeña escala. 4. Coparticipación. 5. Participación comunitaria. 6. Creación de capacidad. 7. Autonomización. 8. Capacitación. 9. Innovación. 10. Planificación.

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# Preface

This *guide* is the second in a series of documents designed to support agencies implementing participatory agroenterprise development program operating within defined geographical areas. The titles in the CIAT agroenterprise "good practice guide series" include:

1. Strategy Paper: A Participatory and Area-based Approach to Rural Agroenterprise Development.
2. **A Participatory Guide to Developing Partnerships, Area Resource Assessment and Planning Together.**
3. Identifying Market Opportunities for Rural Smallholder Producers.
4. Participatory Market Chain Analysis for Smallholder Producers.
5. Evaluating and Strengthening Rural Business Development Services.
6. A Market Facilitator's Guide to Participatory Agroenterprise Development.
7. Collective Marketing for Smallholder Producers.
8. Rapid Market Appraisals to Support Smallholder Agroenterprise Development.
9. Agricultural Marketing Extension: Tools and Methods.
10. Policy Analysis for Smallholder Agroenterprise Development and Advocacy.

The starting place for this *guide* is a biophysical asset based analysis of the area under consideration, a social profile analysis of the client group(s), and the establishment of an agroenterprise working group.

The output of the work from this *guide* is an action plan, based on two options:

(i) A market pilot test for an existing product with the target farmer group, typically with a focus on collective marketing.

Or

(ii) A plan to work towards greater crop diversification through the market opportunities identification process.

For those following the full CIAT process, this *guide* is the first step in the agroenterprise process.

### *Note to users*

Service providers should read the *guides* in their entirety, to absorb the ideas and concepts prior to going to the field. Our experience has shown that best results are attained when these processes are not implemented in a mechanical manner; rather that the principles are interpreted and adapted to local conditions based on the marketing environment, available resources, and anticipated scale of implementation.

*Discover your Innovation*

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We acknowledge the dedicated support that we receive from our colleagues in these institutions and the collaboration of the many farmers and traders that were involved in the development of the methods and tools described.

We give thanks to IDRC and DFID for their logistic and financial support over many years which have enabled partners to learn, discover, and create this body of knowledge. Thanks also go to USAID and CRS for providing funds to publish these documents.

Technical and language editing of this document was done by Libby Finney. A special word of thanks to Jorge Enrique Gutiérrez for his drawings.

# Introduction and Background to the *Guide*

**Mr. Busy** Buyer for Best Fruit Supermarkets Ltd.

**Mr. Sam** Chairman Green Farmer Association

**Mr. Movit** Rapid Transit Traders

**Mr. Marco** NGO Market Facilitator

**Prof. Margaret** Market Researcher and Academic

**Mrs. Jemimah** Fruity Processors Ltd.


Figure 1. Market chain participants at their first planning session.

Many small-scale farmers in developing countries are finding it increasingly difficult to improve their livelihoods using traditional strategies based on agricultural production, particularly when they work as individual family units. In the past 10 years the agricultural world has changed dramatically, with reduced government expenditure, falling commodity prices, and increasing competition in the marketplace.

To assist rural communities, many donor organizations follow the convention of investing to increase the production of a limited number of commodities. This approach has merits, it is simple, can increase demand for new research technologies such as varieties and fertilizer, and usually overcomes food security issues. For communities that are unable to provide themselves with a reliable food source, this option is a necessary first step.

Unfortunately, in the past, production-based approaches give little attention to marketing issues. Rapid increases in production, with no other changes can lead to markets, especially local markets, being oversupplied. In the worse cases, this can create a situation where farmers receiving less income than before the project.

This situation is not caused by a lack of resources or genuine effort to support rural populations, but is a consequence of limited business planning, the need to produce dramatic results within a 3-5 year project cycle and lack of coordination between support agencies and local private sector participants. We believe that for many communities, particularly the poorest communities, a more robust strategy is required which has realistic timeframes and achievable goals. We believe that each intervention should begin with a basic business planning process (Figure 1). In this figure we attempt to show those critical participants who can assist in making markets work better for smallholder farmers. Greater effort should also be made to bring together development agencies working within a defined geographic area and that the local community should be closely involved in the design and testing of options that meets their needs.

To address this challenge, CIAT's Rural Agroenterprise Development Project (RAeD) has developed a series of participatory methodologies which aim to assist rural service providers to enable farmers to benefit from improved social structures, learn basic agroenterprise skills, and improve their ability to innovate. This process has been divided into a number of discreet tasks, which when combined, make up a strategy entitled the "participatory and area-based approach to rural agroenterprise development".

"Agroenterprise" is defined in this *guide*, as a business activity that is implemented by resource-poor smallholder farmers. The approach is based on the idea of developing skills and building assets before moving to scale. "Service providers" are those agencies, organizations, and local entrepreneurs who facilitate the process of learning and market engagement. Service providers who do not have expertise in rural business development are encouraged to start small and to read the *guides* thoroughly before attempting to replicate ideas on a broader scale.

## Overview of the Area-based Approach for Rural Agroenterprise Development

This *guide* provides the starting point for applying the strategy developed by CIAT's Rural Agroenterprise Development Project (RAeD), to address the entrepreneurial development needs of institutions that support rural communities. The methods, tools, and learning approaches described here, were the result of many collaborative projects undertaken over the past 10 years in Latin America, Africa, and South East Asia. The implementation draws heavily upon participatory methods that assist the facilitating institute to focus on realizing new business opportunities for rural communities. The basic steps in the process include:

(i) Developing partnerships, area-based analysis, and planning.
(ii) Market opportunity identification.
(iii) Analyzing production chains and generating business plans.
(iv) Implementing agroenterprise projects.
(v) Strengthening business development services in rural areas.
(vi) Evaluating and advocating for improved marketing policies.

This approach was developed in response to demand from partners who wanted a systematic method for shifting from a food security strategy that focused on increasing production to a market-oriented approach that emphasizes local empowerment and building local skills for income generation and market engagement.

The approach aims to provide rural communities with the basic skills to understand their market environment, identify market opportunities, design new agroenterprise projects, and integrate projects within market chains. This process is flexible and decisions will enable smallholders to adopt the most appropriate marketing strategy to assist their prospects for increased income, such as:

1. Improving the competitiveness of products in local and regional markets.
2. Achieving economies of scale through collective action and group marketing.
3. Diversifying into improved or higher value products linked to growth markets.
4. Adding value to products by changing farming practices to accesses higher income markets enhance product quality and incorporate processing activities.

A flow diagram linking actions and good practice guides is shown in Figure 2, and

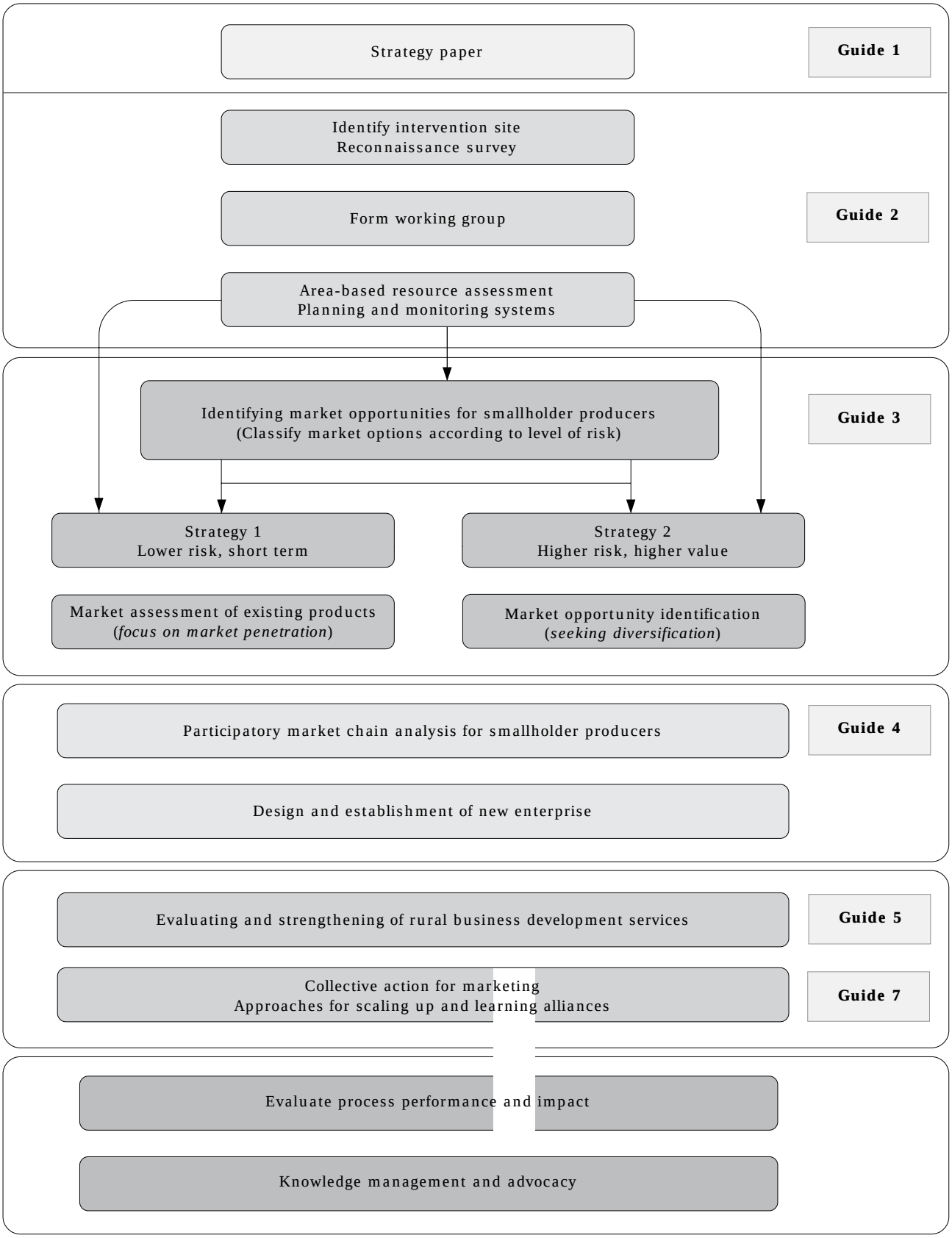



Figure 2. Flow chart of key stages in the participatory agroenterprise development approach.

Note: Guide 6: "The Market Facilitator's Guide" is a summary of Guides 2-5.

Appendix 1 provides an overview of the relationships between the main tasks in the agroenterprise strategy, with an indication of the time and effort required. For each stage, there is time allocated for (i) learning, (ii) putting ideas into practice, and (iii) evaluating the outcome. This participatory process aims to work towards building a consensus for activities to increase the likelihood of success.

Given that local contexts have unique features and that markets are dynamic, service providers should implement the methods based on local opportunities and resources. Enterprise activities are complicated social activities that need to be facilitated by skilled staff with motivated partners. In all cases the approach requires that roles and responsibilities are agreed at the outset; that planning and investments are client-led and performance is critically observed.

Experience shows that for these approaches to be effective, service providers and farmers need to acquire new skills and new working arrangements. This change from a production to a marketing perspective requires time and finances, which is why we recommend the approach is first introduced within a long-term capacity building program, typically over a 2-year period.

**N.B.** In certain situations and locations, this market-led approach may not be the most appropriate, such as in areas suffering from civil insecurity or chronic food insecurity, where food assistance maybe the primary need.

## Objectives and Structure of the *Guide*


The aim of this *guide* is to provide a systematic means to (i) select and evaluate an area, (ii) establish an overall working group to support inter-institutional agroenterprise development, (iii) profile client groups to implement enterprises, and (iv) agree area plans for joint activities.

This guide has the following sections:

- Basic principles of livelihood development.
- Agroenterprise working group development.
- Selection and diagnosis of an area.
- Profiling of clients.
- Planning for action.
- Making decisions on pilot testing.
- Designing a system for monitoring, evaluation, and learning.

The results from each section are used as the input for the following section. On finalizing the methods in this *guide*, you will have

(i) Selected an area.
(ii) Established a working group made up of diverse organizations.
(iii) Undertaken an area resource assessment.
(iv) Agreed upon joint activities with partners for marketing and enterprise development.

## SECTION 1

# Basic Principles of Livelihood Development

To facilitate analysis of the area, we propose using the "sustainable livelihoods" approach developed by Scoones (1998) (Figure 3).

The term livelihood describes the capacities, capital (human, social, productive/economic, natural), and activities needed to sustain life (Chambers and Conway, 1992). A livelihood is considered sustainable when it can respond and recover from abrupt shocks, and can maintain or improve its capacities and capital without undermining the natural resource base.

## Defining Livelihood

There are five key elements in this definition:

### 1. *Generation of employment*

This is related to the capacity of a combination of life strategies to generate employment, whether on the farm or outside it, or in the formal or informal system. Employment has three aspects: income (salaried employment for employees), production (employment producing a consumable good), and recognition (where employment gives the individual recognition for having participated in something of value). Generally, 200 days of employment per year is estimated as the minimum for generating a livelihood.

### 2. *Reducing poverty*

The level of poverty is a key criterion in evaluating livelihoods. Various indicators can be used to develop an absolute measure of "poverty line", based on, for example, levels of income, consumption, and access to services. Alternatively, relative measures can be used, such as the Gini coefficient. These quantitative measures of poverty can also be used in combination with more qualitative indicators.

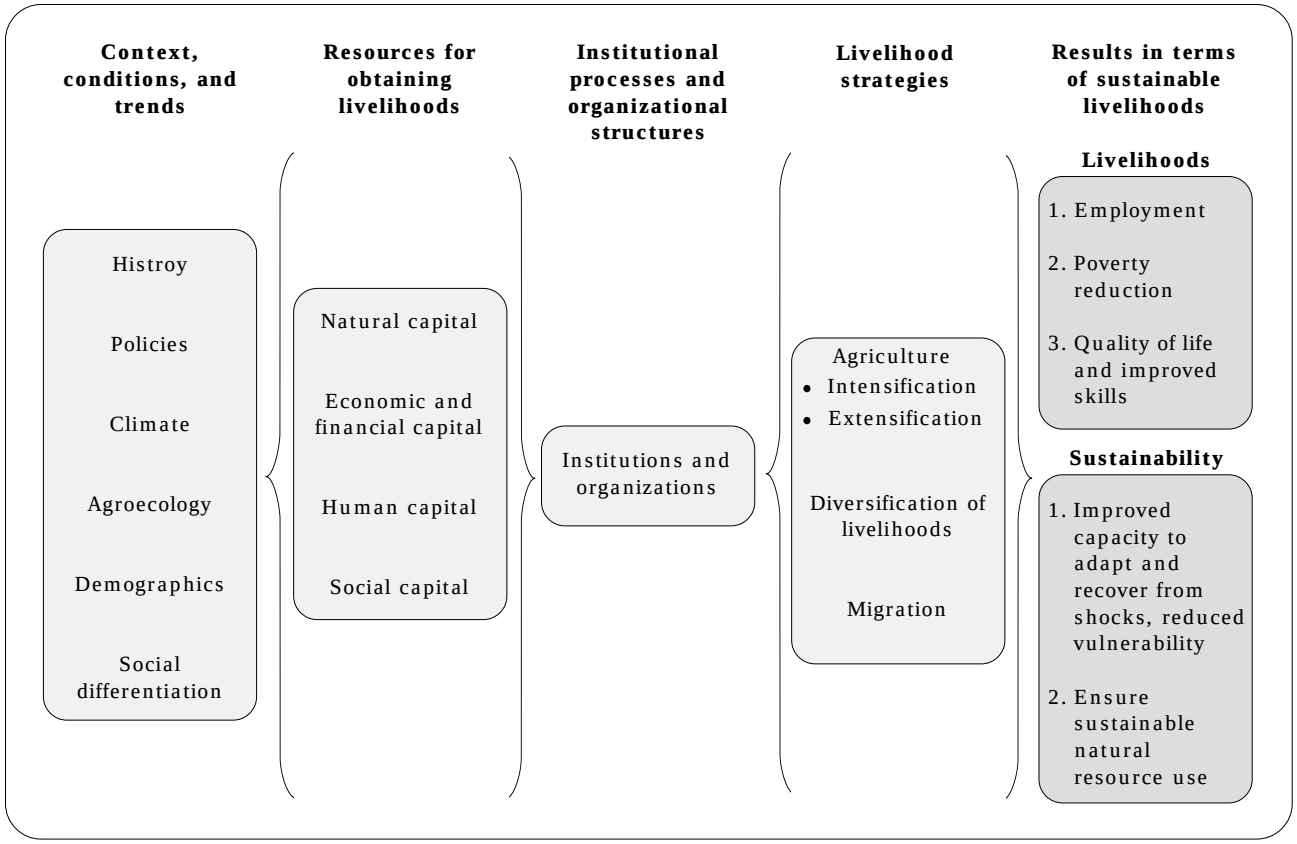



Figure 3. The "sustainable livelihoods conceptual framework".

### 3. *Well-being and skills*

This concept goes beyond the material needs for food and income, including the idea of capacities (i.e., "*what can people do or be, given what they possess?*"). Hence, the people themselves should determine those criteria that are part of the concept of well-being, such as self esteem, safety, happiness, low levels of stress and vulnerability, increased power, reduced exclusion, as well as the other more conventional elements.

### 4. *Adaptation, recovery, and vulnerability*

This refers to the ability of a livelihood to respond and recover from abrupt changes and stress. Those that cannot respond (i.e., make temporary adjustments as a result of change) or adapt (i.e., make long-term changes in life strategies) are inevitably vulnerable and have a low probability of achieving a sustainable livelihood.

### 5. *Sustainability of natural resources*

Most rural livelihoods depend on the natural resource base. The concept thus refers to the system's ability to maintain productivity when faced with disturbances, including stress or abrupt changes. This implies preventing natural resource reserves from diminishing to a level that results in the effective and permanent reduction of products and services that these generate to achieve "the means by which to live".

***Seeking sustainable livelihoods:*** Achieving a sustainable livelihood is the result of a combination of factors within the area such as available resources, organizations, and institutions. To understand the livelihoods of a given area and possible ways of improving them, we must analyze these factors. This section briefly describes each component of the "livelihood approach".

***Context:*** The context of an area includes general aspects such as history, policy, climate, agroecology, demography, and social differentiation (Figure 3). Much of the data on these aspects are available in secondary sources of information (e.g., statistical yearbooks) but they are important for obtaining a clear idea of the area in which intervention will be carried out. An important aspect to understanding context is the social

differentiation between groups. This differentiation can be based on: levels of well-being and income, access to certain resources, sex, age, or ethnicity. What is important is to differentiate among the various groups of people that live within the area to understand their relationships with resources, organizations, and institutions, and thus to eventually understand the life strategies they use.

***Available resources and their access:*** The ability to develop different life strategies depends on the basic resources, both material and social, that people possess or have access to. Four types of important resources can be identified for generating livelihoods. These resources are defined as follows:

1. *Natural resources*. These are the set of natural factors (e.g., soil, water, air, forest, genetic resources) and environmental services from which the resources and services needed to achieve livelihoods are derived.
2. *Human resources*. These include knowledge, abilities, good health, and physical capacity.
3. *Productive/financial resources*. These refer to basic assets (e.g., cash, credit, savings, and other economic and productive assets, including basic infrastructure, production equipment, and technology).
4. *Social resources*. These include the social organization (networks, social relationships, associations, norms, confidence, and willingness to work for the common good). The social organization facilitates the coordination, cooperation, and collective action for the common good.

On analyzing the resources, a series of questions arise:

***Sequence:*** What is the starting point for successfully establishing a given life strategy? Is a particular type of capital (assets) an essential precursor for gaining access to another type of capital?

***Substitution versus combinations:*** Can one type of capital be replaced by another? Or must there be a combination of different types of capital to acquire a given life strategy?

***Limiting factors:*** Are there limitations in specific types of capital or competencies that are preventing members of a community from improving their life strategies?

***Clusters:*** If one has access to one type of capital, does one normally have access to other types? Or do "clusters" of given combinations of capital types exist, which are associated with certain groups of people or life strategies?

***Access*:** Clearly, different people have access to different capital types, depending on institutional agreements, organizational characteristics, power relationships, and policies. Hence, we must analyze the access and control of capital type taking into account social differentiation (e.g., well-being, sex, or age).

***Trends*:** What are the trends in the availability of different capital types? How are these types of capital accumulated or undermined, and by whom? What are the trends in terms of access? What new capital types are being created through environmental, economic, and social changes?

***Organizations and institutions:*** Within the livelihoods framework, the understanding of organizations and institutional processes are important, given that organizations (the players) and institutional processes (the "rules of the game") interact in ways that facilitate or hinder the ability of different segments of the population to carry out different life strategies and achieve, or not, sustainable livelihoods (Figure 3).

The combination of context, resources, organizations, and institutions combine to generate different life strategies which can be grouped into three broad categories:

***Agricultural intensification or extensification:*** Rural inhabitants can achieve livelihoods through agriculture (including livestock, fish farming, and forest resources) by processes of intensification (i.e., increasing production per unit of area through capital investments or increased labor), or extensification (i.e., increasing the area of land cultivated).

***Diversification of livelihoods:*** Another option is to diversify towards agricultural activities of greater value, or toward nonagricultural activities. Thus, diversification seeks to develop a portfolio of activities that would generate income, and which would make the population less vulnerable to economic shocks.

***Migration:*** A third option is migration, either temporary or permanent, to another region or urban center in search of a livelihood.

Despite these differences, the reality of life strategies in rural areas is that, rather than choosing one or the other, the population uses a combination of the three, which varies according to the time of year or the reigning economic conditions in the country.

### *Using the livelihood framework in rural agroenterprise development*

The livelihood's framework provides a means to characterize the context, resources, social organization, and life strategies available to a community. This can be considered as a baseline from which to evaluate new options in the design of agroenterprise interventions.

Gathering information on the various components of the livelihoods framework, such as local capacity, existing resources, institutional processes, and the local business environment can also assist in deciding upon different entry points and strategies to support different types of groups within an area/region. The levels of differences can include the very resource-poor farmers, women, or farmers with more favorable assets and market access. Based on the information and differences in client types, interventions can be tailored to specific needs. Thus interventions may range from a focus on one specific skill or technology to enable more effective market engagement, to more complicated interventions that include combinations of investments in infrastructure, building of associations, and strengthening business relationships.

Developing plans based on a holistic analysis (i.e., context, resources, processes of social organization, and life strategies), also provides a useful means of designing specific indicators, which can be used for monitoring impact. Incorporating impact analysis into the early plans enables both project staff and community members to design compatible impact pathways and systems for monitoring and evaluating results.

In this *guide*, the livelihoods framework is used as a conceptual tool, for characterizing an area to design and monitor agroenterprise interventions. Given that the local assessment is rapid, we can only gain a basic "snapshot" of the situation at a particular time. Therefore this information is complemented with a review of the innovation processes within the target area to gain a better understanding of key changes over time.

## Evaluating Innovation for Agroenterprise Development

In its simplest form innovation is the way in which an existing situation is changed and improved over time. These improvements can be derived from a mixture of local and external knowledge applied to a specific situation. Improvements can be technical (e.g., new varieties or production systems) or social (e.g., forms of organization), or a combination of the two. In the context of rural agroenterprise development, we need to understand how processes of agroentrepreneurial innovation are generated. Who generates these processes? How are innovations disseminated?

## Rural Agroenterprise Development within a Target Area

The concepts of livelihoods and innovation provide a general framework on which to analyze agroenterprise development in a selected area. In general, the types of agroenterprises being designed depend upon the resources and capacities of target groups and the innovation systems. The approach therefore begins by gathering information on the resources, organizations, institutions, and innovation status of the community. This information is analyzed with a view to establishing new combinations and/or upgrading specific activities to generate higher income livelihood strategies.

## SECTION 2

# Preparing the Groundwork


Starting new projects is a crucial time, as this is when decisions are made about where to work, who to work with, and what types of interventions will take place. When incorporating an agroenterprise approach issues that should be addressed include:

- Defining the geographical area of intervention.
- Framing the project duration.
- Reviewing in-house staffing.
- Review the budget.
- Sound out key partners.
- Gain greater insight into your client capacities, assets, and their communities.
- Clarify targeting decisions (i.e., project focus on specific sectors, client types).

### Setting Goals and a Philosophy for Community Engagement

The lead agency should develop a clear understanding of what they want to achieve in terms of client types, investment areas, levels of individual/family income gain, scale of intervention and expected outcomes when using agroenterprise. Full details do not have to be fully crafted as changes are likely when reformulating ideas with partners. From a CIAT perspective, one of the major goals is to "empower local communities with the ability to identify market opportunities and develop new agroenterprises using their own skills and resources". To achieve this goal, participatory tools are used as a means to co-innovation and learning is implemented through learning-by-doing. This goal, however, needs to be tempered with a practical return or level of impact based on the investment costs of the project.

### Rapid Reconnaissance Survey for Planning

As part of the initial planning, the lead organization should undertake a rapid reconnaissance survey of the area in which they intend to work. This information will provide a better understanding of where to start activities and who could be useful partners. When a geographic area has been defined, the survey should gather general information on the following areas, as outlined in the livelihood framework:

- ***Social context:*** History, climate, population, social groupings.
- ***Natural resources:*** Basic understanding of soils, climate, product specialization,

- ***Local productive resources:*** Transport system, market infrastructure,
- ***Partner social capital:*** Gain an overview of other institutions and development agencies working in your area, what they do, find out if they share any common values and if they are interested in participating in the market oriented work. Evaluate level of social networking, farmer groups, and associations.
- ***Business assets:*** Interview leading traders, processors, and service providers to gain a basic understanding of the major goods, products and services traded in the area, major challenges and opportunities as viewed from the private sector.

This information will be used to identify like-minded partners, to initiate a "working group", define criteria for selection of enterprise groups (i.e., farmer groups who will develop new businesses), and to select a defined area for interventions.

## Applying the Agroenterprise Approach

The entry point for the area-based approach is flexible, depending on factors such as:

1. In-house marketing capacity.
2. Partners skills involved in the process.
3. The skills and asset base of the clients.
4. Local political conditions and infrastructure.
5. The level of participation to be used in the process.
6. *A priori* decisions on client/beneficiary profiles.
7. Investment processes.
8. Duration of the exercise.

### *Evaluating in-house marketing capacity*

For the lead organization in this process, the first issue to consider is the level of in-house capacity and competence to lead a marketing program that includes partners and farmer group organization. If skills exist, start working through the agroenterprise approach as indicated in the generic process outlined in Figure 2.

If however, your organization or immediate partners are doing this type of work for the first time, they may benefit from testing the method via a pilot project before going to scale. Pilot projects enable the team to learn the basics of the enterprise process and field staff to gain confidence in applying/adapting the methods to local conditions. This experience will put participating organizations in a better position to train others, using their local experience.

## Engaging Partners in the Process

Agroenterprise development is a complex task that involves working with actors within a market chain and linking to business services that support the market chain (Figure 4). To link activities with multiple actors requires many skills and it is unusual to find all of the necessary technical, social, business, and analytical skills within one organization. Therefore success in agroenterprise generally requires that organizations find like-minded partners from the public and the private sector to support the process at specific points. Partners are also essential when it comes to scaling up activities.

The main categories of partners required to facilitate agroenterprise development include: (i) service providers typically NGOs or extension workers form the public or private sector; (ii) farmer groups and associations; (iii) market chain actors; and (iv) business support services.

## Roles of the Partners

To achieve tangible impact, it is recommended that the lead organization operates at a more strategic level, by facilitating partners through a "working group". This will enable the lead organization to focus on capacity building and learning how best to adapt the methods to local conditions, with partners. Local partners will focus their attention at the farm level, where we want impact to occur. There are additional specific *guides* to assist in more detailed processes; see support *guides* in this series including Collective Marketing and Market Facilitator's guide (see Preface).

To implement the process, there are four main types of organizational players in the agroenterprise approach:

- Management team.
- Working group.
- Farmer groups and associations.
- Buyers.

An example of the type of network that is envisaged for this process is outlined in Figure 5; however, partnerships should be considered in a flexible manner. Work with partners that want to be together.

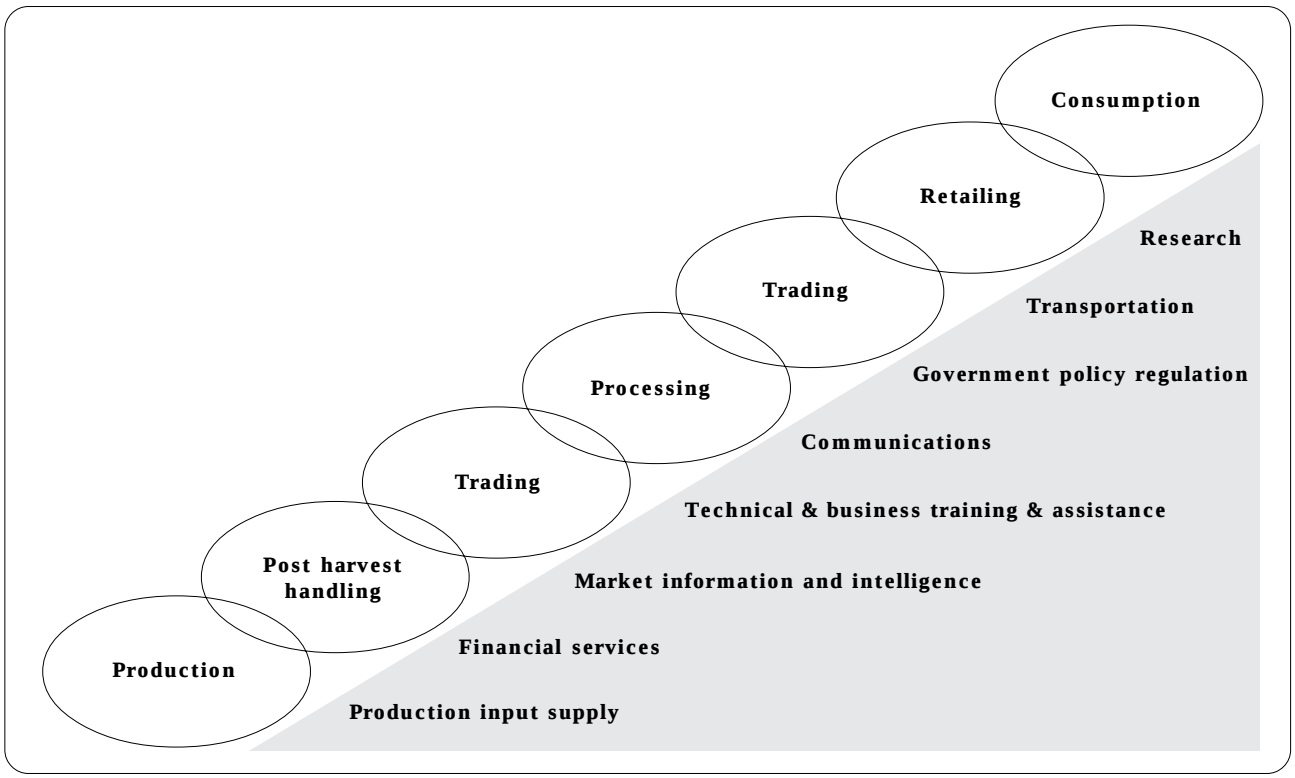



Figure 4. Market chain actors and services.

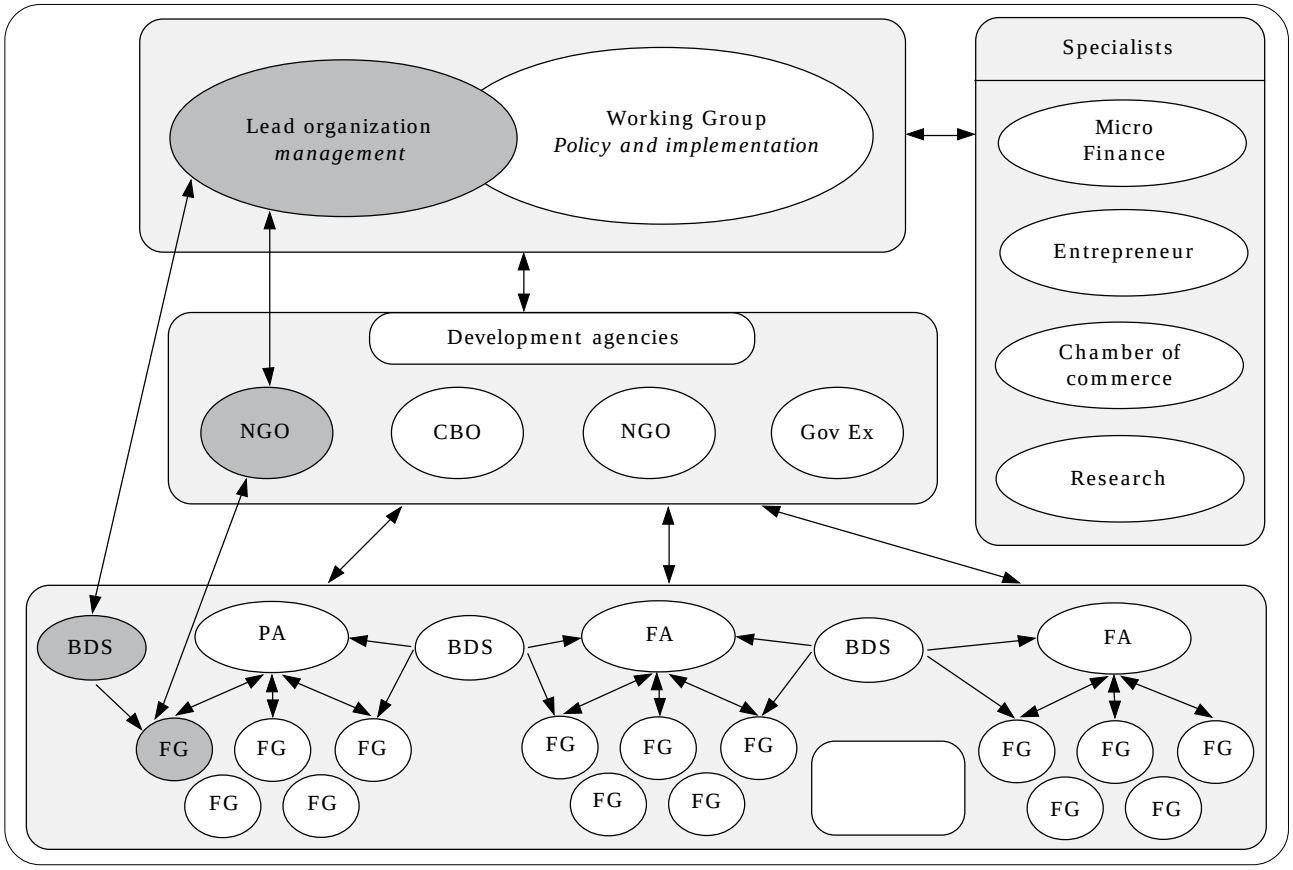



Figure 5. Partnerships and links in the agroenterprise approach.

FG = farmer groups; FA = farmer associations; BDS = business development service providers; NGO = nongovernmental organization; PA = partner agencies; CBO = community-based organization; Gov Ex = extension; Working group = consortium of partners.

### *Management team*

This team is charged with the overall project design and monitoring and follow-up on project implementation. This agency will be from the development or research sector and their role is to provide overall direction. In some cases, the management team may include a partnership between a research and development agency. This is often how CIAT works with partners. The management team is responsible for:

- Selecting an area.
- Initiating a working group.
- Establishing criteria for selection of client groups.
- Decisions on skills training, levels of inputs.
- Scale of investments.
- Duration of project implementation.
- Scaling up approaches.
- Entry and exit strategies.

### *Working group*

The role of the "working group" is to provide a focal point where representatives of interested partners can convene to design and implement an agroenterprise work plan. The group's role is to promote improved working relations between service providers, local government, smallholder producers, and traders that operate within a defined area. The agroenterprise working group will be responsible for making decisions on the rules of engagement and the goal of the consortium. At an operational level, the working group will provide technical oversight, training, dialogue with partners, monitoring and evaluation, and a means for managing field activities. This group will also develop core members for scaling up in the future. Tasks for this group are to:

(i) Timetable events, and maintain a focus on the goals.
(ii) Ensure that results are generated, that they are meaningful.
(iii) Provide support to inter organizational or group processes.

The working group will set out as a loose association of partners with a common or shared interest in improving their marketing skills and commercialization of identified products. During the agroenterprise process, it is anticipated that membership will change according to levels of activity. Some members will fall out due to loss of interest, lack of resources or a change in focus. Other members will enter into the working group as the process gains tangible results and some specialists may be co-opted into the group. Some more specialized members and private sector partners may be more interested to play an active role once market chains are in operation.

### *Farmer groups and associations*

Farmer groups are often the target clients/beneficiaries of an agricultural intervention process. However, in market-led interventions, beneficiaries should also include traders, processors or local entrepreneurs. In the case of farmers, the enterprise process generally works with organized farmer groups. These farmer groups will provide representatives to serve on the working group or be included in a market survey team.

The farmer group(s) will learn new marketing skills from the service providers (NGOs) as they design and implement agroenterprise projects in selected market chains. The type of groups chosen for agroenterprise development is an important decision. Methods described in this *guide*, and in complementary guides, will assist partners to make decisions on how to engage farmer groups in an enterprise process. How producer groups are organized is important as farmer groups are the basic unit of change at the production level. If farmer groups are poorly organized, or simply follow the instructions of service providers, rather than learning new skills in marketing, the enterprise process is likely to be unsustainable.

If farmers within the defined project area are not organized, then the service provider will be required to develop some form of farmer marketing groups. These groups may be formal organizations that are maintained throughout the year or may be informal groups that only come together for collective marketing purposes, i.e., produce in larger quantities (truck load) for distribution/sale. CIAT has developed a guide on this aspect. For more information see "Guide to Collective Marketing for Smallholder Producers" (www.ciat.cgiar.org/agroempresas/pdf/guide_collective_marketing.pdf).

The information shown in Figure 6 indicates one type of evolutionary process for farmer groups as they become more organized and supply larger markets. In poor, marginalized areas, it is not uncommon to find that farmers are essentially working as individuals. The role

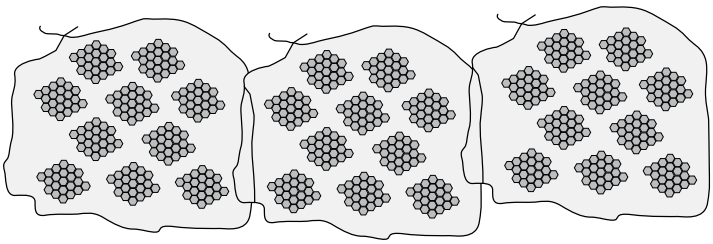
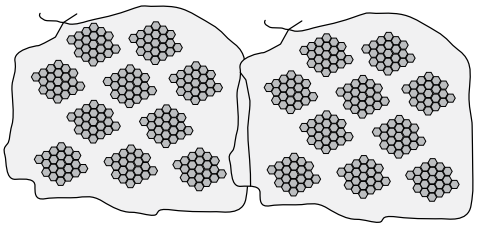
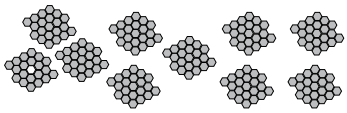
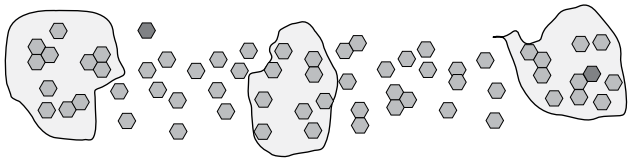
| Timeframe | Levels of farmer group organization and association | Service provider roles |
|---|---|---|
| This level is less common and depends on market type 1-5 years |  **Level 3.** Formation of an associated company | **Stage 4.** Service providers assists associations to link and provide specialized services to members |
| 2-5 years |  **Level 2.** Farmer marketing groups cluster into associations | **Stage 3.** Service providers assist groups to associate to supply larger markets and provide more internal services to their members |
| 2-5 years |  **Level 1.** Formation of farmer marketing groups | **Stage 2.** Service providers assist farmer groups to consolidate collective marketing |
| 2-5 years |  **Level 0.** Individual farmers begin process of organizing and working together | **Stage 1.** Service providers start to organize farmers into loosely associated groups for market linkage and more competitive production |

Figure 6. Evolution of farmer groups with indicative years at levels.

of the service provider in this case will be to bring farmers together into more organized groups. The shift from level 0 to level 1 requires time but can pay considerable benefits in terms of farmers being able to learn new ideas more quickly in a group and also being able to bulk produce for the market.

As farmer groups mature they become more stable units that are able to supply a more consistent product to the market. The first level of farmer organization is often recognized as farmers working within a group but not linked to other farmer groups. The second order of organization, which is often termed an association or cooperative, brings together several farmer groups. This has several advantages in terms of being able to provide members with more specialized services for both input and output markets and financial services. In some cases, farmer associations can themselves start to cluster and there are models whereby a company is established to assist the farmer organizations to supply larger or higher value markets.

***Problems with farmer groups:*** One of the obvious and much repeated problems with farmer groups as they become more organized is that the costs in terms of time, money, and relationship building can outweigh the benefits. Whilst it is intuitive to think that the more organized the better for farmers, this is not always the case. Farmer groups can suffer from poor financial management, poor marketing decisions, political abuse, and other problems. Therefore the service provider should seek to develop an appropriate

structure to meet the needs of the situation and aim for light and flexible rather than large and complicated.

### *Buyers*

Whilst, considerable attention is generally given to producer groups, the agroenterprise approach is designed to operate at a market chain level. Therefore working with buyers, such as traders, processors, and retailers is also a vital part of the market linkage process.

At the local level, this means that the leading organization should invest in strengthening relationships between the producer groups and people to whom they sell their produce, rather than attempting to "avoid the middleman". Working with traders will assist in producing products of the quality and type for which buyers are willing to pay a premium and also provides opportunities for developing collective marketing strategies, by selling bulked produce to known buyers. Traders are also one of the most effective private sector service providers for resource-poor smallholder farmers, especially those linking in remote areas and so these linkages should be fostered so as to facilitate greater sustainability of interventions.

More recently, the rise in the power of supermarkets has changed opportunities for many smallholder producers, particularly in the higher value, or niche products. In view of the market share enjoyed by supermarkets, some development specialists believe that far greater emphasis should be given to working with corporate buyers so that smallholders can be integrated into their buying systems.

## Building In-house Agroenterprise Capacity through Pilot Testing

Pilot testing of the agroenterprise approach will involve a limited number of partners and typically focus on a short duration product to accelerate learning. The use of an off-season crop provides an opportunity to work with a partner agency and a farmer's group at a limited level. In Figure 5, the partners with a shaded background indicate a potential pilot project arrangement. A checklist for undertaking a pilot process is outlined in Appendix 1.

### *The importance of local context*

CIAT is currently testing the agroenterprise method with partners from 30 countries in three continents. Our findings show whilst the basic economic principles apply in all locations, there are major differences in how the approach is applied. In addition to the differences caused by physical, factors such as climate, soils, and topography, other critical factors include political systems and their associated marketing environment, land tenure systems, financial markets, market access as affected by infrastructure and communications, marginalization caused by remoteness from market centers, gender, ethnicity, and power relations within market chains. Other factors include degree of farmer organization and relations with larger agricultural operators.

Consequently, the agroenterprise process needs to be used in a flexible manner, taking into account previous history and current opportunities. Our belief is, however, that marketing principles are robust and even under difficult economic conditions farmers are keen to find new ways of increasing their income. Given this background, we would like to stress the need to be aware that within any rural community there are many social classes, each with a particular asset base, level of organization, and agroenterprise capacity. The information in Table 1 shows the different types of client group that service providers are likely to encounter. These groups will have different types of agroenterprise strategies that are most appropriate for their level of development.

### *Entry points for agroenterprise engagement*

***Starting out:*** The simplest entry point when working with farmers in market chains is to find ways to improve sales of existing products. This approach is most useful for those with limited marketing capacity. Using this approach is also encouraged as a pilot, to test the enterprise approach so that both the market facilitator and the farmer group get a better understanding of how the process works, prior to going to scale.

***Diversification:*** For farmer groups that are already organized and interested in investigating new product ideas, the starting point in the area-based approach to agroenterprise should be a study of market opportunities identification (MOI) (Guide 3). It is anticipated that organized farmers already have competence in growing basic food security crops for the market and are seeking new, typically higher value options. The MOI will provide a list of new opportunities to investigate in more detail.

Table 1. Evolutionary stages of smallholder farmers and their agroenterprises.

| Stage | Characteristics | Preconditions to enterprise development | Enterprise emphasis |
|---|---|---|---|
| 1. Subsistence | Individual farmers producing predominantly for their own consumption, selling small surpluses to local markets. Precarious to nonexistent access to services and no use of purchased inputs.<br><br>Low asset accumulation, most vulnerable. | This type of community may require specialist intervention that can be considered as pre-enterprise oriented. Many agencies supply such communities with support processes such as re-stocking assets, after a social/natural shock. This may include provision of<br>• Food aid.<br>• Seeds, tools, livestock, inputs.<br>• Conflict resolution.<br>• Safety net clauses and interventions. | Focus on organization of farmers into groups to build socail capital, trust and simple business skills in order to lay the foundations for increased competitiveness.<br><br>For enterprise development, start with existing products that show high market demand, value, and are produced by the majority of farmers.<br><br>Service providers to develop their skills andunderstanding of the marketplace and its opportunities. Identify and support market facilitation. |
| 2. Early stage | Small scale rural enterprises with low levels of value addition and weak business orientation, poor levels of cohesion. Access to services is incomplete and irregular, limiting enterprise growth prospects. | Communities at this stage are well positioned to benefit from enterprise oriented interest groups, i.e., coordination of agencies that have a common interest in market oriented processes.<br><br>Service providers should review their competence and staff profiles to ensure quality of providing marketing services provided. | Focus on group dynamics and developing business skills of the group. Level of market engagement will assist in selection of existing or identifying new market opportunities. Record keeping, to lay the foundation for future financial accreditation and suitability for investment from micro finance, should be introduced. Other group skills such leadership, group roles and how to run meetings should be strengthened. Groups should recruit or train a “market facilitator”. Seek enterprises that are more profitable for the target group. |
| 3. Developing | Commercially oriented enterprises with higher levels of social cohesion that have incorporated value adding handling and/or transformation processes, and product diversification. Selling into local, regional and national markets. Have access to appropriate services that permit enterprise growth. | These groups will require specialist support in areas of enterprise development. Service providers and their interest group members should develop strategies that bring specific skills to bear. This may include aspects such as market information, linkage to micro finances and input supply. | Focus on increasing scale and value addition within the selected subsectors.<br>• Lead groups should seek links to like-minded groups in order to encourage scale and to partner with more specialized service providers to assist in developing new market options and find ways of gaining efficiencies in the supply chain.<br>• Record keeping and business planning should be shared with financial experts and group should seek financial support sought. |
| 4. Mature | Farmer enterprises are fully integrated into supply chains producing products that meet market demands in terms of quality and frequency of supply, both nationally and for export. Are capable of identifying and paying for required business development services. | These groups will require support in areas of business management and are likely to be interested in risk capital ventures that will provide them with progressive edge in the marketplace. Increasing use of ICTs to support enterprise development. Service providers and their interest group members should develop strategies that bring specific skills to bear. This may include marketinformation, finances, input supplies, etc. | Focus on chain champions and issues of governance and equity in the market chain.<br>• Group should link with specialist skills and information service providers, which should be fee based.<br>• Group should focus efforts on to product development issues, including branding, customer relations and broadening product portfolio.<br>• Shift to value chain approaches to consolidate markets. |

***Selected product:*** In cases where a product has already been selected for investment, the starting point within the area-based approach will be a market chain study of that product. It is likely, however, that the market facilitator will also need to work on improving the organization of farmer groups and initiating links with other support organizations and service providers.

***Contract farming:*** In some cases higher order market actors, such as processors, wholesale traders or retail outlets, are interested to work with farmer groups on contractual basis to secure supply of a selected product. In this case, the agroenterprise approach does not need to focus on demand or marketing issues, but concentrate on providing a quality product on a competitive basis.

## Considerations for Scaling Up

Scale is an issue that the partners need to consider from the outset. Given a successful pilot project, the next stage in a scale process will be for the lead service provider to apply the approach to more farmer groups within the area. The aim of the up scaling process being either to (i) encourage more groups to sell a selected product into an identified market, thus achieving economies of scale or (ii) to empower many groups to diversify into a wider range of products and markets to achieve diversification over a wider area.

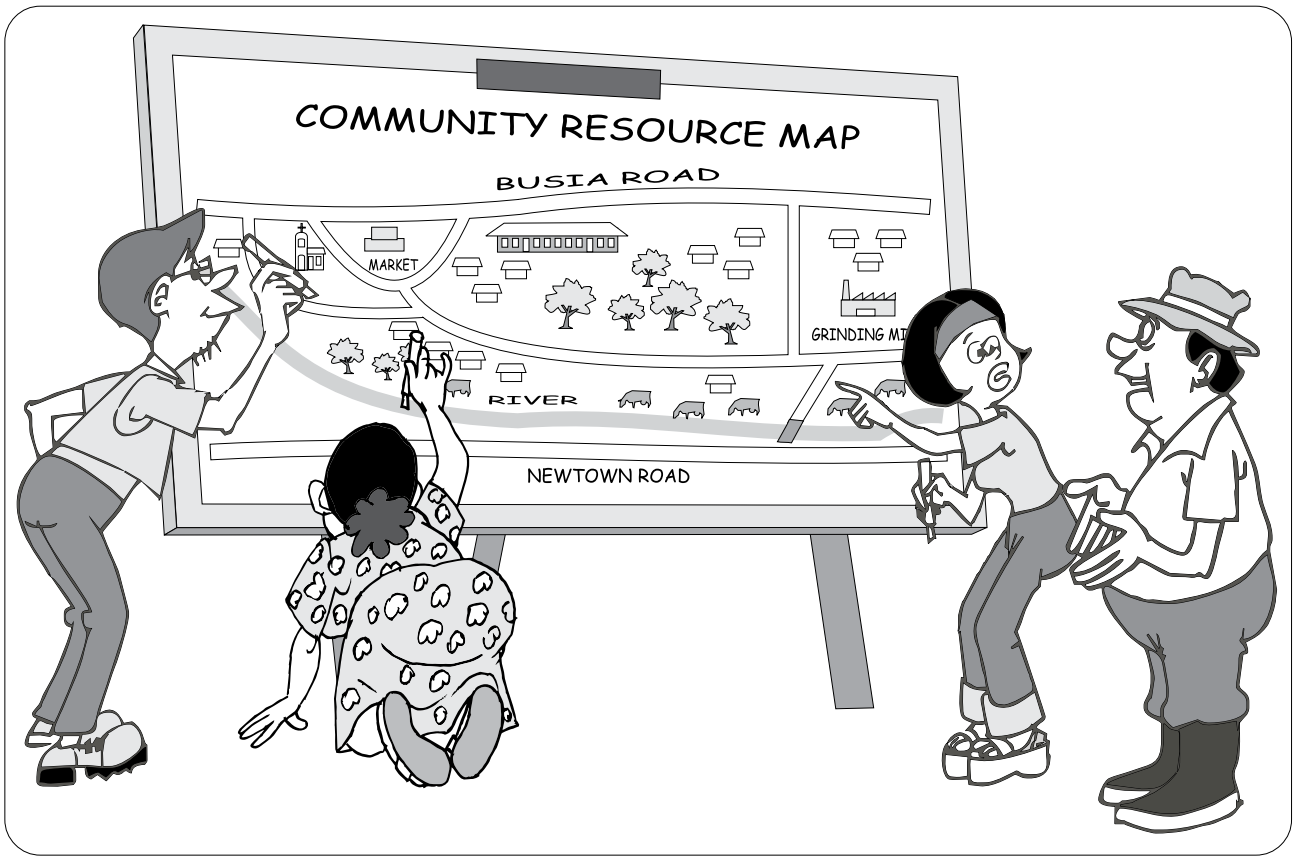
Whatever the aim of the scale process, the lead organization should investigate opportunities for networking so that other service providers can apply the methodology more widely. In many cases projects that are successful at the pilot level, fail to achieve scale because too much time is invested in learning lessons with the pilot group and there are insufficient levels of facilitation to push ideas beyond a limited few. Therefore we suggest that an aggressive approach to demonstration, learning, and scaling up is adopted and spread through local partners.

## Exit Strategies

As part of the planning stage, the lead organization should also make decisions on how to apply an exit strategy. This can be considered in terms of time, i.e., how long the organization intends to spend with a community/farmer group, on skills training provided to a community, on income gains through agroenterprise development or on other selected criteria. A potential timeframe and structure for an exit strategy is given in Appendix 3.

## SECTION 3

# Area-based Resource Assessment




This section of the *guide* describes a methodology for analyzing the livelihoods and innovation processes of a specific geographic area for rural agroenterprise development. The methods should be adapted according to the time and resources available. The steps detailed below could be developed, using secondary information, and by using participatory methods with key informants or focus groups to collect primary information. The steps for carrying out a basic diagnosis for rural agroenterprise development are shown in Figure 7. Each step is explained with some indications of possible methodologies.

### Forming the Working Group

Before starting an analysis of local resources for agroenterprise development, it is important to form the working group members, as representatives from this group will participate in the resource assessment. As described, the working group will set out as a loose association of partners with a common interest in improving their marketing skills and the commercialization of identified products. The working group members help to avoid duplication of efforts and highlight possible synergies between participating organizations. At this point, those most interested in joining the process will make up the working group membership and survey team.

### Defining an Area

After having organized a survey team, with resources, the first decision to be made is the limits of the area to be studied. In many cases, the area maybe defined by the local political boundaries, a village, a cluster of villages, a dioceses, or a watershed. An alternative is to consider the area where project activities will be implemented. Experience has shown that many projects set out on a large data gathering exercise only to find out later that a very small part of this information is useful, e.g., this can occur when the analysis is made at the district level, and the project only operates in two

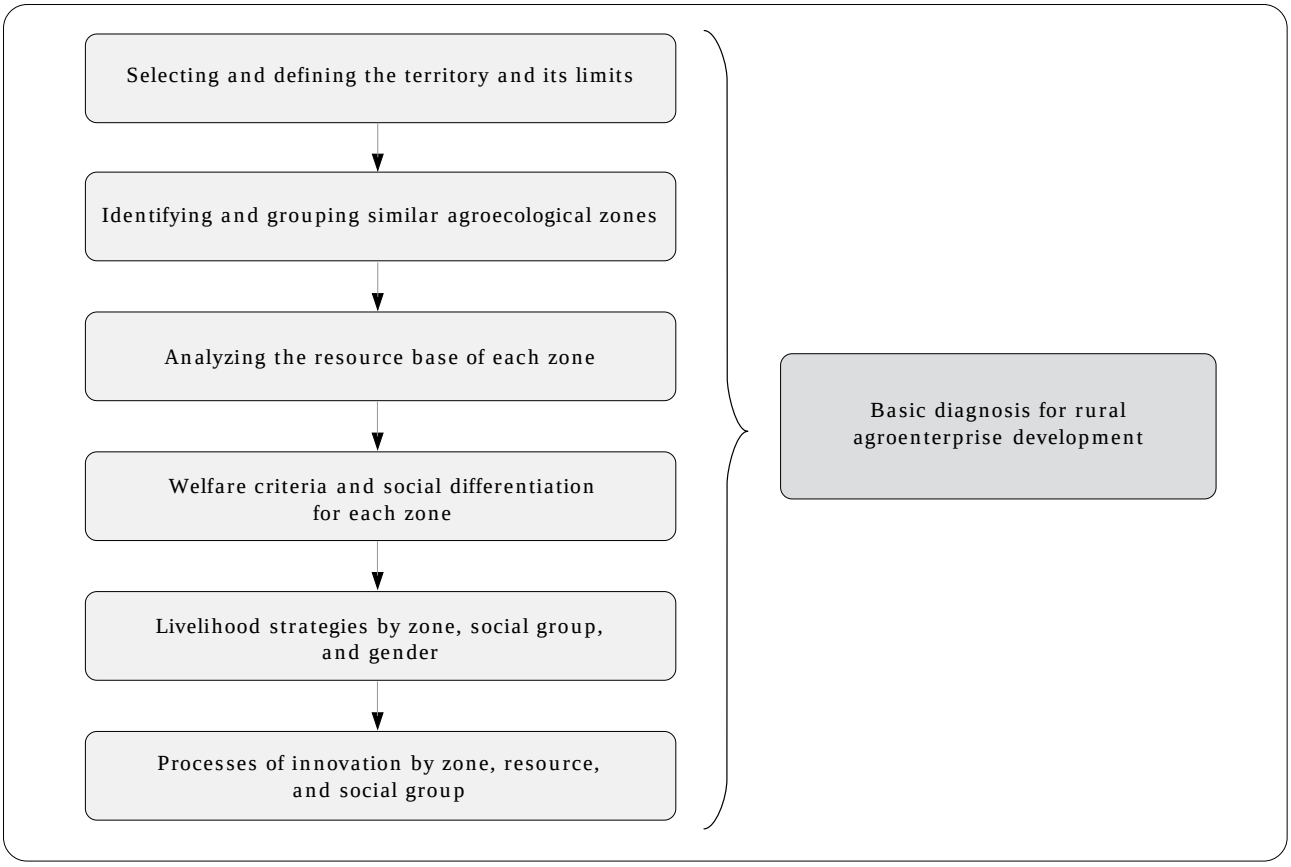



Figure 7. Steps for conducting a basic diagnosis for a given area.

villages. As a rule of thumb, limit the study zone to the area of the project interventions. If the group is unclear about where to draw the boundary, then the group needs to develop some questions or define some criteria that would help to delimit the area for intervention. These criteria should be developed with the agencies operating in the selected area and may imply negotiation over areas to cover so each entity has a manageable area.

### *Selection criteria for defining an area of intervention*

- With whom are we working at present? Where are they located?
- With whom would we like to work in the future? Where are they located?
- What scope do we have as an organization or group of organizations without the quality of our work being compromised?
- In the case of companies that provide RAeD services, what populations should they serve to be economically sustainable?
- Are activities of production, processing, and marketing carried out in the targeted area? If not, then most probably, the area needs to be expanded to include local or regional markets and thus better understand the region's economic organization.
- Other criteria according to the organization(s) participating in the process.

Once the area is delimited, decisions on whether some form of zoning is required can be taken. The process of zoning is undertaken so that the intervention team can develop different intervention strategies for specific types of clients or beneficiaries, i.e., very resource-poor farmers and farmers with significantly more assets, or farmers working in the valleys with tropical crops versus farmers working at high altitude with subtropical products, women's groups versus mixed gender groups. Hence, the complexity of this next section will depend upon the size of your area and the heterogeneity of the area.

## Zoning the Area

If the project is only dealing with a small area or a cluster of villages, zoning may not be necessary. Similarly, if the area of intervention is highly homogeneous, in terms of landscape, market access, farmer assets, and production possibilities, then zoning may also not prove to

be effective, as zoning is a means to separate clients based on existing differences. If the "working group" is working over large and diverse areas, such as districts or clusters of districts, a more structured approach to the managing differentiated clients maybe helpful. The following lists show details of some important aspects to evaluate in your area-based diagnosis.

### *Natural resources*

- General topography (altitudes: steep, less sloping, flat areas).
- Water sources (rivers, streams, springs) and their flows throughout the year.
- Relative productivity of soils (good, medium, and poor soils).

### *Productive resources*

- Roads (paved, improved, dirt) and their respective usability during the year.
- Infrastructure coverage (electricity, phone coverage, potable water, irrigation).
- Major businesses with agricultural links (wholesale sorting and packing facilities, processing firms, export firms, among others).
- Support services (input suppliers, internet cafes, machinery suppliers or others).
- Transport for produce (frequency, costs and quality).
- Markets for the area's produce and markets[1].

### *Communities*

- Location of communities and their relative populations.
- Land tenure structure (farmers who are owners, day laborers, or share croppers).
- Location of different ethnic groups, or other defined social groups, and their identification.
- Level of social organization (do farmer groups exist, do they work collectively).

Once this information is placed on the map, zones that have something in common and can be treated as more or less homogeneous units can be distinguished from zones that are sufficiently different to merit a separate analysis. Some criteria to take into account when zoning the area could include:

1. Some markets may not appear on the map but the roads linking the territory to them should be clearly marked.

- *Agroecosystem*, if this has implications for crops or potential economic activities in a zone.
- *Access to roads or markets*, especially if this factor changes during the year because of rainy seasons or if it affects the produce that can be taken to market.
- *Land tenure* is an important factor, considering as it greatly influences the type of crops planted and the possibility of introducing new ones.
- *Access to water* and how it fluctuates during the year can be a means of distinguishing between areas with good, regular, or poor access. The theme of irrigation can also be reviewed.
- *Productive orientation* zones already producing for markets require different strategies than those oriented towards household consumption or food security.
- *Types of existing production systems.* The presence of a particular crops such as coffee, for example, will significantly affect a zone's economic dynamic.
- *Others according to the criteria of the local participants*.

Once the relevant differentiation criteria are identified for the area, a matrix for zoning can be constructed and zones defined. An example is shown in Table 2.

When zoning an area the focus should be on criteria that represent the most severe constraints to production and agroenterprise development. These are the aspects that effectively differentiate one zone from another. In addition, the number of selected criteria should be manageable, e.g., two or three at a maximum.

Once the communities are located in the matrix, similarities should be checked prior to defining the final zones for analysis. For example, in Table 2 the conditions between the zone with permanent roads and permanent water and the zone with permanent roads and water for more than 8 months per year are similar enough to group them into a single zone for analysis. It is important to remember that the objective of zoning is to distinguish between zones with such marked differences that they will require different strategies. **Do not zone for zoning's sake**. Effort must be made to seek similarities and thus reduce the zones to a manageable number.

Table 2. Example of a matrix identifying homogeneous zones in an area.

| Road type | Water | | |
|---|---|---|---|
| | Permanent | >8 months/year | <8 months/year |
| Permanent  | Communities with permanent roads and permanent water. | Communities with permanent roads and water for more than 8 months of the year. | Communities with permanent roads and water for less than 8 months of the year. |
| Temporary  | Communities with dry-season roads and permanent water. | Communities with dry-season roads and water for more than 8 months of the year. | Communities with dry-season roads and water for less than 8 months of the year. |
| Unimproved path  | Communities with unimproved access and permanent water. | Communities with unimproved access and water for more than 8 months of the year. | Communities with unimproved access and water for less than 8 months of the year. |

Source authors. Key variables, access to markets, and irrigation.

At the end of this process, each zone should be "named" to distinguish it from the others. Such designation can be based on each zone's special characteristics such as slopes (flat land, foothills, and hillsides), access (paved road, car tracks, and bridle path), altitude (highland, mid-altitude land, and lowland), or other locally acceptable designations. The logic behind the name assigned to each zone is that it should be clearly defined so that all agree on its use in the future.

Once the area is divided into zones, the livelihood resources available to the households and communities who live there can be assessed.

## Analyzing Resources Available in Each Zone

The analysis of available resources by zone should be relatively quick because the goal is to highlight the most important themes. Secondary information can be used, if it exists or, through interviews with key informants, focus groups, or participatory transects. The information can then be organized into matrices that permit a brief outline on the resources within each zone.

Resources for employment are natural, human, productive/financial, and social in nature. For the first three cases, matrices similar to Table 3 can be used. For social resources, an additional methodological tool is proposed for filling in the matrix. Table 4, provides a matrix for human resources; and Table 5, a matrix for productive/financial resources.

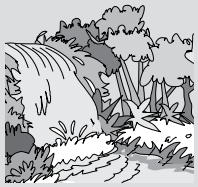
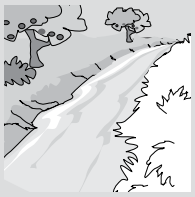
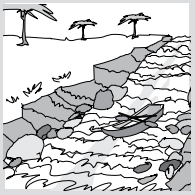
## Analyzing Social Resources in Each Zone

To analyze the availability of social resources, i.e., organizations with business activities and the relationships among them, a "Venn diagram" can be used. This method enables the social/business networks in each zone to be visualized.

The method comprises five steps in which the organizations involved in the zone's agroenterprise development are:

- Identified.
- Briefly described.
- Located within or outside the zone.
- Have existing relationships with each other described.

Table 3. Example of a matrix showing natural resources in three zones.

| Zone | Availability of natural resources | | |
|---|---|---|---|
| | Water | Soils | Forests |
| Highlands (>1500 m)  | Sufficient, available from rivers or springs. Possibilities of irrigation by gravity. Water-producing area. | Fragile soils with steep slopes. Forest vocation in conflict with production uses. Need for soil conservation methods within cropping system. | Forest patches exist in the area and around some springs. Primary use is firewood for cooking with some collection activities. |
| Hill Land (600 to 1500 m)  | Sufficient water but some problems of access and contamination. Possibilities of irrigation in some sites. | Soils more stable with good production potential. Need to work with green fertilizers to improve fertility. | Few forests but fruit trees exist in the area. |
| Lowlands (600 m)  | Water limited in summer, with considerable contamination problems. Access limited to those living close to the river (which dries up in summer). | Stable soils with good production potential. Need to work with green fertilizers to improve fertility, retain water, and irrigate for summer. | No forests. Occasional trees in paddocks. |

- Actors identified who are significant for rural agroenterprise development in the zone. For example, traders, processors, transporters, and wholesalers/retailers.

To achieve a complete analysis of these networks, this activity should be conducted with key informants or focus groups from several of the identified organizations. The steps for this type of analysis are described in more detail below.

### *Identifying organizations related to agroenterprise development*

Key informants or focus groups are asked to name all the organizations that are involved in the zone's agroenterprise development. These organizations may be within or outside the targeted zone and may be formal (e.g., cooperatives, farmer associations, NGOs, or service companies) or informal (e.g., intermediaries, lenders, or workshops), but should have some relevance to the zone. This step aims to achieve consensus on these organizations and details about each one.

In this step, it is also important to differentiate organizations involved in agroenterprise development from those established for purely social purposes. The latter category would include, for example, water boards, parent associations, religious groups, and general associations for development. To facilitate this process, it is better to include only those organizations that fulfill an agroenterprise function, including the delivery of support services, within the zone or area.

### *Describing the organizations*

For each organization identified in the previous step, basic information is obtained on its legal structure (e.g., cooperative, formal company, informal company, individual person, NGO, or association), activities, headquarters, area of influence, and other relevant data (such as the number of members, history, and achievements). This information can be included in a simple table as shown in Table 6. After compiling this information, the name of each organization identified is written on a circular card.

Table 4. A human resources matrix for three agroecological zones in an area.

| Zone | Availability of skills and knowledge | | | |
|---|---|---|---|---|
| | Schooling | Local know-how | Technical support | Health |
| Highlands (>1500 m) | Low level of formal schooling (<60% of inhabitants can read and write). Local processes of participatory literacy and decentralized high-school education. | Local knowledge (held by older people) on the traditional uses of biodiversity. Broad knowledge of soil management, but not applied. | Technical support offered by rural promoters and infrequent workshops of NGOs. | Local healers. Access to health posts and hospital in urban center is difficult. Problems of malnutrition in some children. High rates of infant and maternal mortality. |
| Hill Land (600 to 1500 m) | Better level of formal schooling (>80% of inhabitants can read and write). Primary schools exist plus some decentralized high-school education. | Broad knowledge of cash-crop production. Some experience with processing and marketing. | Permanent technical support by promoters, technicians from FEDECAFÉ, private technicians, NGOs, and the government. | Local health post. Restricted access to the hospital in urban center. High infant mortality. |
| Lowlands (<600 m) | Good level of formal schooling (>90% of inhabitants can read and write). Primary schools exist plus access to high schools in urban center. | Knowledge of extensive livestock raising. | Technical support from private technicians, NGOs, and the government. | Health posts and rapid access to the hospital in urban center. |

Table 5. A productive resource matrix for three ecological zones in an area.

| Zone | Availability of productive/financial resources | | | |
|---|---|---|---|---|
| | Roads | Markets | Credit | Aggregate value |
| Highlands (>1500 m) | Bridle paths impassable in rainy seasons. Transport is on foot or by beast of burden. | Produce taken to "Hill Land" zone, where it is sold to local traders. Rarely visit the local market. | Credit available through community lenders and some rural savings and loans facilities. | No added value processing in the zone. |
| Hill Land (600 to 1500 m) | Roads difficult during rainy seasons. Small trucks and jeeps. Daily transport to urban center, leaving in the morning and returning in the afternoon. | Produce sold on farm to local and external traders. Farmers occasionally go to urban center to sell their produce directly. | Credit offered by local lenders, traders (advanced against harvests), rural savings and loans facilities, and some NGOs. | Incipient added value processing for sugarcane, fruits (selection and packing), and cheeses in family enterprises. |
| Lowlands (<600 m) | Roads accessible year-round. Buses run between major urban centers several times daily. Transportation relatively easy. | Produce sold on farm to local and external traders. Farmers frequently go to urban center to sell their produce directly. | Credit offered by local lenders, large traders (advanced against harvests), rural savings and loans facilities, some NGOs, and banks (for large farmers). | Added value processing for milk and cheese products through a cooperative. |

Table 6. Format to describe agroenterprise organizations by zone.

| Organization's name | Brief description | | | |
|---|---|---|---|---|
| | Legal structure | Activities | Headquarters | Area of influence |
| | | | | |

### *Locating the organization*

The following step consists of geographically locating the different organizations within or outside the zone being described. To do this, we recommend drawing on a large piece of paper, or on the floor, a circle that represents the zone, and leaving blank space around. Then, cards representing the organizations with headquarters in the zone are placed within the circle, and those that have relationships with the zone but have their headquarters outside are placed outside the circle.

Within the zone, the cards of organizations that have their headquarters in the same community are grouped together, to clarify which communities have more and which have less agroentrepreneurial organization.

With the external organizations, those that have more presence or are more permanent in the zone are placed closer to the large circle that represents the zone, while those that have less presence or permanence are placed farther away. An example is given in Figure 8.

### *Analyzing the relationships between actors*

In this step, a key must be developed to help qualify existing relationships in at least three senses: (1) their strength or permanence; (2) power (that is, who sends who); and (3) the type of exchanges (for example, goods for money), that take place in the relationship. Other themes can also be included (such as technology transfer), if they are of interest to the analysis.

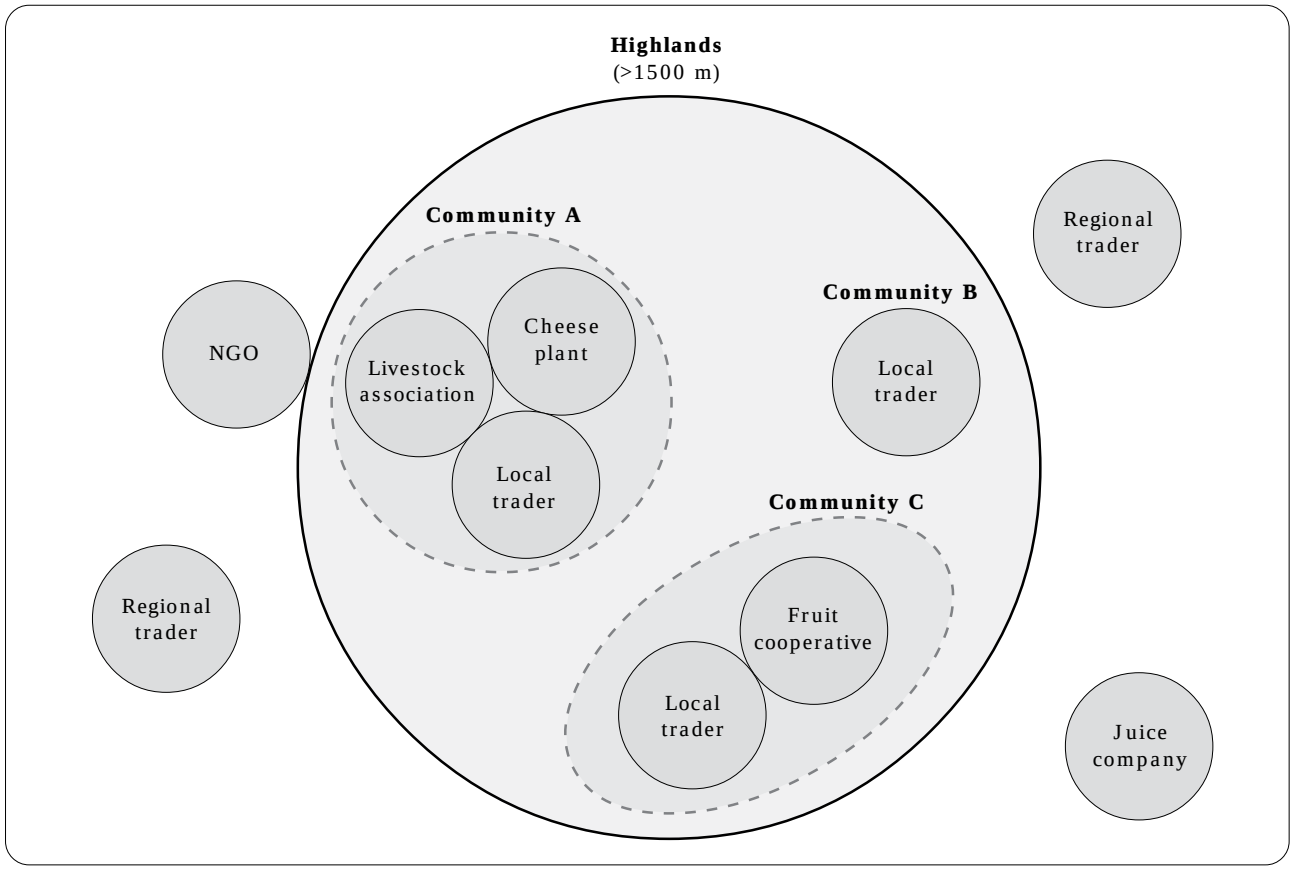



Figure 8. Example of locating agroenterprises in a given zone.

To explain the diagram a key is required that provides different types of lines, arrows, or codes that express dynamics between partners in terms of relationship strengths, power, and exchanges. Figure 9 gives an example of a key, and Figure 10 shows how it is applied.

### *Identifying key actors for the area's rural agroenterprise development*

On finalizing this exercise for each zone, the results should be compared to see if any of the identified actors have activities, or are important, in more than one zone. Hence, identifying people or key organizations for the entire area's agroenterprise development, whether formal or informal, becomes feasible.

Once the key actors are identified, they can be grouped by category of principal activity, as shown in Table 7.

Once the actors are located, the zones are reviewed one by one to identify actors with a presence in the various zones of the targeted area. Using Table 7 as an example, the key actors for rural agroenterprise development in the area—understood as the set of zones—are identified as the following people or companies:

- Fruit growers' association (in zones "highland" and "mid-altitude land").
- Coffee growers' association (in zones "highland" and "mid-altitude land").
- Local and regional intermediaries (at least the two regional ones who handle fruits, coffee, and milk derivatives).
- Juice company (in zones "highland" and "mid-altitude land").

| | |
|---|---|
| **Strength of relationship** | |
| Strong, permanent | ——— |
| Fair, semi permanent | - - - - - |
| Weak, occasional | — — — — |
| **Power of relationship** | |
| Unidirectional | ⟶ |
| Bidirectional | ⟷ |
| **Exchanges** | |
| Goods for money | G/$$ |
| Services for money | S/$$ |
| Goods for services | G/S |

Figure 9. Key for qualifying relationships between agroenterprises in a zone.

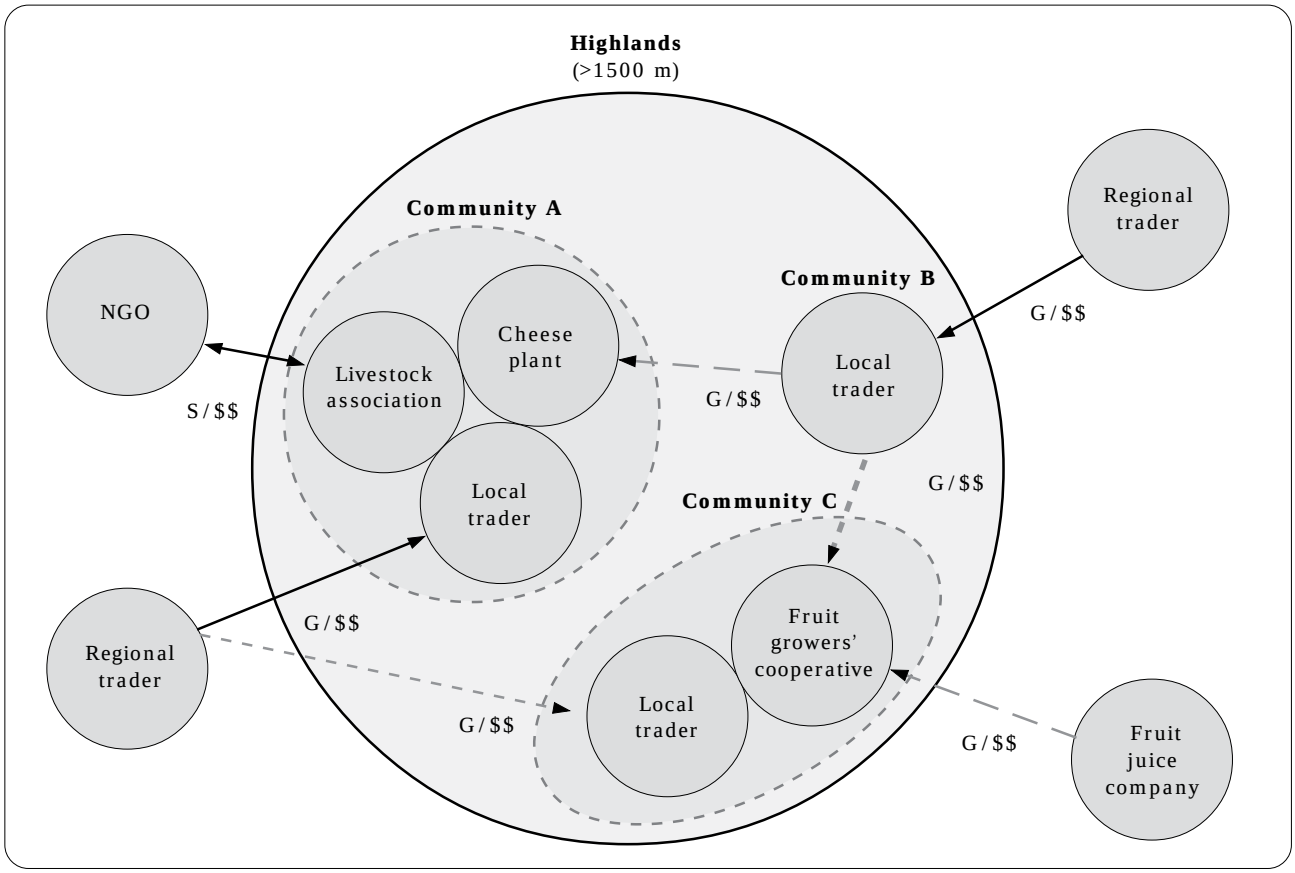



Figure 10. Highland example of qualifying relationships in a zone.

Table 7. Matrix of agroenterprise actors by agroecological zone.

| Zone | Actor's principal economic activity | | | |
|---|---|---|---|---|
| | Production | Post harvest handling, processing | Marketing | Agroenterprise development services |
| Highlands (>1500 m) | Fruit growers' association. Municipal coffee growers' association. | Local fruit traders. Individual coffee growers. Juice company. | Local fruit and coffee traders. Three regional coffee and fruit traders. Juice company. | Fruits growers' association. Municipal coffee growers' association. Independent technicians for fruits. Village shop selling agricultural inputs. |
| Mid-altitude land (Hill Land) (600 to 1500 m) | Fruit growers' association. Municipal coffee growers' association. | Local fruit traders. Individual coffee growers. Juice company. | Local fruit and coffee traders. Three regional coffee and fruit traders. Juice company. | Fruit growers' association. Independent technicians for fruits. Village shop selling agricultural inputs. |
| Lowland (<600 m) | Milk producers' cooperative. | Three local plants for cheese and milk derivatives. Cooling plant (cooperative). | One plant and two regional traders (same as above). Multinational milk company in urban center. | Cooperative (inputs for members). Independent technicians for milk producers and processors. Shop selling inputs for cheese makers. Swiss NGO for cheese production. |

- The independent technicians (present in all three zones).
- The village shop selling inputs (important for all three zones).

In zone "lowland", the actors related to milk production gain importance. Likewise, if we are interested in this product or zone, we need to include the cooperative, cheese, and milk plants, multinational company, and the Swiss NGO.

The importance of this exercise is that it gives a clear idea of who should be taken into account when considering the area's agroenterprise development options and gives an initial base on which to form a working group for a given theme. The list of related agencies does not mean that all should be represented, only the most relevant and effective organizations should be included in the working group.

## Profiling Client Groups through Wealth Evaluation for Each Zone

The next step in conducting the basic diagnosis for rural agroenterprise development is to identify different social groups in the area. This complements existing secondary data, such as poverty[2] maps with more qualitative data.

This work should be developed with a focus group made up of key actors from each zone to identify possible variations in welfare between zones. By working at the zone level we can differentiate between livelihood strategies that are intensive, high value in small areas or extensive, produce of low value or no added value in large areas. An example is the difference between small-scale fruit production as opposed to extensive livestock ranching[3].

2. Secondary data such as census figures, poverty maps, and participatory poverty assessments can all be drawn on. Much of this data should already exist as it is a major criterion for targeting development funding in most parts of the world.
3. This is simplistic differentiation that leaves out a great many issues that you may confront at the field level. In Asia, for example, the inclusion of livestock in the production system may actually indicate a more intensive use of resources, not a more extensive strategy, while in Latin America ranching is rarely intensive.

Before beginning the analysis with the focus group, a short discussion about the different classes of resources (see definitions on page 7) is useful so that the participants have a clear idea of what will be analyzed.

It is best to begin with one extreme of the continuum of local welfare, either the most well-to-do or the least well-to-do, as this helps with the analysis of other groups. This process can be facilitated using the matrix (Table 8), and advancing top to bottom by columns or from right to left by well-being level. Care should be exercised in interpreting the relationships among the different well-being levels.

To carry out this analysis, a guide can be developed with the focus group to include questions such as the following:

- What access to the zone's natural resources do well-to-do families have?
- What access to the zone's natural resources do families with medium-sized incomes have?
- What access to the zone's natural resources do families who have very limited incomes have?

Similar questions are asked about human resources. The matrix in Table 8 can be adapted to note the information (it can also be prepared on a flipchart, as shown in Table 9). As this process is purely subjective, key indicators of well-being in each resource (e.g., measures of land or water for natural resources) must be identified and access of the population group to the key indicator can be discussed. Some indicators of well-being may change from zone to zone according to the life strategies that the respective population has developed while others (e.g., access to health services, formal credit, or public offices) can be kept more or less stable for the entire area.

Table 8. Well-being levels in terms of access to a zone's resources.

| Well-being level | Access to the zone's resources | | | |
|---|---|---|---|---|
| | Natural | Human | Production | Social |
| High | | | | |
| Medium | | | | |
| Low | | | | |

The definition of wealth, "well-being" can vary by zone. What is moderately well off in one zone may be well-to-do in another and marginalized in yet a third. It may be more useful to distinguish only among three categories—'well-to-do', medium, and most marginalized—and not in as much detail as is shown in Figure 8. The group facilitating the analysis should make this decision. The number of well-being categories should be constant for all zones.

## Zoning Livelihood Strategies by Wealth and Gender[4]

Some projects are designed to support specific groups, such as those living in extreme poverty and women. This section describes a method for understanding the different possibilities that a community's members have to generate income, using the concept of community development and social stratification.

The following exercises should be developed for each zone, making use of the previous results (e.g., access to resources) to identify indicators that separate livelihood strategies. The indicators help explain why a household adopts one livelihood strategy versus another and may constitute key constraints to processes of agroenterprise development for certain segments of the population.

This exercise is carried out with key informants drawn from diverse groups in each zone. It is important to have good representation across different social groups in order to get a more complete picture of existing livelihood strategies. The steps to follow are:

1. Explain the objective of the exercise.
2. Request informant(s) to provide information on all sources of income available to community members (Table 10). Record income sources on a flip chart remove repeats and write different ideas onto cards. At the end of this process you should have a list of cards with different sources of income for households in the zone.
3. Group the sources of income, based on the ease of access to them for households in the zone; for example, can all households in the community access this activity? If not, who can? Who does not have access? Why not? Group the different sources of income.

4. Adapted from Gottret (2000).

Table 9. Well-being matrix from Valle del Cauca, Colombia.

| Class | Criteria | No. of families at: | No. of farmers | Observations |
|---|---|---|---|---|
| Rich  | 100 ha of well cultivated land, 120 head of cattle, 1 car, 1 house, earns 6–8 minimum wages, money at interest, businessman, access to credit and card. | Vergel = 0<br>Diamante = 1<br>Balsal = 5<br>Cristalina = 0<br>Manzano = 0<br>Producers Incera = 0 | V = 0<br>B = 5<br>D = 1 | Contracts labor<br>No cultivation<br>B = pastures and coffee<br>D = lulo and Andean blackberry |
| Medium (rich)  | 50–100 ha of land, 25–50 head of cattle, 1 car, good house, 5 min. wages, businessman, has credit—easy access. | V –<br>B = 10<br>C = 5<br>D = 5<br>M = 0<br>P.I. = 0 | B = 10<br>C = 5<br>D = 5 | Contracts more labor<br>C = coffee and sugarcane<br>D = lulo, And. blackberry, and livestock |
| Medium (poor)  | 20–30 ha of land, 10 head of cattle, 1 motor cycle, good house but unfinished, 2–3 min. wages, businessman, credit. | V = 12<br>B = 40<br>C = 0<br>D = 5<br>M = 6<br>P.I.= 0 | V = 12<br>B = 40<br>D = 5<br>M = 6 | Can contract labor, has cattle and crops;<br>V = pastures, pigs, sugarcane, coffee, and granadilla; B = tomato, cucumber, and cabbage;<br>M = coffee, pastures, and granadilla |
| Poor  | 5–10 min. wages, 1 milk cow, 1 horse, regular house, 1 min. wage, lives off farm, credit ok and restricted. | V = 6<br>B = 100<br>C = 6<br>D = 0<br>M = 4<br>P.I. = 11 | V = 6<br>B = 100<br>C = 6<br>M = 4<br>P.I. = 11 | Works on farm and sells labor, has cattle and crops; V = coffee, pastures, sugarcane, lulo;<br>C = And. blackberry, coffee, lulo, plantains;<br>M = And. blackberry and lulo; P.I. = coffee, pastures, and plantains |
| Very poor  | Freeloader, house loaned, doesn't own transport, day laborer, credit is ok. | V = 2<br>B = 40<br>C = 5<br>D = 9<br>M = 3<br>P.I. = 0 | V = 0<br>B = 0<br>C = 0<br>M = 0<br>P.I. = 0 | Sells labor. |

4. Once all conditions of access have been expressed rank them in order of importance, from the most important limitations to the least important, re order all cards in the form of a flow chart as shown in Figure 11.
5. Identify sources of income that are stable (=), increasing in importance (▲), or losing in importance (▼). An example is shown in Figure 12.
6. The last step is to examine the importance of the different economic activities from the point of view of gender. The key question in this step is: Who is mainly responsible for developing this activity? During the first level of analysis, this question can wait. If there is interest, there are several ways of advancing but perhaps the simplest is to define, by economic category, the specific activities carried out and by whom. An example of this second level of analysis, extracted from Figure 13 appears in Table 11.

This study can be deepened by asking who decides what to do, when and who controls income. This probes the question of who makes decisions related to economic activities and who does the work. With this knowledge, future efforts can focus on issues of equity in relation to income generating activities.

Table 10. Example of income sources for community members.

| Sources of food security | Sources of income |
|---|---|
| List major products<br>Maize<br>Cassava<br>Green vegetables | Production of:<br>Basic grains<br>Vegetables<br>Milk<br>Goats |
| Livestock<br>Goats<br>Chickens for eggs<br>Cow for milk | Work in the textile factory<br>Carpentry<br>Handcrafts<br>Work for wages on farms |

At the end of these exercises, the enterprise team should have a clear idea of the livelihood strategies of specific segments of the population in specific zones. Some strategies maybe similar and, thus, can be generalized to the entire area. However, it is highly probable that different client types use specific income strategies and by understanding these options, agencies can tailor interventions for specific clients.
To complement this livelihood analysis, we recommend a quick review of innovation processes in the area, as described under the next heading.

## Innovation Processes for Each Zone, Resource, and Social Group

By understanding innovation processes we can identify how change takes place over time and the channels thought which it flows. This can assist in the effectiveness of future intervention, whether it is hard technology (such as new varieties, production systems, machinery, or mobile phones); soft technology (such as learning new skills), and organizational technologies (such as new social structures and building links to other institutions).

Often, innovations are related to each other, e.g., improvements in production leads to improvements in organization to sell the new surplus and grouped by themes (e.g., specific products of a zone or natural resources). An exhaustive inventory of innovation is not necessary the aim is to obtain an idea of outstanding innovations in each resource, how they came about, and their impact.

To understand innovation history and flow, we revisit the zones resource tables, and the social differentiation carried out as part of the livelihood analysis. This information can be generated with a focus group made up of key informants from the zone that represents various social groups.

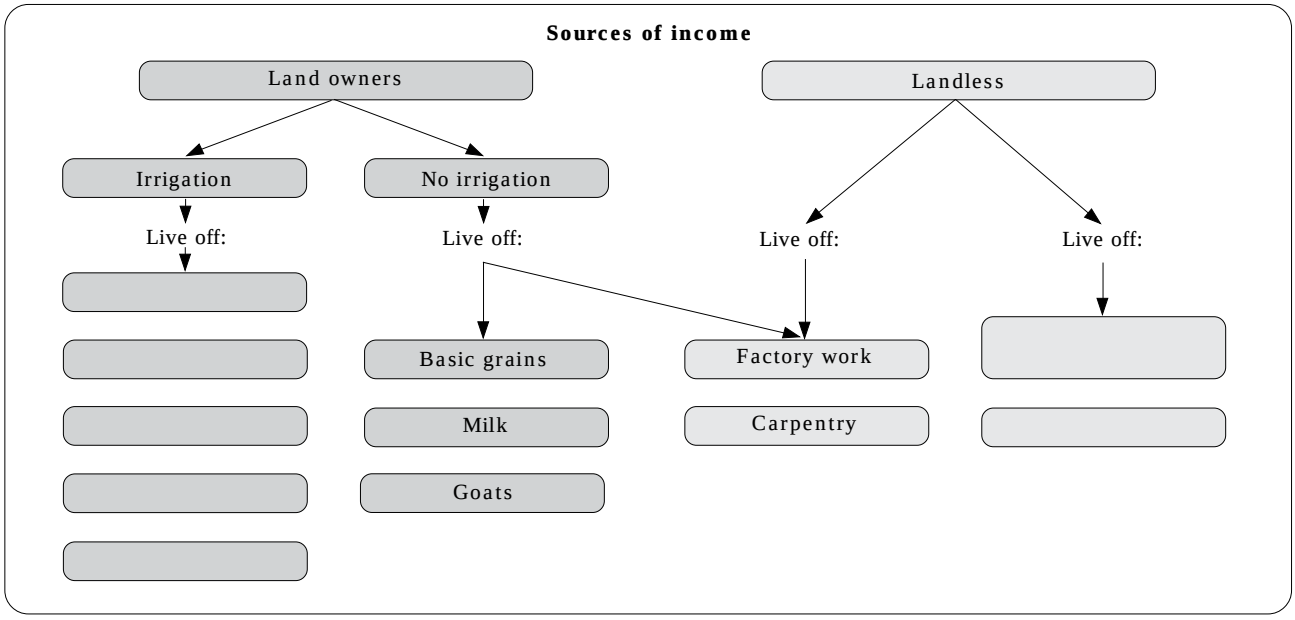



Figure 11. Example of income sources based on zoning within a project area.

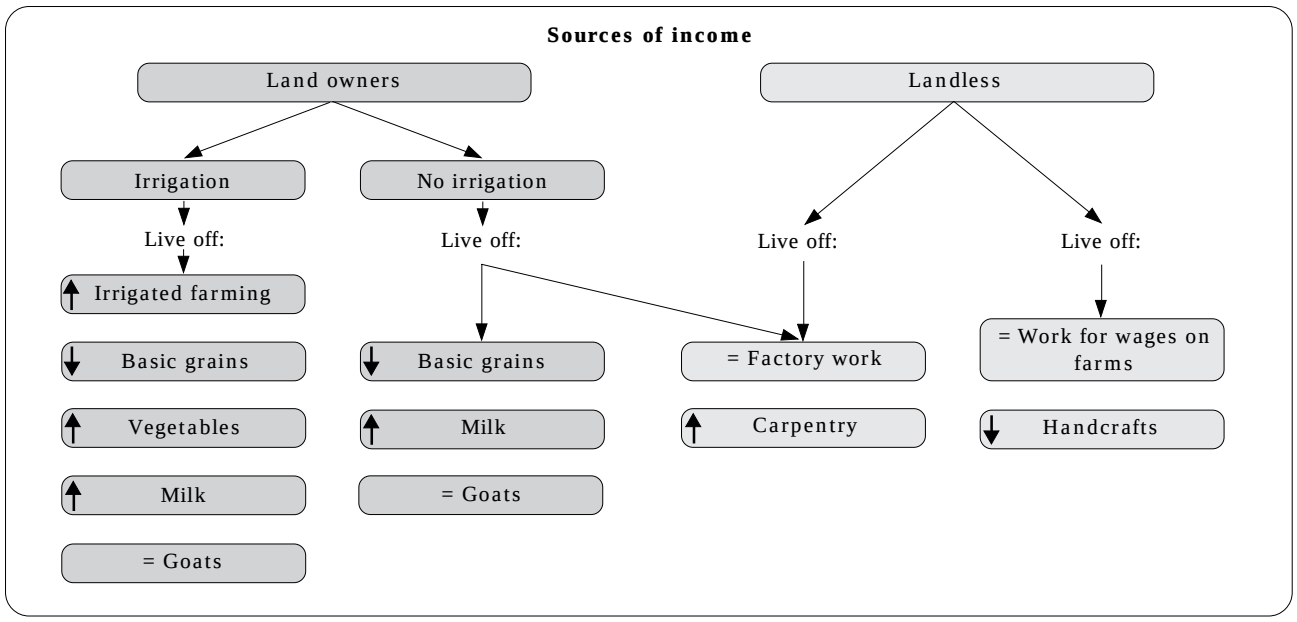



Figure 12. Example of income trends within a zone.

Table 11. Gender analysis of an economic activity in a given zone.

| Category: Growing market vegetables | Importance: Average | | | |
|---|---|---|---|---|
| Activities | Responsible for the activity | | | |
| | Women | Men | Both | Children |
| Purchase of seed | | ✓ | | |
| Preparing seedbeds | | ✓ | | |
| Transplanting | ✓ | | | |
| Hilling/weeding | | ✓ | | |
| Irrigation | ✓ | | | |
| Pest management | | | ✓ | ✓ |
| Harvest | ✓ | ✓ | ✓ | ✓ |
| Washing, selection, and packing | ✓ | | | ✓ |
| Marketing | | ✓ | | |

To facilitate this process, the following steps are suggested:

1. Remind participants of definitions used for resource analysis.
2. Ask the participants to identify important moments of change in each resource (one by one). Participants should discuss and agree on what constitutes an "important moment of change" based on their own criteria.
3. Document changes by resource and ask the participants to clearly identify the innovation (what was it and why was it needed) and who invented or adopted it for the first time. At this stage, it is important to identify the innovators by name, their geographical location, and levels of well-being. Here, profiles of each zone's innovators should be made.
4. Once the innovation and its innovator(s) are identified, ask the participants to analyze the sources of information that led to the innovation. Was it a process of trial and error carried out by one farmer only? Or was it a combination between external information (e.g., radio, television, flyers, or visits) and local ingenuity? Was it an external actor who shared his or her knowledge with the innovator(s) (e.g., training, written information, or field days)? Most likely, the innovation builds on a combination of factors. What we hope to

Table 12. Identifying innovations, innovators, dissemination, and impact in a zone.

| Resources | Innovation (change) | Innovator(s) | Sources of innovation | Dissemination channels | Impact |
|---|---|---|---|---|---|
| Natural | Use of live barriers to control erosion and feed livestock, pigs. | Landowning farmers of moderate wealth. | External NGO, training, participatory trials, farmer exchanges. | Farmer to farmer exchanges between moderate and low wealth farmers. | Increased presence of barriers, extra animal feed and some additional income. |
| Human | Decentralized high-school education program for those without access to formal schooling. | Teachers. | External NGO, government. | Rural promoters (farmers of moderate wealth). | Better access to education. |
| Production | New and more efficient design for sugarcane mills. | Mill owners (moderate to wealthy farmers), skilled workers. | Visit to another part of the country, information from a specialized research center. | Skilled workers. | Six mills with improved technology in the area (belonging to moderate to wealthy farmers). Greater demand for sugar cane year round. |
| Social | Organization of fruit growers' association. | Farmers of moderate to low wealth. | Producers, advisory services of external NGO. | Producer to producer (invitation to become part of the association). | Better channels (contracts) for sale to fruit companies, increased volumes and income. Better organization and negotiating skills. |

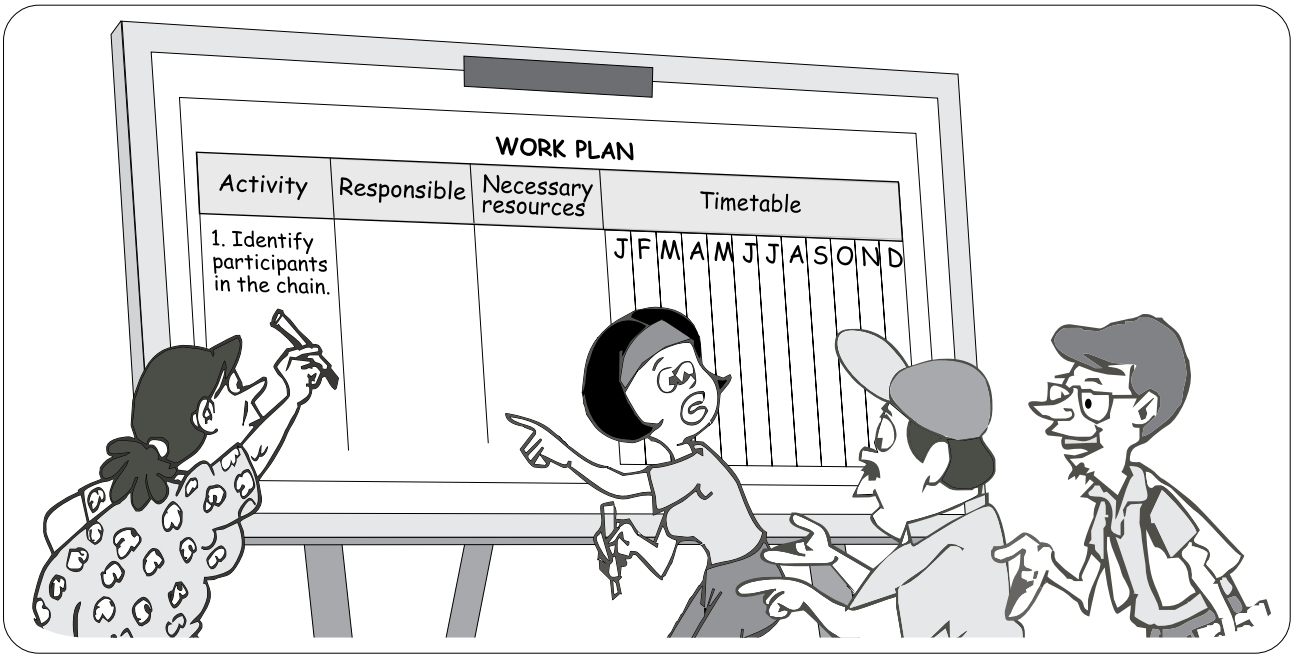
understand is the relative importance of the local know how versus sources of external information. This process to looks at how innovations are introduced into the zone and how such introductions can be facilitated in the future.

5. Once the innovation was made, how was it disseminated among the zone's households and communities? How did new people learn and adapt the innovation for use on their farms? Who disseminated the innovation? Was it intentional (e.g., workshops, visits, or organized field days) or spontaneous (e.g., informal talks in the village or the general store)?
6. What impact has the innovation generated? Who benefited from the innovation and what was their well-being level? An exhaustive analysis of impact is not required but merely to ask participants to evaluate the innovation's relative importance in the zone. If they have concrete data (e.g., X number of sugar mills were improved with the technology), these should be noted.

For analysis the focus group's conclusions can be noted in a matrix similar to that in Table 12.

## SECTION 4

# Planning Together for Joint Action




In the previous section, representatives of the working group carried out a diagnosis of the resources available to support agroenterprise development in an area, taking into account options for zoning the area. This survey will have provided information on:

- Existing endowments of natural, human, productive, and social resources.
- Livelihood strategies for differentiated social groups by area and zone according to local welfare criteria.
- Existing organizations and institutions relevant to processes of rural enterprise development and their relationships in the diverse zones of the area.
- Current and historical processes of innovation in the area.

This information is now used to develop simple action plans to promote agroenterprise development. This section is divided into four parts:

1. Review of working group members and the formation of the group.
2. Analysis of the area's potential for rural enterprise development.
3. Identification of areas of consensus for common action.
4. Generation of a shared action plan.

The implementation of these four steps is focused on the organizations that plan to be members of the working group. The steps can be facilitated by an external or support organization but the discussions and final agreements should be the product of the working group members.

### Reviewing the Roles of the Working Group

Before generating an action plan, time should be taken to assess the stakeholders in the working group and to gain a better understanding of their level of interest. In some cases new participants may have been identified from the diagnosis stage. Review the composition of the group; gain an understanding of their expectations, what they can provide and what they may need to play an active role in the group. This is the time to develop some basic ground rules for roles and responsibilities for all group members.

One of the results of the diagnosis was the identification of key actors for the area's rural agroenterprise development. These actors may be similar to those already in the working group or they may be different. This is an appropriate time to review the identified actors and openly discuss the following questions as a group:

- Do the participants in the working group represent the most important actors for rural enterprise development in the area?
- Do they have sufficient information, resources, and access to the market to change the existing situation by themselves, or would it be better to include additional organizations? If so, which organizations?
- Are lead organizations for rural enterprise development adequately represented in the group? Who else is missing or needed?

Typically, the diagnosis identifies several organizations that share similar approaches to agroenterprise development, such as growers' associations, NGOs, public sector entities, universities, and private enterprises, which could strengthen development processes in the area. This is the moment for identifying those organizations that are available and have both interest and capacity to participate as members of the working group. A key recommendation is to look beyond the traditional partners (growers' associations, NGOs, the government) to include new actors who bring other perspectives to the group. If, for example, a dynamic private company or a local Chamber of Commerce is selected, then these could bring a well-developed business approach that would complement the strengths of the other development actors.

More recently, new actors such as large supermarket chains are desirable partners, as they can effectively provide markets for various products from the area and thus "pull" processes of enterprise development from the market.

Once the key actors are identified and motivated to participate, an informal agreement should be developed in which each participant expresses their intention to collaborate in the rural enterprise development of the area. This agreement should include:

- Purpose of the working group's formation.
- The group's objectives.
- The initial work timetable.
- The roles and responsibilities.

Once the working group is convened, the planning process can begin as follows:

## Planning for Rural Agroenterprise Development in the Area

Planning begins with an analysis of local capacities, a review of target zones, local partners, and client farmer groups, a review of the more promising enterprise options, based on zonal preferences and resources required to move the process forward. These issues can be addressed using the Strengths, Weaknesses, Opportunities, and Threats, methodology, more commonly known as SWOT analysis.

The SWOT analysis should be undertaken in a rigorous manner, so that the results can be used by the working group. Whilst SWOT analysis can be very useful, if done by a dedicated team, but if done superficially, results will be poor and difficult to interpret in a meaningful way. Spend time on this process if you want a useful product. The basic steps are as follows:

1. Ask the working group to list the strengths, *in terms of rural agroenterprise development*, that are evident in the area-based diagnosis. The strengths grouped by topic (e.g., natural resources, business organization, or markets ties).
2. Once identified and grouped, the strengths are *prioritized*. Which are more important—or evident—and which are less important? Which constitute solid bases for generating change and which do not? At the end of the discussion, strengths are ranked.
3. Ask the working group to list and group opportunities, *in terms of agroenterprise development*, that are evident in the area-based diagnosis. Some opportunities may be within the area, others, may have market opportunities beyond the area. This is normal; the key is whether the product can be produced within the area.
4. *Prioritize* the opportunities.
5. Ask the working group to list and group weaknesses, *in terms of agroenterprise*

*development*, that are evident in the area-based diagnosis. These weaknesses are found within the area.
6. *Prioritize* the weaknesses.
7. Ask the working group to list threats, *in terms of agroenterprise development*, that are evident in the area-based diagnosis. Although threats can be internal, they tend to be external and related to the market or competition.
8. *Prioritize* the threats.

The results of this discussion should be written up in a SWOT matrix and then variables can be combined, or "crossed", as shown in Table 13.

The combination or crossing step is facilitated using the following questions:

- How can we use the strengths found in the area to turn identified threats into opportunities for existing or future processes of rural enterprise development?
- How do we take advantage of our opportunities to improve the weaknesses, in terms of rural agroenterprise development, found in the area?

The results of these two "crosses" are noted in a matrix such as found in Table 14.

## Consensus Building

Once the rural enterprise development potential of the area has been assessed, based on the results of the SWOT analysis, the group can focus on concrete activities required. At this stage, we must identify the members of the working group who are committed to working together, discover their common vision in terms of sustainable rural agroenterprise development for the selected area, define how the working group can contribute to the attainment of these aspirations (or mission), and define "rules of the game" (or principles) for action.

## Who We Are

Before we define the vision, mission, and principles for the working group, we must be clear on who the participants are. To facilitate information sharing among group members who may or may not know what each other does, each member should briefly describe the organization that he or she represents, the sites where they are active, the products they support, and the needs for support that have been identified. Exiting or desired links with other members of the working group can also be discussed at this time.

The rationale behind this exercise is that of facilitating effective networking among members of the working group through complete information and, at the same time, answering concerns regarding the experience, capacity and coverage of each organization. Table 15 presents a sample format for organizing this presentation.

Table 13. An example of a SWOT matrix with "crosses".

| Strengths | Weaknesses |
|---|---|
| The strengths found in the area's potential for agroenterprise development noted here. | The weaknesses found in the area's potential for agroenterprise development noted here. |
| **Opportunities** | **Threats** |
| The opportunities for the area's potential for agroenterprise development noted here. | The threats to the area's potential for agroenterprise development noted here. |

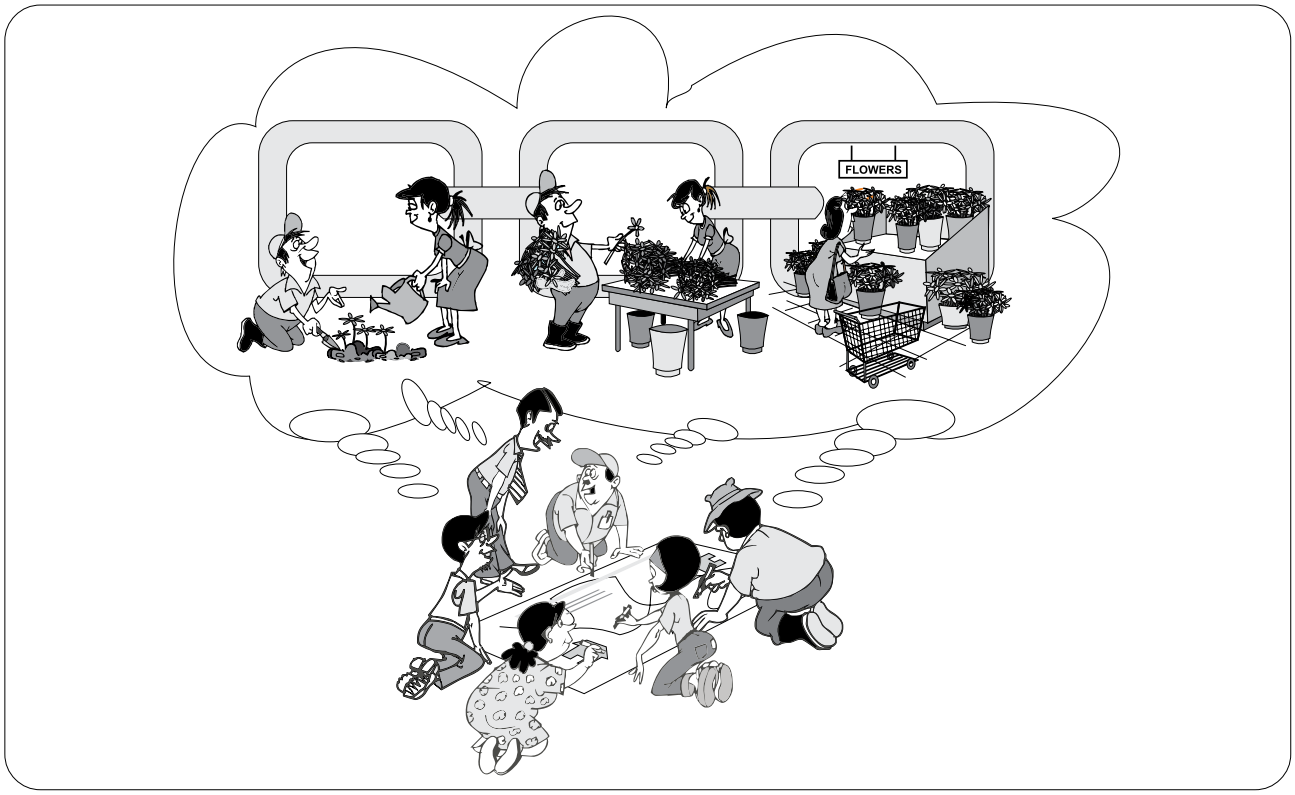
Table 14. Results of "crossing" between strengths and threats.

| Strengths versus threats | Opportunities versus weaknesses |
|---|---|
| Results of the group's discussion on comparing strengths against threats in terms of the area's potential for agroenterprise development. | Results of the group's discussion on comparing opportunities against weaknesses in terms of the area's rural agroenterprise development. |

Table 15. Format for information exchange among members of a working group.

| | |
|---|---|
| **Name:** | ACELY (Asociación Campesina de Enlaces de Ladera de Yoro)<br>[*Rural Association for Liaisons for the Yoro Hillsides*] |
| **Sites:** | Yorito, Sulaco, and Victoria. |
| **Products:** | Basic grains. |
| **Services:** | • Monitoring visits on soil conservation.<br>• Survey of demand.<br>• Facilitate access to improved bean seed for members. |
| **Needs:** | • Marketing.<br>• Financial and credit support.<br>• More training in micro-business. |
| **Name:** | AGASUL (Asociación de Ganaderos y Agricultores de Sulaco)<br>[*Association of Sulaco Livestock Owners and Farmers*] |
| **Site:** | Sulaco. |
| **Products:** | Coordinate activities in favor of region's livestock and agriculture. |
| **Services:** | Orient and train members on how to increase and diversify production. |
| **Needs:** | • Shorten the marketing chain for produce: basic grains or milk.<br>• Support in acquiring agricultural and livestock inputs.<br>• Financial support → soft loans.<br>• Training on processing produce, which would then have aggregate value. |

## Developing a Common Vision for Agroenterprise in our Area




Once working group membership is clear, we can begin the planning process with the group with a visioning exercise. This exercise requires that each member define a 'preferred future' for the rural agroenterprise development of the area. This exercise is completed through the following steps:

- Each participant indicates, in one or two short phrases, the key elements of their 'preferred future' for the rural agroenterprise development of the area. Key elements might include phrases like, "I see producer groups working with local processors, NGOs, and traders from the

capital city to develop new value-added products for supermarkets" or "I see market information reaching farmers and NGOs in a timely and useful manner and crop patters shifting based on market demands". These ideas should be written on cards using large letters, using a maximum of three lines and one idea per card. Each member then shares his or her ideas with the other members of the group.
- As each participant defines and shares her desired future, the cards are placed on a wall, so they remain visible to all participants.
- Once all the preferred future cards are presented, they are then grouped according to common themes (i.e., market information, value added products, improved relations between chain actors, etc.).
- For each common theme, one or more phrases are written down that summarize the sense of the dream cards generated by the group members. These phrases may come either from the existing cards or be a summary of several phrases from different participants.
- The summary phrases are then grouped into one or more paragraphs that describe the desired future for rural agroenterprise development in the area as defined collectively by the group. This final desired future (or vision) should be written on a large sheet of paper and placed so that it is visible to all participants.

### *What is the working group's mission?*

Once we have a clear idea of the desired future, we need to ask, "how can the working group contribute to this future?" The group must determine what it can realistically contribute towards achieving the desired future, in the knowledge that the desired goal will also depend on other local and external actors not yet part of the working group.

The working group's mission should reflect the area-based diagnosis, the analysis of agroenterprise development potential of the area, and the capacity, knowledge and coverage of the working group members. The mission should be aligned with the group's capacities. Grounding the mission of the group in reality is important because it is easier to broaden a mission that is too limited than to focus a more ambitious one.

The steps for achieving this process are similar to those used to define the desired future:

- Each participant writes one or two short phrases with their key ideas on what the working group could contribute to the desired future for the area's agroenterprise development. The phrases are written on cards in large letters, with a maximum of three lines, with one idea per card. Later, each member of the group presents their cards to the other members of the group.
- As each participant defines and shares how the working group could contribute to the desired future, the cards are placed so that they remain visible to all participants.
- Once all the cards are presented, they are grouped according to common themes.
- Once the common themes are identified, one or more phrases are written down that summarize each theme and then fed back to the group for discussion and approval.
- The summary phrases are then grouped into one or more paragraphs that describe the role of the working group in bringing about the desired future. This final expression of the role (or mission) of the working group should be written on a large sheet of paper and placed so that it is visible to all participants.

### *What are our principles?*

The final step prior to drafting a concrete action plan is the definition of basic principals that will guide the working group. The intention of this exercise is to define some general principles that can be adapted to each organization's activities and guide the overall thrust of the working group. They can be generated by following the steps described previously, but with a change towards the end.

- Each participant nominates one or two key principals (the idea plus a short description). Examples of working group principals include things like "participatory decision making" or "sustainable management of natural resources". Each principal is written on a separate card in large letters with a maximum of three lines. Later, the cards are shared among group members as in the previous exercises.
- As each member describes their contributions, the cards are placed so that they remain visible to all participants.

- Once all the contributions are presented, they are grouped according to common themes.
- With the common themes identified, a discussion is conducted to name each group of cards. When consensus is arrived on the name of a group of cards (the principle for this group of ideas), the name is written on a different colored card and place above the others.
- Once all the principles are named, a brief description of this principle is written. This description seeks to clearly define the group's understanding of the principal and how it relates to the promotion of agroenterprise development in the area.

At the end of this process, the working group will posses a common desired future (vision), a clear idea of what the working group will contribute to this desired future (mission) and shared principals to guide the activities of the working group towards the future. With these inputs, the group is ready to design an initial work plan.

## Writing a Joint Work Plan

An effective work plan is similar to a map, it provides a clear idea of where we want to go and some key signposts or indicators tell us whether we are heading in the right direction. To construct an adequate map, four methodological steps are proposed:

1. Identify specific areas for intervention, and who to work with.
2. Prioritize areas according to their importance, feasibility, and impact potential.
3. Identify short-, mid-, and long-term activities that can be done with the existing resources and those that require external support.
4. Construct an action plan with a timetable, showing clear responsibilities for the working group members.

The information below outlines the contents of each step.

### *Identifying key areas for intervention*

This first step aims to generate, by means of a brainstorm, the largest number of ideas and possible concepts on what the working group should do within the area. To carry out this exercise:

1. The working groups should name a facilitator for the exercise.
2. A general question is put to the group to initiate discussion. In this case, the question could be something like, "what activities should the working group develop during the next 12 months?"
3. Each participant writes down the two best ideas that s/he has.
4. The ideas are shared among all participants and common ideas are sought and grouped together. At this point, if any of the group members have additional ideas that are not adequately represented in the emerging list; these can be shared and incorporated if necessary.
5. Once similar concepts are grouped, each concept needs to be defined clearly. For example, for a group of cards relating to "training", what kind of training are we talking about? What are the themes or topics? Who will train whom? Does this activity need external support or can it be undertaken by working group members?
6. At the end of this exercise, the working group should have a list, not yet prioritized, of key areas of intervention, clearly defined and written in a common language.

### *Prioritizing key areas of intervention*

Once the key areas of intervention have been identified and defined, the working group needs to rank them by importance. Often, all the issues seem important and, as result, we do not know where to begin. This exercise helps to orient the working group in this regard. The steps for ranking areas of intervention include:

1. Organize a pair wise ranking matrix, where the title of each key area of intervention is placed both on the vertical and horizontal axis. Each pair of ideas will be compared only once so the bottom half of the matrix is not used. In the example, this section is shown in dark gray in Table 16.
2. Each pair of options is then compared to decide which of the two key area of intervention is most critical to develop first. In this case, the facilitator should ask the group "is it more important that we train ourselves in accounting or organize a meeting with microfinance institutions? Which comes first?" The group should decide which of the two key areas under analysis is more important, and place this idea in the matrix as shown in Table 17.

Table 16. An example of how to construct a pair wise ranking matrix.

| Key areas of intervention | Bookkeeping training | Organize a meeting with credit providers | Analyze markets for products in high demand | Negotiate support from the government |
|---|---|---|---|---|
| Bookkeeping training | | | | |
| Organize a meeting with credit providers | | | | |
| Analyze market for products in high demand | | | | |
| Negotiate support from the government | | | | |

3. Once the matrix is completed, the facilitator counts the number of votes that each area of intervention has received and tallies up the totals. As in any election, the areas of intervention with the highest number of votes are the most important. The results can be documented in a table as shown in Table 18.

In the examples shown, it is now clear that the working group should start by analyzing the market chains for products in high demand, followed by arranging for funds from the government and organizing a meeting with microfinance institutions, with training in accounting coming later.

This exercise can last an hour or more, depending on the number of activities that must be analyzed and the discussion generated around this process.

Table 18. Final results from a pair wise ranking exercise.

| Key areas of intervention | No. of votes | Rank |
|---|---|---|
| Bookkeeping training | 0 | 4 |
| Organize a meeting with credit providers | 1 | 3 |
| Analyze market chains for products in high demand | 3 | 1 |
| Negotiate support from the government | 2 | 2 |

### *Building momentum with local activities*

For the prioritized activities the working group should analyze whether or not the skills and resources needed to move forward are available locally or not. Working group activities should be initiated with interventions that depend principally on existing local knowledge and

Table 17. An example of a completed pair wise ranking matrix.

| Key areas of intervention | Bookkeeping training | Organize a meeting with credit providers | Analyze markets for products in high demand | Negotiate support from the government |
|---|---|---|---|---|
| Bookkeeping training | | Organize a meeting with credit providers. | Analyze markets to identify products in high demand. | Negotiate support from the government. |
| Organize a meeting with credit providers | | | Analyze market chains for products in high demand. | Negotiate support from the government. |
| Analyze markets chains for products in high demand | | | | Analyze market chains for products in high demand. |
| Negotiate support from the government | | | | |

resources. This helps to focus interventions in areas where rapid change can be achieved with minimum effort and generates a positive dynamic among group members. Establishing a solid base of local capacity does not mean that the working group should ignore opportunities for external support. In fact, working groups with strong internal dynamics tend to be more effective in linking to external technical and financial support and when this assistance arrives more effective in transforming it into sustainable processes of rural agroenterprise development.

To assess local capacity to implement key intervention strategies, the working group lists the resources or knowledge it needs for each intervention strategy and compares that list with what exists locally (Table 19).

The time needed for this exercise will vary according to the number of activities and the steps that are required to develop each one.

### *Building an action plan for the working group*

With the inputs previously constructed, the last step of this process is to generate an action plan for the first 12 months of working group activities. The matrix can include information such as that found in Table 20.

If the working group wishes, the action plan can also include the financial needs for each activity and thus generate a budget that complements the action plan.

## Conclusion

Based on the analysis of the resources available and potential market options, the members of the working group can start to build a consolidated plan for enterprise development that will engage various local actors.

The planning process therefore serves several purposes. It raises the profile of income

Table 19. Identifying local and external resources required for a prioritized activity.

| Activity: Analyze market chains for products in high demand | | | |
|---|---|---|---|
| Steps | Resources required | We have them here ☺ | We have to get them from outside ☹ |
| Identify key market chain actors | Information about the chain | ✓ | |
| | People | ✓ | |
| Review how the chain is working now and identify critical points | Information from people | ✓ | |
| | More general information | | ✓ |
| | People | ✓ | |
| | Training in this field | | ✓ |
| Analyze data generated, etc. | People | ✓ | |
| | Advisory services | | ✓ |

Table 20. Building a simplified action plan for the working group.

| Activity | Steps | People responsible | Dates (months) | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 |
| Analyze the chains of the prioritized products | 1. Identify product areas for further analysis. | John and Mary | | | | | | | | | | | | |
| | 2. Undertake a Rapid Market Survey. | John with the working group | | | | | | | | | | | | |
| | 3. Analyze the data. | Maria with the working group | | | | | | | | | | | | |

generating methods, based on agroenterprise development within a defined geographic area, it provides a basic platform for dialogue with diverse partners and an approach that is inclusive, that seeks to build relationships rather than operate in isolation.

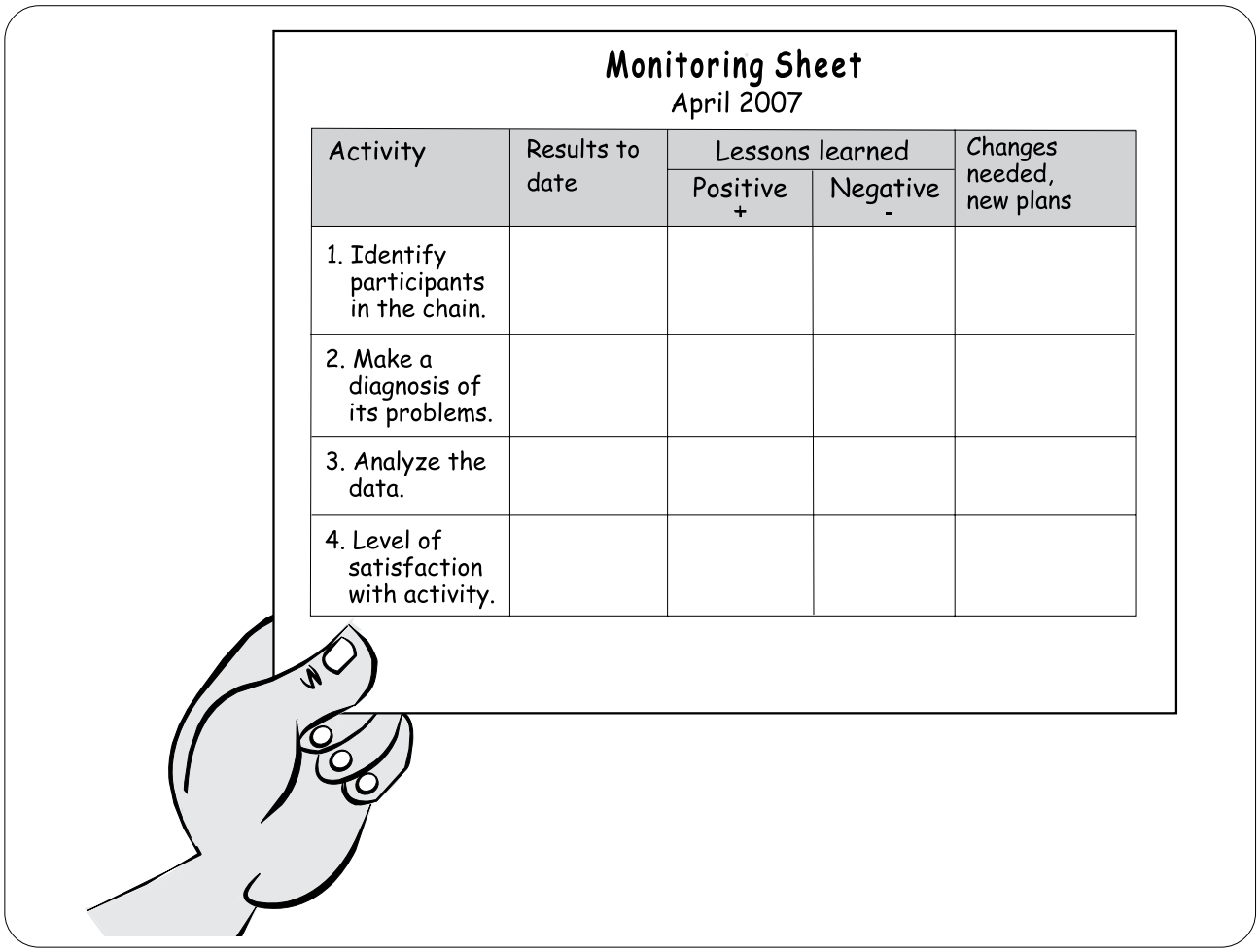
The approach is long-term and one of the basic principles of this approach is to include local actors in a participatory manner, so that they are able to learn new skills, put them into action, reflect on their level of success, and adapt them to the local context.

Although the final outcome of this *guide* is a basic planning tool, much social capital will have been gained in the process and this will allow for greater sharing of roles and responsibilities in the future.

The following two sections raise issues of monitoring the process and the final writing up and dissemination of results from the activities undertaken in this *guide*.

**SECTION 5**

# Participatory Monitoring, Evaluation, and Learning




The purpose of this section is to provide some general ideas about the utility of a simple monitoring, evaluation, and learning system for the working group. Two simple methods will be put forward document advances place. The final decision on which to use will be in the hands of the group.

## Designing and Building an Appropriate Monitoring, Evaluation, and Learning System for the Working Group

The principal objective of a monitoring, evaluation, and learning system is to assist the working group and clients to become more effective over time. To build an appropriate system, the working group and client groups should review their information needs and design a system that focuses on those demands. Some key principals to keep in mind in this sense are:

1. Design the system around what the working group members and, for example, the farmer groups want to control, evaluate or learn.
2. Keep the system as simple and straightforward as possible.
3. Base the system, where possible, on existing information that can be analyzed in new ways (poverty or income data, for example).
4. Link the system into existing data gathering exercises (i.e., baseline studies, surveys, others) in the area and build on the data collected in the diagnosis of the working group.

5. Resist the temptation to gather "interesting" information on a wide range of activities.
6. Be systematic in data collection and analysis and make use of locally relevant tools for both (use visual methods rather than surveys for low literacy areas, for example).
7. Assess the utility of information generated for decision making in the working group.

If the working group adapts these principles, the resulting system should fit well with their capacities and information demands.

## Utility of Monitoring, Evaluation, and Learning for the Working Group

This section presents monitoring tools to assess and control activities, and learning tools to highlight important learning experiences for specific members of the working group. While these tools are best used together, it is common to find working groups focused principally on the monitoring and evaluation function. However, without a useful and simple learning process, the working group runs the risk of being stuck in 'single loop learning' as shown in Figure 13.

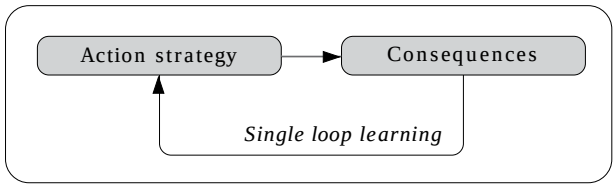



Figure 13. Single loop learning cycle.

In a single loop learning cycle, people and organizations plan, act, and evaluate the results of their actions. Based on the effects of their actions, they then complete the cycle by returning to the planning phase. This process is useful if the relation between the problem and its solution is straightforward, lineal, and causal. In addition, a single loop system assumes that the basic assumptions on which the system rests are valid and static. However, many problems encountered in rural development, do not respond to this simple model, which requires a more complex analysis. In reality, what is needed is to review basic assumptions about what needs to done, when and why[5].

5. For more discussion on this point, see Fairbanks and Lindsay (1997).

Monitoring and evaluation on its own tends to reinforce a single loop learning system. A monitoring and evaluation system linked to a learning process, on the other hand, moves us towards a more complex learning system. This system, known as 'double loop learning' by Argyris[6], generates a process through which the basic assumptions underlying planning, implementation, and evaluation are questioned and improved upon. A 'double loop learning' model is shown in Figure 14.

A double loop learning system helps to move beyond the simplistic plan-act cycle and begins to question the way that organizations promote rural agroenterprise in the area. This more thorough analysis should lead to a more effective process.

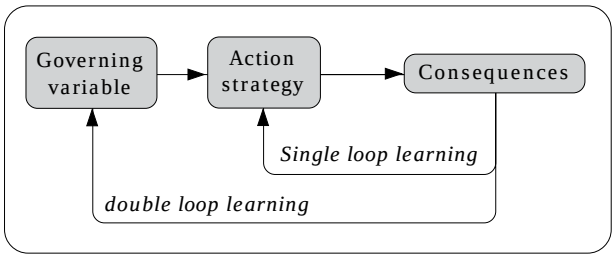



Figure 14. Double loop learning cycle.

## Tools for Monitoring, Evaluation, and Learning

The two tools included in this section are simple. As the focus of this guide is on basic principles and techniques that can be adapted to diverse needs at the field level, the first tool for monitoring and evaluation draws on the action plan developed in the previous section and focuses on documenting, controlling, and monitoring the implementation of the working group's action plan. The second, known as 'most significant change', seeks to document lessons learned by diverse members of the working group and facilitate discussions on the underlying assumptions of the group to reframe approaches based on experience.

## Monitoring and Evaluation Advances in the Working Group's Action Plan

The most straightforward way to establish a monitoring and evaluation system for the

6. For more discussion on this, see: www.infed.org/thinkers/argyris.htm#_Single-loop_and_double-loop

working group is to base it on the action plan developed in Section 3 of this *guide*. In the action plan, the working group defined key activities, steps, responsibilities, dates and, perhaps, budgets. A monitoring and evaluation system can revisit each activity in the action plan periodically[7] to assess how successfully this activity has been carried out and what the results are. In operational terms, this process can occur in the course of normal meetings of the working group or, if implemented in conjunction with the 'most significant change' learning tool, to special sessions of the working group focused on monitoring, evaluation, and learning.

To document changes, positive and negative, in the evolution of the action plan, the working group can make use of a monitoring tool such as that found in Table 21.

The working group assesses each activity in four areas:

1. Results achieved.
2. Lessons learned what worked well and what worked less well.
3. Changes that need to be made to the work plan based on results to date.
4. Level of satisfaction with the activity.

7. The meaning of "periodically" can vary based on the needs of the working group. In those groups with a strong tradition of collaboration, monitoring and evaluation might occur every 3 to 6 months while in newer groups monthly revisions might be more appropriate.

It is important to note that the monitoring and evaluation should take place at the level of the activity—which includes several steps—and not at the level of each step. This distinction is made to save time for the working group and avoid getting trapped in details when what we want to assess is the overall effectiveness of the activity as such. Has this activity—with all of its steps—led to the changes that the working group expected? Why or Why not?

In operational terms, the revision of the action plan takes place in a workshop with the working group members. Each person or group of people who appear as 'people responsible' for the activity present a short summary of work in this area focusing on results achieved, lessons learned (both positive and negative), and changes that need to be made based on results up to now (points 1 through 3 above). A summary of this information is discussed with the rest of the working group. The final step is to assess the level of satisfaction of the working group with each activity. This information is written on a flip chart prior to advancing to the next activity.

Once all of the activities have been reviewed and the level of satisfaction assessed, the working group decides on what changes need to be made to the existing action plan in terms of activities, steps, dates, budgets, responsibilities or any other aspects. These changes are then noted and incorporated into the action plan for implementation. At the end of the workshop, the working group should have several flip charts showing their results to date, the

Table 21. Building a monitoring and evaluation tool for the working group.

| Activity | Steps | Results to date | Lessons learned | | Changes needed, new plans |
|---|---|---|---|---|---|
| | | | Positive ☺ | Negative ☹ | |
| Analyze the chains of the prioritized products | 1. Identify participants in the chain. | | | | |
| | 2. Make a diagnosis of its problems. | | | | |
| | 3. Analyze the data. | | | | |
| | 4. Level of satisfaction with activity. | | | | |

assessment of each activity and the changes required in the action plan. These can be typed up and shared within the working group as well as with other interested stakeholders to show the advances made by the group as well as serving as a record of the working group as such.

The process of planning, acting, monitoring, and evaluating should lead the group through an iterative process that allows the action plan to evolve and develop or hone skills. In dynamic working groups, this process becomes second nature and continuous while in weaker groups it often falters. To avoid this pitfall, the working group requires tools and spaces to reflect on their assumptions and deepen their understanding of processes of rural agroenterprise development. The 'most significant change' method is one way of doing this.

### *'Most significant change' as a learning tool*[8]

If the working group decides to make use of the 'most significant change' (MSC) method to document learning, this process can evolve directly out of the monitoring and evaluation work described previously. The MSC method comes from experiences in Bangladesh (Davies, 1996) and Australia (Dart, 1999a) that sought to document processes of organizational learning in development activities.

According to Dart, MSC can be understood as process through which program stakeholders interpret their experiences with the program and select instances of significant change and record each as a story. They are also required to record why this change is significant to them. Then when the reviewers read and evaluate the story, they engage with it and construct further new meaning. When this is done in a group, this construction may be shared. In the MSC approach the criteria that are used to interpret the story are documented, made transparent and attached to the story itself. It is this transparency that makes the whole process even more open to new and more sophisticated constructions of meaning (Dart, 1999b).

8. This section draws on Dart (2000).

### *'Most significant change' processes and logic*

To make use of this method, the working group needs to undertake three main activities: (a) establish the kinds of change the group expects to see; (b) organize a system to collect, process and review stories of change, and; (c) find time—and perhaps assistance—to conduct a secondary analysis of the stories selected. Each process is described briefly in the following section.

***Defining the types of change the group wants to see:*** In this step, the working group members should identify no more than three kinds of changes that they would like to document as a result of their activities. Examples could include 'more diversified livelihoods' or 'increasing value added activities'. This list serves as a guide for members of the working group to identify and report changes they see at the field level.

***Collecting, reviewing, and processing the stories of change:*** Stories that show the kind of changes that the working group would like to document are recorded by those most directly involved in project implementation (i.e., field workers and farmers or entrepreneurs). People at each level of the project hierarchy are then involved in reviewing a series of stories and selecting those that they think represent the most significant accounts of change (Figures 15 and 16). The selection of the stories takes the form of an iterative voting process, until consensus is achieved. At the various review fora, participants are required to document which stories they selected and what criteria they used. This information is then fed back to the storytellers and the project stakeholders. It is intended that the monitoring system should take the form of a slow but extensive dialogue among working group members, their organizations, and farmers during each reporting period (Dart, 2000). This process can be repeated with important external stakeholders (i.e., donors or government officials) to establish a dialogue with them about what constitutes significant change in terms of agroenterprise development in the area.

***Secondary analysis of the stories:*** The stories reported by the organizations involved in

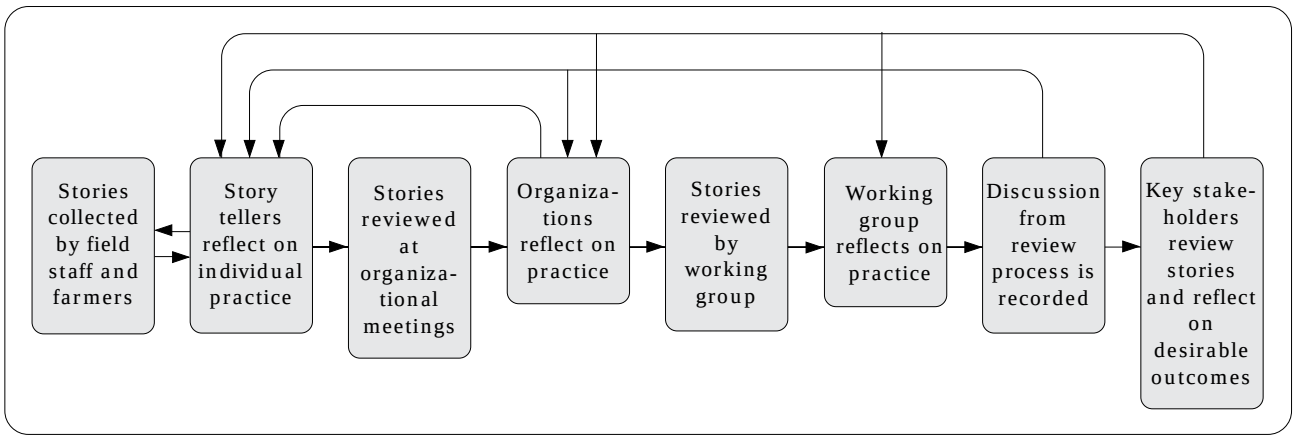



Figure 15. Steps and feedback loops in the MSC system.

SOURCE: Adapted from Dart (2000).

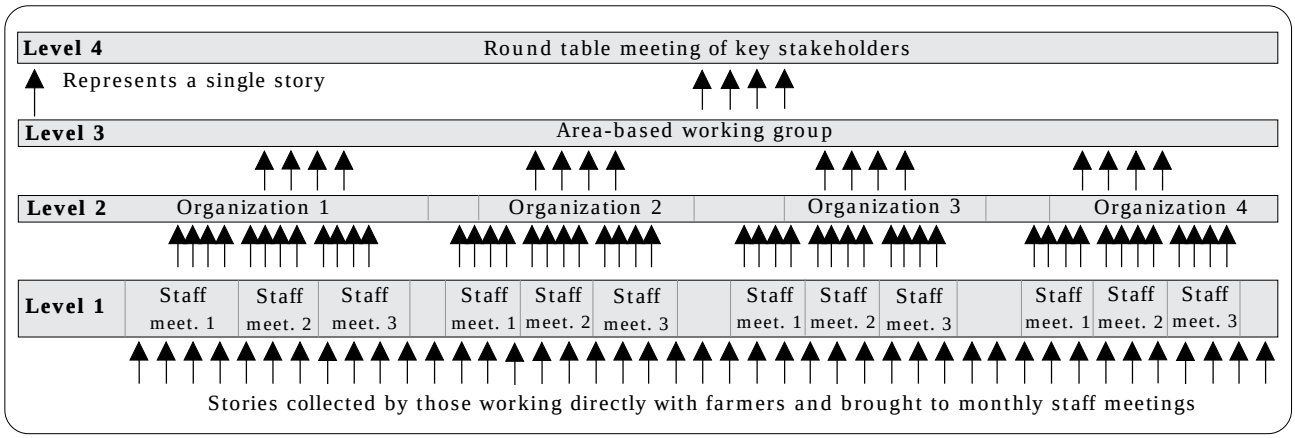



Figure 16. Idealized flow diagram for stories collected during a reporting period. (Adapted from Dart, 2000)

the working group can be grouped for additional analysis. These stories are of particular use in understanding the outcomes and limitations of agroenterprise development in terms of 'big questions' such as rural poverty, social and gender equality, and changes in natural resource management. The inclusion of social science researchers from local universities may be useful for this kind of analysis.

### *'Most significant change' tools*

For each of the above mentioned steps, the following tools can be adapted for use by the working group.

***Defining the types of change the group wants to see:*** The definition of the types of change that the working groups hopes to see, can be based on the 'preferred future' (or vision) that they developed in Section 3. From this work, the group selects no more than three specific types of change to document and lists them. This list of expected changes is then communicated to the field workers—staff who work directly with farmers or agroenterprises—who then identify stories of change that correspond to these categories.

***Collecting, reviewing, and processing the stories of change:*** The collection of the stories of significant change at the field level can take various forms depending on the region, local culture, and relative levels of literacy. In all cases, the stories of change should be short and focused on answering the basic journalistic questions of:

- *What* was the change that occurred and *why* is it significant to the people involved?
- *Where* did this story of change take place?
- *When* did this change occur?
- *Who* was involved in the significant change?
- *How* did this change occur?

In areas with low levels of literacy, it may be more effective to document stories of significant change using drawings, photographs or

interviews (audio or video). There is ample space here for field staff and farmers to use their creativity and design reporting mechanisms that are adapted to their conditions.

Once each field worker has identified and documented with farmers or agroentrepreneurs their best story of significant change in the period of analysis—including the reasons why it is significant—these are fed into organizational meetings (shown as level 2 in Figure 16). The stories are reviewed internally and up to four stories are selected to share with the working group. At this stage it is important that the organization explain why these stories of change are significant in relations to the type of change the working group hopes to see. The working group, in turn, reviews the stories from each partner organization and selects the most significant to share with key stakeholders (shown as level 3 in Figure 16).

The final step of the process is sharing and discussing stories of change and their significance with the key stakeholders of the working group. Stakeholders might include upper level managers from the partner agencies, project investors, private sector actors, and relevant government officials. In this space the stories selected by the working group are reviewed and their significance debated with the key stakeholders. The goal of this space is not so much the selection of the most significant story of change but rather the discussion about what constitutes significant change for rural agroenterprise development in the area. This discussion is useful because it helps to:

- Inform the key stakeholders of the outcomes of the activities of the working group in a tangible way and build support for agroenterprise development process in the area. What does the working group mean for rural agroenterprise development in the area? How successful are its activities?
- Align the goals of the working group with those of the key stakeholders who can facilitate structural changes that are beyond the capacity of the working group as such (i.e., government, donor or private sector policies).
- Provide feedback to all levels of the working group as to what is seen as significant change and should therefore be pursued actively.

The results of this discussion are communicated with all levels of the working group (levels 1 through 4 in Figure 16) and decisions made incorporated into future action plans. In this way the MSC approach completes the second loop of the double loop learning cycle.

***Secondary analysis of the stories:*** The sum of the MSC stories provides a rich picture of how the working group is contributing to agroenterprise development at the field level. This data contrasts and complements more traditional indicator-based impact assessment and can be reviewed to provide important social data about why changes—either positive or negative—are occurring. As mentioned previously, this task is best undertaken in collaboration with social science researchers from local universities who can assist in the interpretation of the stories at other levels.

## SECTION 6

# The Planning Report and Preparing for the Next Steps

The planning report based on the work in this *guide* aims to establish a common framework for partners to begin a process of agroenterprise development in their designated area. The report should be written in a simple style, so that the results from the resource assessment and joint planning process can be shared amongst partners and community members. Results can be presented in two ways:

1. As a combined text and table document that includes sections on purpose, results, and next steps.
2. As a verbal talk, with key points illustrated by pictures to show areas of interventions and basic bullet points for actions, indicating who will be responsible for which activities.

### Outline of the Planning Report

A basic outline for the planning document could be as follows:

Title and authors
Acknowledgments
Executive summary
Contents
Introduction
Objectives for the agroenterprise planning process
Reconnaisance study
Formation, purpose, and membership of the working group
Results from the resource assessment
- Definition and map of area
- Criteria and results from zoning exercise *(if undertaken)*
- Identification of farmer groups and potential products
- Prioritize interventions according to their importance, feasibility, and impact.
- Identify short-, mid-, and long-term activities
- Resource allocations—existing and required
- Action plan with a timetable, showing roles and responsibilities

Plan for monitoring and evaluation

Conclusions and recommendations
Appendix 1. List of organizations in the working group
Appendix 2. Questionnaire used in resource survey
Appendix 3. Cards of the most preferred products

This final document should be held by the faciltating organization and local working group members as a record of how the process was conducted and results. The product options should now be used in the next step of the agroenterprise development process, which is focussed on the identification of market opportunities and market chain integration.

## Next Steps

At the end of this planning *guide*, the working group survey team will have selected a specific area for intervention, identified key partners and farmer groups to work with, and identified potential products that require market evaluation.

The study will also have highlighted areas of weak capacity, where additional training is required and where more contacts need to be made. In some cases, additional training and preparation will be required prior to shifting into the next stage. Some issues to review include:

- Are the existing smallholder producer groups sufficiently well organized to take on market based interventions? Are they already involved in collective actions, or will this be a new concept for them?
- Are the partners and their farmer groups sufficiently interested and/or motivated to invest more time in undertaking further market studies to evaluate market prospects for products they are already producing, or are they more interested to evaluate new market options?
- Do the facilitating partners have sufficient in-house capacity to lead a market-based intervention or do they require additional training prior to or as part of their learning process?
- Does the combination of partners and farmer groups have sufficient financial capital to invest in new enterprise options? If not, can the group obtain credit from a local service provider, a micro credit organization or do the farmers also need to start a savings and loans scheme to build financial skills and capital.
- What scale of intervention is the working group hoping to achieve? Will the working group opt for a small pilot project, several marketing approaches for diverse producer groups, or focus activities on one mainstream market option?
- Are there any conflicts between seeking widespread impact for a given market area and the desire to provide differentiated options for diverse beneficiary groups?

After discussing the most important issues related to next steps, we advise the team to continue as quickly as possible onto the next step in CIAT's Agroenterprise Development Strategy. Depending on the strategy selected, the farmer group should work with the most appropriate skills set outlined in one of the following *guides* from the Agroenterprise Development series:

- Identifying Market Opportunities for Rural Smallholder Producers.
- Participatory Market Chain Analysis for Smallholder Producers.
- A Market Facilitator's Guide to Participatory Agroenterprise Development.
- Collective Marketing for Smallholder Producers.

The service providers, research team, and representatives of interested smallholder producer groups, should evaluate which methods are most appropriate in their next steps and then begin the process of upgrading their skills to identify new opportunities for increasing their incomes through successful agroenterprise development.

## Conclusions

Undertaking this first practical part of the agroenterprise development approach is the beginning of a new journey towards marketing for smallholder producers. This first step will have highlighted some of the assets and resources available in the target area and also provided a flavor of the requirements in building new enterprise options.

Although no investments have been made as yet, the planning stage is an important part of the overall process, and learning how to analyze local resources, and engage local agencies and business options, are important elements in

building agroenterprise capacity. This first analysis is an important learning process, not only for the lead service provider but also for the members of the working group, who can begin to use these skills now and in their future business planning.

This first step provides a sound basis to start engaging in marketing and for developing skills in systematic information, gathering, analysis, and decision making. These are all vital skills for the subsequent stages in agroenterprise development.

## APPENDIX 1

# Planning, Organizing, and Taking Action: Key Event in Rural Agroenterprise Development

| Planning and organizing | Implemented by | Intermediate product(s) | Estimated time | Processes and activities to establish |
|---|---|---|---|---|
| Reconnaissance (Recommended) | Service provider in house study prior to project implementation. | • Project planning, review of scale of intervention.<br>• Rapid survey of production and trade of goods.<br>• Rapid survey of traders and service providers.<br>• Rapid assessment of target clients. | 2 to 3 weeks | • This optional approach builds in house skills and provides clients with option of rapid market engagement. |
| Area-based resource assessment and forming of working groups.<br><br>*Optional exercise* | Lead service provider, working group (a coalition of development agencies operating in the area). | • Selection of area.<br>• Bio-physical/economic diagnostic of area.<br>• Development of agroenterprise groups.<br>• Profiling of beneficiary groups and risk analysis.<br>• Plan of action.<br>• System for monitoring, evaluation, and learning.<br>• *Pilot enterprise round to gain in house skills.* | 2 to 3 months | • Evaluating assets and skills base.<br>• Obtaining consensus on what to do, and how and when to do it.<br>• Organization and coordination of activities among actors.<br>• *Pilot option based on existing products. enables partners and clients to build skills.* |
| Identifying market opportunities. | Participants from SP and enterprise group. | • Rapid study of markets (local and national).<br>• Characterization of market options.<br>• Participatory selection of marketing options. | 1 to 4 months | • Evaluate diversified product options.<br>• Establish relationships with market actors. |
| Market chain analysis and business planning. | Working group. enterprise groups, and private sector. | • Detailed participatory market chain analysis.<br>• Evaluation of critical points in market chain.<br>• Development of business plan for enterprise. | 2 to 4 months | • Evaluate selected market chain in detail and develop a business plan for investment. |
| Investment and implementation of new enterprise. | Enterprise groups and private sector. | • Establishment of business (pilot project).<br>• Fine tuning of business.<br>• Sales of product and cost:benefit analysis. | 2 to 4 months | • Development of the integrated production project to improve the chain's operation. |
| Evaluating and strengthening key BDS in area. | Service providers and private sector | • Evaluation of local support services.<br>• Analysis of critical gaps.<br>• Strengthen BDS to support ongoing enterprises. | 3 to 4 months | • Improve BDS services in the area.<br>• Based on demand, establishment of new BDS. |
| Scaling up. | Service providers and private sector. | • Design up-scaling approach and implement. | 1 to 4 years | • Develop and implement upscaling options. |
| *Policy and advocacy (specialized)* | Service providers and local administration. | • Assessment of current market/trade policy.<br>• Evaluate effects of new trade policy options.<br>• Advocate for pro-poor policy options. | 3 to 5 years | • *Optional research to evaluate long-term challenges such as market access, market power, chain equity, gender, and declining prices.* |

## APPENDIX 2

# Checklist for Developing a Pilot Agroenterprise Project

The lead agency and partners to undertake the following tasks:

**The lead agency selects a partner organization interested in the process**

- The partner organization nominates a market facilitator (a person who will take the farmer group through the process). In some cases the management team will also have market facilitators.
- The market facilitator reads the guide on market facilitation.
- The lead agency and market facilitator undertakes a mini-reconnaissance survey of the area and evaluates the farmer group, as described in this guide.

**The market facilitator selects a farmer group**

- Using participatory tools, the market facilitator evaluates the internal organizational strengths of the farmer group.
- S/he selects a crop product that is of short duration and grown by most of the farmers as a cash crop.
- S/he works with the farmer group to improve internal coordination: Sets up positions in the group if this is not clear, initiates record keeping, and organizes a marketing committee.
- They discuss options for collective action.

**The market facilitator conducts a rapid market evaluation**

- The market facilitator organizes a farmer marketing representative from the farmer group to undertake a series of visits to potential markets for the selected product.
- Potential markets may include local market, local shops, next largest market at a more distant location, traveling traders, and hotels and restaurants.
- This team should interview market traders to determine product prices, volumes they receive (per week/ month), and buying conditions (minimum lot, quality, time of sale, repeat sales requirements). This interview process should be done with a range of buyers at the local market.
- The information should be summarized to report back to the farmer group(s) so that decisions can be made on what to invest into for the collective marketing.

**Market facilitator develops a simple business plan with the farmers**

- The market facilitator will lead a visioning process with the support of the marketing committee members to establish a simple business plan.
- This will include what to grow, when to plant and harvest, and who to see.
- The key issues for the plan will be to outline the key points of production to sales, including preplanting requirements, production, harvesting, post harvest issues, marketing, sales, and follow up.
- The group should develop ideas on collective marketing.
- Market facilitator should read guide on collective marketing to gain further information on group formation and selling produce collectively.

# APPENDIX 3

## Transitional Exit Strategy with a 5-to 10-year Timeframe

| | Time[a] | | | | |
|---|---|---|---|---|---|
| | 6 months | 1–2 years | 2–5 years | 6–7 years | 8–10 years |
| Lead service provider | • Gain in-house competence.<br>• Initiate interest group. | Establish a M&E procedure. | • Focus on scaling up through interest group partners.<br>• Provide training to other partners through a learning alliance process, i.e., incremental learning.<br>• Initiate process of working with BDS providers. | • Evaluate local BDS options for strengthening.<br>• Link farmers to BDS providers.<br>• Link farmers to other higher order entrepreneurs.<br>• Initiate work on policy analysis and reform. | • Focus on broad-based service provision such as finance and market information.<br>• Initiate work related to policy analysis and advocacy. |
| Farmer groups | • Farmers organize into a marketing group.<br>• Start enterprise cycle with a pilot project. | • Start savings scheme.<br>• Introduce M&E process.<br>• Expand enterprises. | • Farmers focus on new products<br>• Strengthen record keeping for finance and monitoring.<br>• Experiment within selected market chain to improve enterprise. | • Link with other farmer groups for selected products.<br>• Start process of association building. | • Pay for services to support growth in product sales.<br>• Link with or develop limited company associations for commercial sales. |
| Partners | Observe first enterprise cycle. | Enter learning alliance program. | • Scale up process with new farmer groups and their partners.<br>• Introduce experiments to accelerate innovation. | • Work with BDS groups.<br>• Link to specialized innovation partners. | Take on more specialized role within the agricultural sector. |
| Researchers | • Work with farmer groups and SPs to identify new markets.<br>• Work on technology innovation to support selected market chains. | | • Work with local service providers to scale up local ability to provide successful technologies.<br>• Work with higher order traders and processors to increase prospects of scaling up and value aggregation. | • Work with local SPs to scale up local ability to provide successful technologies.<br>• Specialize in certain technologies and social organization processes. | Continue process of introducing new innovations into the system. |
| BDS partners | | | Work with farmer groups to identify most critical services linked with selected and successful market chains. | Develop payment processes to sustain local support services. | Specialized local SPs emerge. |
| Higher order entrepreneurs | | | • Link new level market-chain players with successful farmer groups to strengthen market links.<br>• Link with research to make new technologies available. | • Primary processing pushed back to rural areas.<br>• Identify new processing opportunities to link with farmer-processor groups. | New markets develop, based on market intelligence and technology scouting and application. |

a. BDS = business development services; M&E = monitoring and evaluation; SP = service provider.

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# About the Partners

**ASARECA FOODNET (Association for Strengthening Agricultural Research in Eastern and Central Africa)**
FOODNET is ASARECA's post harvest and market research network for East and Central Africa. The network was established in 1999 and focuses on market analysis studies, market information, agroenterprise development, and related business development support services. FOODNET works in collaborative partnerships with research and development partners from the public and private sector.

**CARE**
CARE International is a global humanitarian organization working with over 45 million people in 70 of the world's poorest countries. CARE tackles underlying causes of poverty so that people can become self-sufficient. Recognizing that women and children suffer disproportionately from poverty, CARE places special emphasis on working with women to create permanent social change. Women are at the heart of CARE's community based efforts to improve basic education, prevent the spread of HIV, increase access to clean water and sanitation, expand economic opportunity and protect natural resources. CARE also delivers emergency aid to survivors of war and natural disasters, and helps people rebuild their lives.

**CIPASLA**
Cipasla, an inter-institutional consortium that fosters sustainable agriculture in hillsides, was founded in 1993 and is based in Pescador, a village in northern Cauca department, located in south-western Colombia. In its first phase Cipasla included twelve public and private agencies and its structure involved a support committee consisting of community representatives. Cipasla's agenda encompasses community organization, environmental education, soil and water conservation, integrated crop management, marketing and agro-industry. Several CIAT projects have been implemented research activities in this region which is considered as a pilot site.

**Corpotunía**
Corpotunía, a local rural development NGO, was founded in 1986 by community leaders and development NGOs and operates in the Cauca Department, located in south-western Colombia. Corpotunía executes development projects funded by the Colombian government and international donors. It is a member of a research and development network in which CIAT also participates, and makes use of participatory methods and tools with a business and market orientation, developed by CIAT's Rural Agroenterprise Development Project.

**CLODEST**
CLODEST is a local inter-institutional committee that promotes sustainable development agriculture in the pilot region of Yorito-Sulaco, in north-central Honduras. This region includes plains and hillsides. CLODEST members include farmer associations, development NGOs and CIAT. CLODEST conducts activities around community organizations, environmental education, soil and water conservation, integrated crop management, marketing and agro industry. Several CIAT projects have implemented research activities in this region, which is considered as a pilot or reference site in Central America.

**Catholic Relief Services**
Catholic Relief Services was founded in 1943 by the Catholic Bishops of the United States. Their mission is to assist the poor and disadvantaged and promote development of all people and to foster charity and justice throughout the world. CRS operates on 5 continents and in over 90 countries. CRS aids the poor by first providing direct assistance then encouraging these people to help with their own development.

**SNV**
SNV is a Netherlands-based international development organization that provides advisory services to nearly 1800 local organizations in over 30 developing countries to support their fight against poverty**.** SNV is dedicated to a society where all people enjoy the freedom to pursue their own sustainable development. SNV works with organizations that operate at district and provincial level and function as linking pins between national policies and frameworks and the people living in towns and communities. Its clients include private, governmental and civil society organizations.

# About the Donors

**CIDA**
Canadian International Development Agency's mandate is to support sustainable development in developing countries to reduce poverty and contribute to a more secure, equitable, and prosperous world. The Agency's work is concentrated in the poorest countries in Africa, Asia, and Latin America. CIDA's program is based on the Millennium Development Goals, to which it contributes through four key areas: social development, economic well-being, protection, conservation, and management of the environment and governance.

**DFID**
The Department for International Development (DFID) is the part of the UK Government that manages Britain's aid to poor countries and works to reduce extreme poverty. DFID's work aims to bring people out of poverty through programs that settle conflicts, increase trade and improve health and education.

**GTZ**
The work of the German Technical Agency, GTZ (Deutsche Gesellschaft für Technische Zusammenarbeit) provides international cooperation for sustainable development. GTZ operates on a worldwide basis, provides viable, forward-looking solutions for political, economic, ecological and social development in a globalized world. GTZ supports complex reforms and change processes. All activities are geared to improving people's living conditions and prospects on a sustainable basis.

**IDRC**
The International Development Research Centre (IDRC) is a public corporation created by the Parliament of Canada in 1970 to help developing countries use science and technology to find practical, long-term solutions to the social, economic, and environmental problems they face. Support is directed toward developing an indigenous research capacity to sustain policies and technologies that developing countries need to build healthier, more equitable, and more prosperous societies.

**NZAID**
NZAID is the Government's International Aid and Development Agency. NZAID places a high priority on building strong partnerships and concentrates its development assistance on activities that contribute to poverty elimination by creating safe, just and inclusive societies, fulfilling basic needs, and achieving environmental sustainability and sustainable livelihoods. NZAID supports projects in the Pacific region, Asia, Africa and Latin America.

**SDC**
The Swiss Agency for Development and Cooperation (SDC) is organized and funded by the Swiss government and operates by financing programs both directly and in partnership with other agencies to countries around the world.

**USAID**
The United States Agency for International Development is an independent federal government agency that aims to further America's foreign policy interests in expanding democracy and free markets while improving the lives of the citizens of the developing world. USAID supports long-term and equitable economic growth and advances U.S. foreign policy objectives by supporting: economic growth, agriculture and trade; global health; and, democracy, conflict prevention and humanitarian assistance.


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