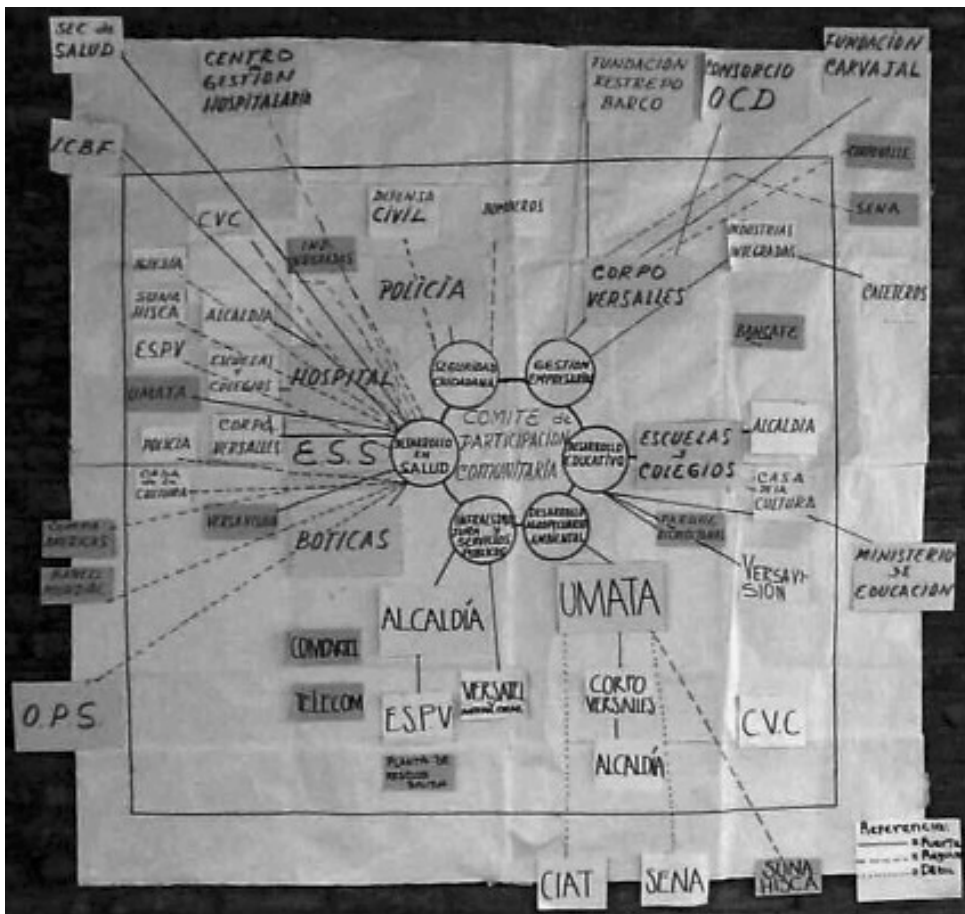


# A Guide to Developing Partnerships, Territorial Analysis and Planning Together

## Manual 1: Territorial Approach to Rural Agro-enterprise Development:



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Printed in Colombia  
Date: February 2005

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CIAT Publication No.  
ISBN:  
Press run:  
Printed in  
Month year

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## **Preface**

This manual is the first in a series of documents designed to support agencies implementing a territorial approach to rural agro-enterprise development. The manual series currently includes:-

1. A strategy for a Territorial Approach to Agro-enterprise development
2. **A guide to developing partnerships and territorial analysis**
3. Identifying market opportunities for small-scale rural producers
4. Strategies to improve the competitiveness of market chains for smallholder producers
5. Collective marketing for small-scale producers
6. Evaluating and strengthening Rural Business Development Services.
7. Policy analysis for agro-enterprise and positioning for advocacy.

These manuals are designed for use by service providers in assisting farmers group's and local actors within a community / territory to develop skills in agro-enterprise development. The service provider should read this manual in its 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 the content of this manual needs to be interpreted and adapted to local conditions based on the marketing environment, available resources, social dynamics and anticipated scale of implementation.

The starting place for this manual is a bio-physical asset based analysis of the territory under consideration, a social profile analysis of the client group and the establishment of an agro-enterprise working group, that will assist in implementing the development of new businesses.

The output of the work from this manual 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 actors who are following the full CIAT process, this manual is the first step in the agro-enterprise process. Understanding your clients, partners and territorial advantages and reaching a consensus for development and learning.

### ***Notes to the manual's users***

This manual was designed for use by service providers that facilitate rural agro-enterprise development for farmer groups. It aims to be used as a reference that helps unite efforts among local actors so they may take advantage of opportunities or overcome obstacles in their search to improve the living conditions of client communities.

For best results, this manual requires a minimum knowledge of tools and techniques for facilitating meetings and group activities. Similarly, as a tool, it is more effective in the hands of people who understand that participatory processes of analysis and decision making take time and require both patience and effort. If the service provider or project team have a philosophy that relates to collective learning processes, this manual could be very useful. If, in contrast, the goal of your work is to generate a rapid asset based report or desk study, then this document is not recommended.

The quality and usefulness of the results of the participatory methods described in this manual depend greatly on the performance and attitude of the service providers. The approach and analyses can be adjusted in many ways and can be adapted to meet the needs of special interests to participants. If the process is well organized, with goals, objectives, and clear rules, the results are likely to be useful. However, if the process is undisciplined, that is, without clear goals, objectives, and rules, then the exercise is likely to provide a flood of data generated at considerable cost in time and effort that will never be used. According to Robert Chambers an "optimal level of ignorance" should be maintained in participatory processes, that is, if we do not need to know, we should not ask, however interesting.

# **Introduction**

## **Background**

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 20 years the agricultural world has changed dramatically, with reduced Government expenditure, falling commodity prices and increasing competition in the marketplace, the prospects for many farming families in developing countries are challenging.

In response to these changes, farmers have responded by increasing production levels of their products. This is generally effective in the short term, but tends to place additional strain on their already fragile natural resource base. Due to the gravity of this problem, more farmers are supplementing their incomes through off farm activities. In many cases, the youth are choosing to leave farming altogether and search of better options in nearest urban center, whereas the more ambitious and adventurous travel further afield to offer their labour in overseas countries.

To assist the rural communities find new ways of increasing income, donor organizations are placing more emphasis on income generating activities for rural families. How this is done, depends on the donor orientation, but many donors 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 varieties and fertiliser and usually overcomes food security issues. For many communities that are unable to provide themselves with a reliable food source, this option is a necessary first step.

However, this approach tends to ignore marketing issues and in a typical project cycle, as production increases, and the project appears to show success. As farmers become more effective in production, markets especially local markets often become oversupplied and in response to the laws of “demand and supply”, prices fall. Low prices cause farmers to reduce production and a cycle of under and oversupply is created. Increased income is rarely an outcome of this process and in some cases farmers may receive less income than before.

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 co-ordination between support agencies. We believe that for many communities, particularly the poorest communities, a flexible strategy is required which has realistic goals, builds simple business skills, brings together development agencies and encourages the local community to test and determine suitable options for their needs.

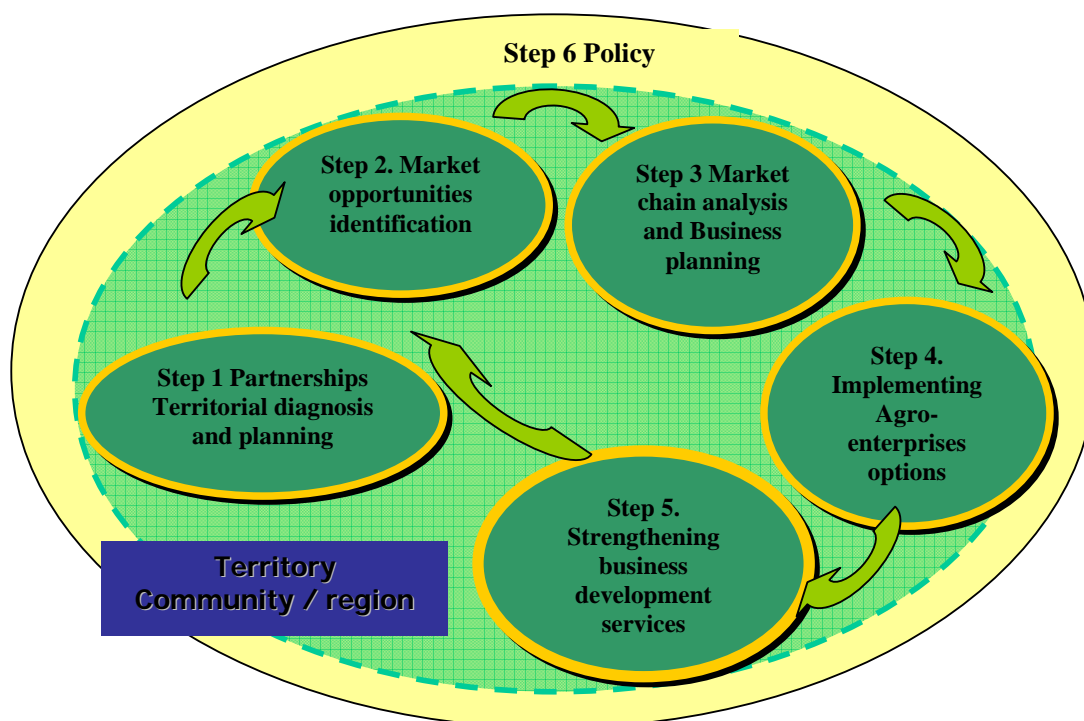
To address this challenge, CIAT’s Rural Agro-enterprise Project (RAeD) has developed a series of methodologies which aim to assist rural service providers to enable farmers to benefit from business development skills and rural innovation. The process has been divided into a number of discreet tasks, which when combined, make up a strategy entitled the “Territorial approach to Rural Agro-enterprise Development”.

“Agro-enterprise” is defined in this manual, as a business activity that is implemented by small-scale by resource poor farmers. The approach is based on the idea of developing skills before moving to scale and we would encourage service providers who do not have expertise in rural business development to start small and to read the manuals thoroughly before attempting to replicate ideas on a broader scale.

## Overview of the Territorial Approach for Rural agro-enterprise Development

This manual is the first in a series that describes a strategy developed by CIAT's Rural Agro-enterprise 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 projects undertaken over the past 10 years in collaboration with partners from research, development and the private sector in Latin America, Africa and South East Asia. The implementation draws heavily upon participatory methods that assist the facilitating institute to focus on realising new business opportunities for rural communities. The basic steps in the process include:-

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



**Figure 1.** A marketing approach to the rural agro-enterprise development of local rural areas.

Together, these methods make up the component parts of what is termed 'a territorial approach to rural business development' (TA-RBD), see Figure 2. This approach was developed in response to demands from partners who wanted a systematic method for shifting from a food security based approach based on increasing production to a market oriented approach that is responsive to market demand.

The approach for introducing these new techniques to a rural community is undertaken in a stepwise manner, as we fully appreciate the difficulties in changing the habits of farming communities, particularly in poor, remote areas. The problems associated with marketing and organisation pose serious challenges to resource poor farming communities, particularly those who have been accustomed to producing only basic food staples. Typically rural communities produce low value commodities many of which have experienced declining real prices over the

past two decades and increasing competition from medium to large-scale producers. As such, the majority of smallholder families are stuck in a production “treadmill” whereby many producers all produce the same undifferentiated commodities, using traditional, low input systems. Inevitably these farmers are price takers in the market. Among the options that smallholders have for confronting this situation are:

1. Improving the competitiveness and marketing for local products,
2. Achieving economies of scale through collective action for production and marketing,
3. Diversification, into improved or higher value crops or livestock linked to identified market demand.
4. Adding value to products, by changing farming practices to access higher income markets, by identifying alternative higher priced markets, by enhancing product quality and incorporating processing activities that meet client needs.
5. Entering new types of contractual agreements, based on forward sales or “marques of origin” that help to “lock in” buyers over longer time periods at advantageous rates.

The methods developed by RAeD and its partners have incorporated these basic marketing and business principles in a stepwise process that facilitates market engagement for rural producers. The approach is **non-commodity specific** and supports collective action, diversification and value added as means out of poverty.

The information in **Table 1** provides a generic overview of the relationships between the main task areas involved in the agro-enterprise approach with an indication of the time and effort required. Within each element, the sequential tasks have time for (i) evaluation, (ii) organization, (iii) planning, and (iv) implementation. Each stage is used to generate, systematize, and review ideas and knowledge in a participatory manner. This process aims to work towards building a consensus on the orientation of activities and by doing, increase the likelihood of success.

As you will note on further reading, the market environment is highly dynamic and therefore the territorial approach to agro-enterprise process is **not a recipe**. Service providers should implement the methods based on local conditions 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 methods and institutional arrangements are adapted to local conditions; that roles and responsibilities are agreed at the outset; that planning and investment is client led and performance is critically observed.

Our experience shows that for these approaches to be effective, service providers and farmers need to acquire new skills and different ways of doing business. This change, from a production to a marketing perspective requires time and finances, which is why we recommend the approach is first introduced with a long term capacity building programme, typically over a 2 year period. It should also be noted from the outset that in certain locations, such as areas suffering from civil insecurity or chronic food insecurity, that this method may not be the most appropriate.

On finalizing the methods in this manual, you will have selected a territory, established a working group made up of diverse organizations with the necessary skills to:-

- (i) identify relevant marketing opportunities for the territory based on client groups, or ecosystems;
- (ii) analyse useful market chains and propose concrete actions for research and development to increase market chain competitiveness; and
- (iii) co-ordinate, on a continuous basis, supply and demand for business development services and encourage the dissemination of accurate, timely and relevant market formation.



**Table 1.** Planning, organizing, and taking action: key moments for the rural agro-enterprise development (RAED) of a given area.

<b>Planning and organizing</b>	<b>Implemented by</b>	<b>Intermediate product(s)</b>	<b>Estimated time</b>	<b>Processes and activities to establish</b>
<i>Reconnaissance</i>	<i>Service provider</i>	<ul style="list-style-type: none"> <li>§ <i>Project planning, review of scale of intervention</i></li> <li>§ <i>Rapid survey of production &amp; trade of goods</i></li> <li>§ <i>Rapid survey of traders and other service providers</i></li> <li>§ <i>Rapid assessment of target clients</i></li> </ul>	<i>2 to 3 weeks</i>	<ul style="list-style-type: none"> <li>§ <i>This optional approach builds in house skills and provides clients with option of rapid market engagement</i></li> </ul>
Territorial Diagnosis and forming of working groups  <i>Optional exercise</i>	Lead service provider, Working group (a coalition of development agencies operating in the territory)	<ul style="list-style-type: none"> <li>§ Selection of territory,</li> <li>§ Bio-physical / economic diagnostic of territory,</li> <li>§ Development of agro-enterprise groups, and collective action points</li> <li>§ Profiling of beneficiary groups and risk analysis</li> <li>§ Plan of action</li> <li>§ System for monitoring, evaluation, and learning</li> <li>§ <i>Pilot enterprise round to gain in house skills</i></li> </ul>	2 to 3 months	<ul style="list-style-type: none"> <li>§ Evaluating assets and skills base</li> <li>§ Obtaining consensus on what to do, and how and when to do it</li> <li>§ Organization and coordination of activities among actors</li> <li>§ <i>Pilot option based on existing products enables partners and clients to build skills</i></li> </ul>
Identifying market opportunities	Participants from SP and Enterprise group	<ul style="list-style-type: none"> <li>§ Rapid study of markets (local, district and national)</li> <li>§ Characterization of market options</li> <li>§ Participatory selection of marketing options</li> </ul>	1 to 4 months	<ul style="list-style-type: none"> <li>§ Evaluate diversified product options</li> <li>§ Establish relationships with market actors</li> <li>§ Generation and analysis of market intelligence</li> </ul>
Market chain analysis and business planning	Working group & enterprise group & PS	<ul style="list-style-type: none"> <li>§ Detailed participatory market chain analysis,</li> <li>§ Evaluation of critical points in the market chain,</li> <li>§ Development of business plan to design enterprise</li> </ul>	2 to 4 months	<ul style="list-style-type: none"> <li>§ Evaluate selected market chain in detail and develop a business plan for investment</li> </ul>
Investment and implementation of new enterprises	Enterprise group and SPs	<ul style="list-style-type: none"> <li>§ Establishment of business, (pilot project)</li> <li>§ Fine tuning of business</li> <li>§ Sales of product and cost : benefit analysis</li> </ul>	2 to 4 months	<ul style="list-style-type: none"> <li>§ Development of the integrated production project to improve the chain's operation</li> </ul>
Evaluating and strengthening Key BDS in territory	Service providers and private sector	<ul style="list-style-type: none"> <li>§ Evaluation of local support services,</li> <li>§ Analysis of critical gaps,</li> <li>§ strengthen key BDS to support ongoing enterprises</li> <li>§ Design upscaling approach and implement .</li> </ul>	3 to 4 months  1 to 4 years	<ul style="list-style-type: none"> <li>§ Improve BDS services in the area</li> <li>§ Based on demand, establishment of new BDS</li> <li>§ Develop and implement upscaling options</li> </ul>
<i>Trade policy analysis</i>	Service providers & local administration	<ul style="list-style-type: none"> <li>§ Assessment of current market/ trade policy</li> <li>§ Evaluate ex ante effects of new trade policy options</li> <li>§ Advocate for pro-poor policy options</li> </ul>	3 to 5 years	<ul style="list-style-type: none"> <li>§ <i>Optional research to evaluate long term challenges such as market access, market power, chain equity, gender and declining prices.</i></li> </ul>

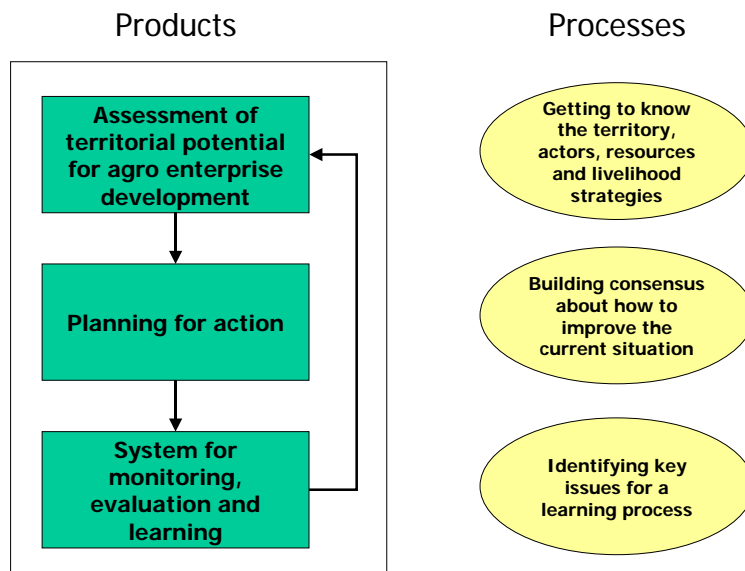
### The objectives of this manual

This document provides methodologies to start on a process of rural enterprise development. The aims of these approaches are to provide a systematic means to (i) select and evaluate a territory, (ii) establish an overall working group to support inter institutional agro-enterprise development, and (iii) profile client groups to implement enterprises.

To achieve this, efforts must be made in two areas: (1) the generation of products and results, and (2) the initiation of an inter-organizational learning process. Products have a specific objective, a set beginning and end and generate a tangible product. Process serves primarily as a mechanism for establishing and strengthening the working group itself, has a start date but not necessarily a concluding date. The *products* in this manual seek to generate relevant information for a *process* of collective analysis and reflection, and, finally, consensus building among multiple actors on how to promote rural enterprise development in a given territory, **Figure 2**.

The specific products generated by this manual include:

- § A reconnaissance report and selection of a territory,
- § Establishment of a working group interested in supporting agro-enterprise development
- § A diagnosis focusing on existing resources and skills to assess the potential for rural enterprise development in the territory,
- § Establishment of agro-enterprise groups, (farmer groups)
- § Consensus expressed as a common vision, mission, and principles—on the activities that the working group should promote
- § Plan of action including activities, dates, resources, roles and responsibilities for all participants
- § Pilot enterprise process to gain in house skills, (as required)
- § Principals to design and monitor progress and permit learning



**Figure 2. Relationships between products and processes in the formation of the working group**

### **The manual's structure**

This manual has the following sections:

- ∄ Theory of the Livelihoods approach
- ∄ Agro-enterprise group development
- ∄ Selection and diagnosis of a territory
- ∄ Profiling of clients
- ∄ Planning for action (strategic analysis of the environment, consensus building for action, and plan of action)
- ∄ Making decisions on pilot testing processes
- ∄ A system for monitoring, evaluation, and learning

Each section considers information generation, analysis, decision making, and systematizing of results. Results from each section are used as the input for the following section.

**This process requires patience:** Developing an effective, self motivated working group takes time before it has the capacity to be an effective mechanisms or meeting point, for consensus building and action among local actors. The reader should also be aware that the working group is dynamic community and that membership and input by members change over time in the agro-enterprise development cycle. Whilst many actors may wish to contribute towards an agro-enterprise working group, not all skills are required at all times and therefore the working group is often a loose association of partners, contributing required skills and knowledge as required by specific clients at particular stages in their agro-enterprise implementation process.

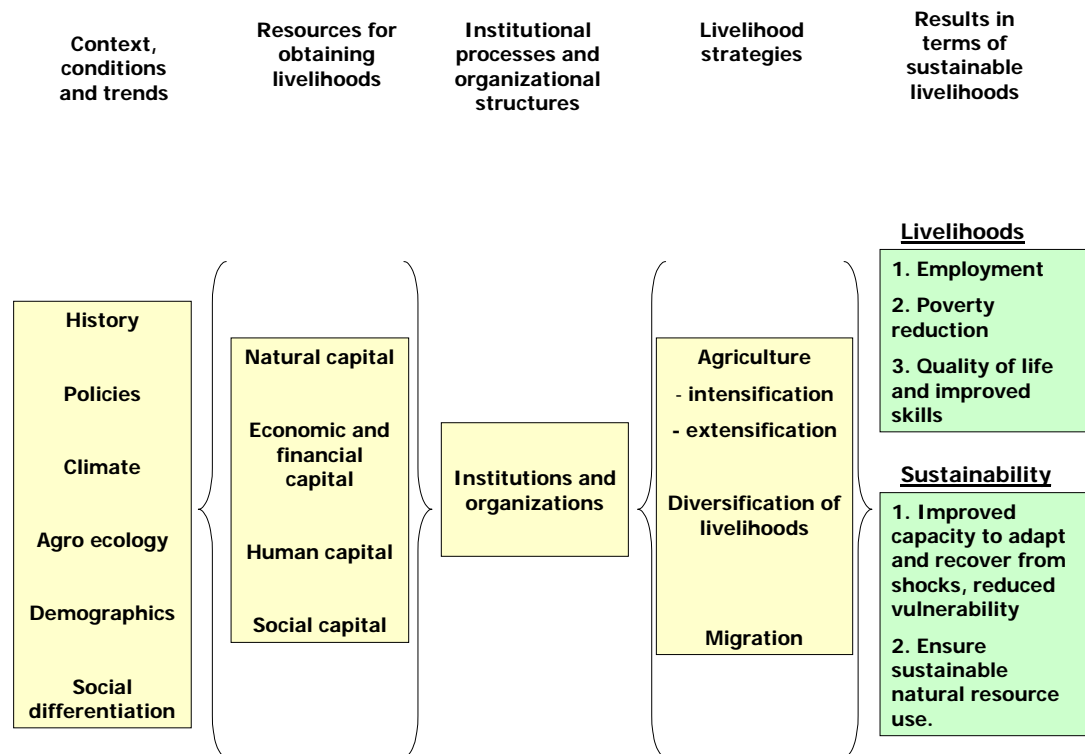
The working group is however an important component of the process, as it is the members of this group who will support activities in the field, including identifying market opportunities, analyzing market chains, creating strategies to increase competitiveness, and organizing local business development services to complement the enterprises selected for investment.

## Section I. Theoretical Bases for the Agro-Enterprise Development of a Territory

*Getting the lay of the land, its resources, actors, institutions, livelihoods, and innovations*

### Livelihoods

To facilitate analysis of the territory, we propose using the “sustainable livelihoods” approach developed by Scoones (1998) and later expanded by DFID (UK) and others, **Figure 3**.



**Figure 3.** The “Sustainable Livelihoods–Conceptual Framework”, Scoones (1998).

### What is a “sustainable livelihood”?

According to Chambers’ and Conway (1992), A livelihood comprises the capacities, capital (human, social, economic/ financial, natural) and activities needed for sustaining life. A livelihood is sustainable when it can answer and recover from abrupt changes and stress, and can maintain or improve its capacities and capital without undermining the natural resource base.

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, 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 has been estimated as being minimal 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 (reference?). These quantitative measures of poverty can also be used in combination with more qualitative indicators.

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 livelihoods depend on the natural resource base to at least a certain point. 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”.

### **How is a sustainable livelihood achieved?**

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

*Context.* The context of a territory 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. A key aspect to understanding the context is the social differentiation between various groups. This differentiation can be based on, for example, levels of well-being and income, access to certain resources, sex, age, or ethnicity. What is important is to clearly differentiate among the various human groups 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, tangible and intangible, that people possess or have access to. Four types of important resources can be identified for generating livelihoods: natural resources, human resources, productive/financial resources, and social resources (Figure 3). These resources are defined as follows:

*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.

*Human resources.* These include capacities, knowledge, abilities, good health, and physical capacity, all important for working and developing different strategies for achieving livelihoods.

*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) that are essential for developing livelihoods.

*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 earning access to another type of capital?

*Substitution.* 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?

*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 different 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 types with the lens of 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 is especially important, given that organizations (the players) and institutional processes (the “rules of the game”, both formal and informal) 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 achieve) sustainable livelihoods (Figure 3). Hence, institutions can be defined as follows:

*Institutions are the social cement that regulates behavioural patterns, structured by society’s rules and standards, and permits the articulation of different working groups with different types of capital so to achieve livelihoods.*

Institutions can be formal and informal, often fluid and ambiguous, and normally subject to multiple interpretations by different actors. Power relationships are immersed in institutions, making debates on institutional practices, rules, and standards always important. Institutions also are dynamic, being designed and re-designed over time. As a result, institutions are part of the negotiation process and are not “fixed objects”.

The combination of context, resources, organizations, and institutions therefore generates life strategies, the expressions of which vary from area to area. Despite these variations, such strategies can be grouped into three broad categories (Figure 3):

*Agricultural intensification or extensification* — Rural inhabitants can achieve their 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 would be to diversify towards agricultural activities of greater value, or toward non-agricultural activities. Thus, diversification seeks to develop a portfolio of activities that would generate income, and which would make the

population less vulnerable to abrupt changes or stress.

*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.

### **The implications of livelihoods for rural agro-enterprise development.**

After understanding and analyzing the concept of “sustainable livelihoods”, the next question, then, would be, “what are the operational implications of this concept and its analyses in the field of rural agro-enterprise development?”

First, this analytical framework offers a holistic and integrated vision of the processes through which social groups achieve (or do not achieve) sustainable livelihoods. As a result, it may serve as a framework for analyzing the context, level of resources, processes of social organization, and life strategies of a community, and to contribute basic elements for a better design of strategies for intervention and local efforts for rural agro-enterprise development.

Second, when both existing resources and the desired results, as well as institutional processes, are taken into account, we can identify multiple points of entry for the design of interventions to support the development of a community and/or region. These can range from conventional options focused on supporting access to different resources for executing a life strategy in particular (or a combination of strategies), to more complex alternatives such as interventions in structures, processes, and social relationships.

Finally, when one has a planning process based on a holistic analysis (i.e., context, resources, processes of social organization, and life strategies), the type of intervention and the road towards impact on development is clearer, thus facilitating the design of systems for monitoring and evaluating results.

In this manual, this framework is used to orient information collection and analysis as some important elements are already evident for understanding the realities of the territories where we will carry out interventions. Despite being complete, we need to remember that a diagnosis based on livelihoods is an X-ray of a specific moment of time within a changing system. As a result, we intend to complement this glimpse with a review of the innovation processes of a given area to better understand those forms of innovation that affect this reality.

### **Innovation processes**

Understood in the simplest way, innovation processes comprise the way in which an existing situation is changed. These changes come from a mixture of local and external knowledge applied to a concrete situation. They can be technical in nature (e.g., ways of planting or producing) or social (forms of organization), or a combination of the two.

In the specific context of rural agro-enterprise development, we need to understand how innovations arise and are disseminated to result positively in income for the rural population. Changes of this nature link several individual innovations, as much technological as social, in such a way that the rural population learns to combine its resources, organizations, and institutions more effectively to achieve more sustainable livelihoods.

These processes of innovation can be individual (the farmer who tries a new product) or group (several farmers organizing themselves to sell directly to the market), but both tend to be disseminated in the local population, thus changing livelihoods in the area.

Three aspects of this concept interest us: how are processes of agro-entrepreneurial innovation generated? who generates these processes? and how are innovations of this nature disseminated? All these questions should be contextualized to the targeted area.

### **Rural agro-enterprise development within a targeted area**

The concepts of livelihoods and innovation provide a general framework on which to analyze rural agro-enterprise development in a selected territory. In general, processes of RAeD therefore occur in a context within which various segments of the rural population combine resources, organizations, and institutions of various forms to generate livelihoods that may or may not be sustainable over time. The life strategies generated by different segments of the population are not static and, in fact, are affected by innovation processes. Understanding these processes enable us to identify the levers existing in the area that can be used in favor of processes for rural agro-enterprise development.

The objective of this section was to share some useful concepts for understanding the realities of a given area. However, we have not yet responded to the question of how to do it. The following sections aim at sharing some guidelines and tools that let us operationalize these theoretical aspects for use within our activities in the field.



## Section II Setting the ground work

Starting new projects is always a crucial time, as this is the point when major decisions are made about, where to work, who to work with and what types of interventions will take place. The starting point is for the staff of the lead agency / service provider to outline their strategy and how they intend to undertake the basic approach to agro-enterprise development.

Issues that should be outlined prior to any actions include:-

- € Outlining the basic area of intervention, the “territory”
- € Framing the duration of your project intervention
- € Review in-house staffing
- € Review budget
- € Sound out key partners
- € Gain greater insight into your clients and their communities
- € Clarify priori decisions (i.e., will the project focus on specific sectors)

### Setting goals and a philosophy for community engagement?

The lead agency should initially develop a clear understanding of what they want to achieve through an agro-enterprise approach, setting out their ideas on the basic goal and purpose of the agro-enterprise exercise. This need not be fully crafted at this point, as it is likely that you will need to reformulate these ideas with partners in subsequent meetings.

From a CIAT, perspective, the goal of our work on agro-enterprise has been to empower local communities with the ability to identify market opportunities and develop new agro-enterprises using their own skills and resources. To achieve this goal, the process is heavily reliant on participatory tools as a means of co-innovation and learning that is implemented in a learning-by-doing framework. To assist in working through your ideas, you may benefit from initially undertaking a rapid survey of your intended area of operation to get a better feel for the situation, your client types and marketing options.

### Rapid reconnaissance survey for planning

As part of the initial planning process, it is recommended that the lead organisation start out by undertaking 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. This survey should not take more than a week, gathering general information on the following areas :-

- € **Social context:** general information on the area you plan to work in, including its history, climate, population, social groupings and outlook.
- € **Natural resources:** soils, water, specialisation in any crops, livestock other natural resources, areas of outstanding beauty,
- € **Local productive resources:** transport system, market infrastructure,
- € **Social capital:** gain an overview of other institutions and development agencies work 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 you are planning. Interview local community groups, to evaluate level of social networking, existence of farmer groups etc.
- € **Business assets:** interview key traders to gain a basic understanding of the major goods, products and services that are traded in the area, major challenges and opportunities as viewed from the private sector. Interview any larger entrepreneurs that are processing goods. Interview lead service providers from input supply, micro-finance, banking sector, to assess investment processes and potential.

Much of this information is likely to be available from secondary data sources and other development organisations. This information will be used as the basis to identify likeminded partners to initiate an “working group”, define criteria for selection of enterprise groups, (i.e. farmer groups who will develop new businesses) and to select a defined area in which to implement the project.

### **Applying the agro-enterprise approach**

The entry point for the territorial approach and particularly in the context of a consortium of partners will depend upon several criteria, including:-

1. In-house capacity.
2. Partners 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.
7. Investment processes.
8. Longevity of the exercise.

Your institution will need to consider these and discuss these issues with partners when you call your first “working group” meeting.

### **In house capacity**

For the lead organisation in this process, the first question to consider when initiating the territorial approach to agro-enterprise development is whether your group has sufficiently strong in-house competence in marketing and farmer group organisation to lead a capacity building program with a number of partners from the outset.

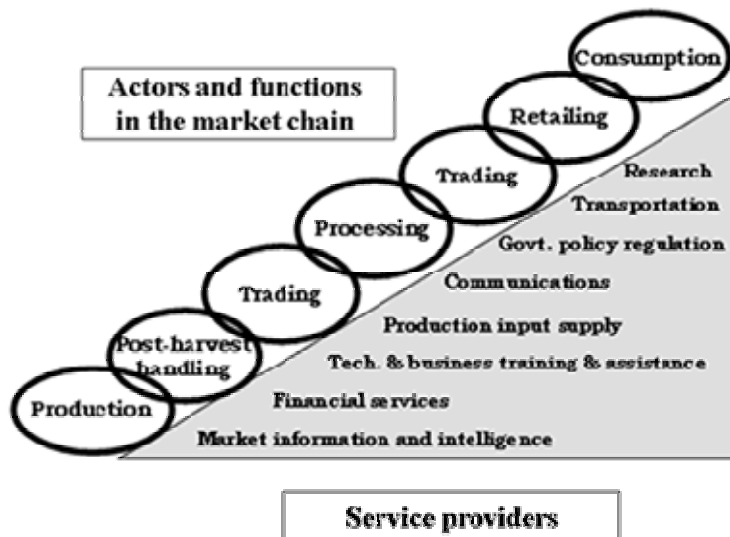
If the answer is yes, then your organisation can start working through the agro-enterprise approach as indicated in the generic process outlined in Table 1.

If however, your organisation or your immediate partners are doing this work for the first time, we suggest that you consider starting to implement the process at a small-scale or via a pilot project. We have found that in many instances, there are considerable gains to be made when the lead organisation and selected facilitating partners, initially undergo an in-house training process alongside their farmer groups, prior to embarking on a larger scale networked approach. This approach will enable your team to learn the basics of the enterprise process and enable field staff to gain confidence in applying / adapting the methods to local conditions. This experience will put participating organisation in a better position to train others, using their local experience.

### **Partners involved in the process**

The agro-enterprise development is a complex task that involves activities and actors within a market chain and also business services that support the market chain, see **Figure 2**. To link all of these activities and actors together in an effective manner requires careful attention to information gathering and skills in building relationships with the many different actors. It is unusual to have all of the skills required to develop local businesses within one organisation and therefore success in agro-enterprise generally requires that organisations 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 the Agro-enterprise development include (i) service providers, (ii) farmer groups, (iii) market chain actors and (iv) business support services.



In order for the lead organisation to play an effective role at a tangible yet manageable level of scale, it is recommended that they do not become over taken with working at the farm level. The lead organisation should focus their efforts at a more strategic level by facilitating partners through a “working group”. This will enable the lead organisation to focus on capacity building and learning who best to adapt the methods to local conditions, with partners. These partners will then focus their attention on the clients, where we want impact to occur.

Much of the information in this manual will focus on the development of the “working group” as this is strategic level that the lead agency will operate. Partners will focus more at the farm level and there are specific manuals to assist them in this process, see other manuals in this series including Collective marketing and Market Facilitators.

To implement the process, there are three main types of organisational players in the organisation of agro-enterprise approach (i) a management team, (ii) working group, (iii) enterprise groups. The type of network that is envisaged for this process is outlined in **Figure 2**.

#### **Management team:**

This team is charged with overall design and follow up with project implementation. This agency will be from research or development who and the role is to provide overall direction in the process. 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 making the following types of decisions:-

- ∄ Territorial selection
- ∄ Initiation and convening of working group
- ∄ Criteria for selection of client enterprise groups
- ∄ Decisions on provisions of skills training, inputs, investments and other services.
- ∄ 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 agro-enterprise work plan. The group’s role is to promote improved working relations between service providers, local government, small

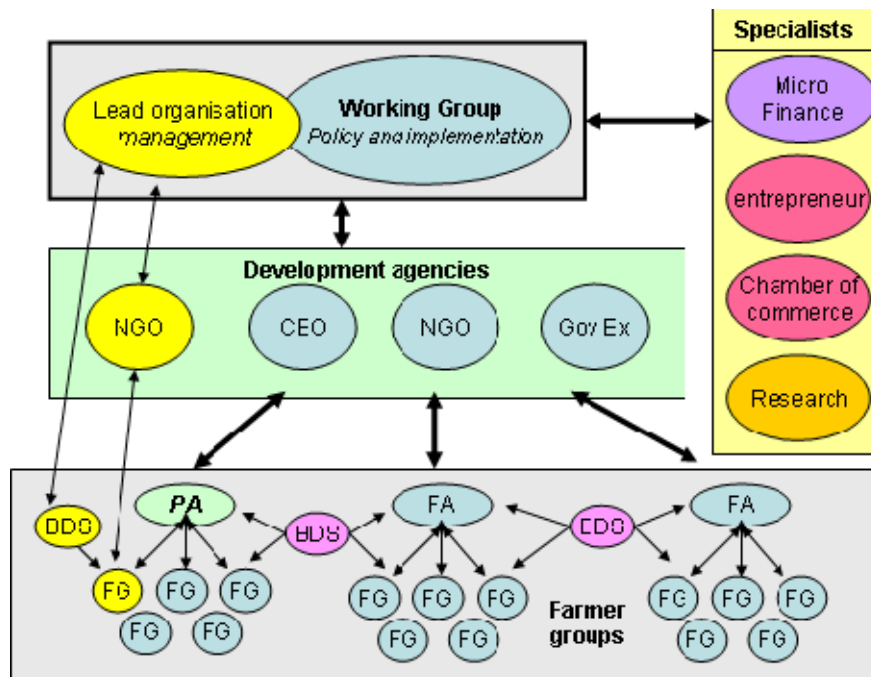
producers and traders that operate within a defined territory. The agro-enterprise working group will decide on the rules of engagement and the goal of the consortium. At an operational level, the working group will provide technical oversight, training, access to partners, monitoring and evaluation, and a means for manage field activities. This group will also develop core members for scaling up in the future. In 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 and
- (iii) Provide support to inter-organizational or group process.

The working group will set out as a loose association of partners with a common or shared interest in improving their marketing skills and commercialisation of activities. During the agro-enterprise process, it is anticipated that membership will not remain constant. 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 in tangible results and some specialists maybe co-opted into the group. Specialised members may be more interested to join or play an active role once market chains are in operation.

**Enterprise (rural producer) groups:**

This group comprises the client / beneficiaries, typically these are farmers, but they could also be traders and processors. Ideally the enterprise groups will be organised rural producers that will work alongside service providers to implement specific agro-enterprise projects in selected market chains. The type of enterprise groups chosen for agro-enterprise development is an important decision. Methods described in this manual and in complementary manuals will assist partners to make decisions on types of client groups to be engaged in the enterprise process. The level of organisation of these enterprise groups is also an important issue, which will also be referred. However, it is important to note that the farmer groups are the basic unit of change, that will drive the impact of the process. If these groups are poorly organised, or simply follow the instructions of service providers, the enterprise process is likely to be unsustainable.



**Figure 2. Partnerships and links in the Agro-enterprise approach**

**Key:** FG – Farmer groups, BDS – Business service providers, NGO Non Governmental Organisation, PA – Partner agencies, CBO Community based organisation, Gov Ex -Extension, Working group - consortium of partners

### **Building in house capacity through pilot testing**

Pilot testing of the agro-enterprise approach will involve a limited number of partners and typically a short duration product that will be used for selling into the market. Where possible the use of an off-season crop provides a good opportunity to work with a partner agency and a farmers group on a limited level. In the Figure 1, the partners with a yellow background indicate a potential pilot project arrangement.

The pilot project will undertake the following tasks.

- (i) The lead agency should select a partner organisation, interesting in the process.
  - € That partner group will nominate a market facilitator, a person who will take the farmer group through the process.
  - € **Market facilitator to read through the manual on market facilitation.**
  - € The lead agency and market facilitator will undertake a mini - reconnaissance survey of the territory and evaluate the farmer group, as described in this manual.
  
- (ii) Market facilitator to select a farmers group
  - € Using participatory tools, the market facilitator will evaluate the internal organisational strengths of the farmer group,
  - € Determine a crop product that is of short duration and grown by most of the farmers grow as a cash crop.
  - € Work with the farmers group to improve internal co-ordination, (set up positions in the group if not clear, initiate record keeping, organise a marketing committee)
  - € Discuss options for collective action
  
- (iii) Conduct a rapid market evaluation
  - € Market facilitator will organise 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 most local wet market, local shops, next largest market at a more distant location, travelling traders, hotels and restaurants.
  - € This team will discuss prices, volumes and buying conditions (minimum lot, quality, time of sale, repeat sales requirements) with a range of buyers at
  
- (iv) Develop a simple business plan with the farmers.
  - € The marketing facilitator will lead a visioning process with the support of the marketing committee members to establish a simple business plan.
  - € This will include, what grow, when to plant and harvest and who to see to.
  - € The key issues for the plan will be to outline the key points of production to sales, including pre-planting requirements, production, harvesting, post-harvest issues, marketing, sales, follow up.
  - € The group should develop ideas on collective marketing.
  - € Market facilitator to read manual on collective marketing to gain further information on group formation and selling produce collectively.

### **Local conditions, client types and infrastructure.**

As this process is being applied in a number of countries in three continents, there are clearly extremes of difference in the types of actors that are involved in the processes, local politics, climatic conditions, access to infrastructure and client types.

In Latin America, where this approach was first developed, there is a long tradition of social networking and NGOs are generally well organised and integrated within their communities. According to the CIAT staff working in Latin America, farmer groups exist and occasionally form local associations of farmer groups. The level of rural communications is good with electrification programs reaching large parts of the rural domain. Communications in many countries, even in rural areas are of a reasonable standard and farmers are able to shift goods to markets at most times of the year through the road network. The political situation in Latin America is generally in favour of strengthening the private sector.

In Asia, the agro-enterprise process has only recently started, but the outlook seems very positive. In the countries such as Vietnam there is a very strong entrepreneurial capacity and farmers are highly motivated in finding new ways of adding value to their products and increasing income. Farmer groups are often linked along family lines and in the more remote areas through minority ethnic groups. Infrastructure in SE Asia is highly dependent upon the country, some being very developed, others more basic. However, trends in virtually all locations are upward and rapidly so. The countries are politically stable, and although many Governments favour a strong public sector, commercial sectors are thriving. The regional markets are vibrant and most countries are showing strong economic growth.

In Africa, the situation is somewhat different with many of the international NGOs running large programs for both acute and chronic relief operations. In the last 30 years, many African countries have suffered from problems associated with political instability, weak governance, and natural shocks. These problems have led to widespread poverty, food insecurity, and most recently these problems have been associated with chronic health problems linked to HIV / AIDs. Of all the regions in the world, Africa is the only region which has shown negative economic growth and this is having a serious toll on the social fabric of many countries. In these circumstances, many service providers are new to their territories, local networking is weak and farmers are very often not organised within groups, associations or along commodity chains. For many service providers, therefore the situation requires an approach which builds up local assets and skills before entering into a strong commercial focus.

Consequently, the agro-enterprise 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 that farmers are keen to find new ways of increasing their incomes.

Given this background, we would like to stress the need to be aware that within any rural community there are many social classes, each having a particular asset base, level of organisation and agro-enterprise capacity. The information in **Table 3**, shows the different types of client group that service providers are likely to encounter. These groups will have different types of agro-enterprise strategies that are most appropriate for their level of development.

### **Entry points for agro-enterprise engagement**

At the individual partner level, the starting point for some agencies will most likely be as shown in strategy 1 that is working with farmers to improve their organisational skills and learning how to market existing products more effectively. This strategy will skip the process of Market Opportunities Identification (MOI) in the first cycle and go from working with groups to selling

produce into an identified market. The focus of this work is to pilot the enterprise approach so that both the market facilitator and the farmer group get a better understanding of how the process works.

For farmer groups that are already organised and interested in investigating new product ideas, the starting point in the territorial approach to agro-enterprise should be with a MOI study (**Manual 2**). It is anticipated that organised 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.

For facilitating organisations that have already selected a product to work on, the starting point within the territorial 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 organisation of farmer groups and initiating links with other support organisations and service providers.

The MOI and market chain analysis will lead the marketing group towards the selection of new products for enterprise development. The process will also introduce the marketing team to new market actors. In some cases these market actors, will include processors and traders who can play a dual role, (i) buying produce from the farm enterprise group and (ii) provide new market intelligence and market options that may offer the farmers new options. In this case the higher order market actors will drive the marketing process.

### **Considerations for scaling up**

Scale is an issue that the lead and partner organisation need to consider from the outset. This is one of the main reasons of the interest group, as partners in this group, will be those who can spread the process through their networks. However, one should only scale-up from some initial point of success and therefore the lead organisation can only realistically begin to replicate the process more with once the first set of “market facilitators” have undergone at least once effective enterprise cycle, (that is from identifying a market to selling the product). At the end of this first enterprise cycle, the first set of market facilitators should then build similar capacity in other like minded service providers in the territory. The lead institution should gather from this statement, that many interest group members may only play an observers role in the first stage of the process.

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 territory. 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.

Whatever the aim of the scale process, the lead organisation should investigate opportunities for networking such that other service providers can gain agro-enterprise skills and apply the methodology more widely. If the pilot project and initial learning in market opportunity identification (**Manual 2**) and full enterprise design (**Manual 3**) can take place over 2 farming seasons in one year, the scale episode should be implemented in years 2-3.

In many cases with successful projects, further scaling is not achieved as the initial group spend too long learning lessons with the pilot group. Therefore we suggest that an aggressive approach to scaling up is adopted, by co-opting partners.

Our experience suggests that if the pilot study works, well then the lead institution should aim to rapidly increase the number of farmer groups involved in the process within the next or certainly the third enterprise cycle, i.e., farming season. The scaling up process will mean considerable training sessions and we suggest that the lead institute assist the market facilitator in providing training to other institutions over a 12-24 month period, with incremental training in the main aspects of the agro-enterprise process, starting with pilot sites on existing products and then progressing onto the full market opportunity study and new enterprise planning.

### **Exit Strategies**

In the initial planning stage, the lead organisation should make considerations about how long it intends to spend with a community / farmers group. Inevitably, there will be some communities that you work with on a pilot basis, to test new ideas and gain confidence in enterprise processes. However, if you are planning towards scale, maintaining the goal of empowering communities in marketing, then the organisation will require some decisions on the core skills that you aim to impart to a farmers group before the service provision is withdrawn.

Exit strategies can be time bound, e.g., you will provide 2-3 years of support to a given number of farmer groups and then withdraw. Alternatively, the lead organisation may approach the exit strategy in a more strategic manner, following many of the principles used by the micro-finance industry. In this case, the initial service provider, will start the process by spending years 1 and 2 with a select number of farmer groups, the aim of this period being to build in-house capacity, learn how to adapt the process to local conditions and work to gather interested partners.

In years 3-5, the instigating service provider, will step back from the front line field work and focus on networking the agro-enterprise approach through other service providers. At this time the service providers should work towards linking of farmer groups and evaluate the capacity of the local business support service, with particular attention given to develop links between farmer groups with market information and financial services.

In years 6-8 as the agro-enterprise process gains scale through third party organisations working alongside their selected farmer groups. The lead service provider has the opportunity to focus more attention on supporting local business development services that will enhance the sales capacity of selected market chains.

In years 9-10, a number of organisations, including the instigating organisation can work to strengthen networking across farmer groups in much the same way that micro-finance operates. A final area of intervention from the service provider may at this point include local and national policy advocacy. The timeframes suggested in this model, will depend upon the capacity and abilities of the farmer groups and the strength of markets in being able to support a large number of farmer groups. To achieve this approach, the service providers will require, clarity in the roles of their staff members, again following a stepwise process as has been done by the micro-finance industry. This point will be revisited in the final chapter.



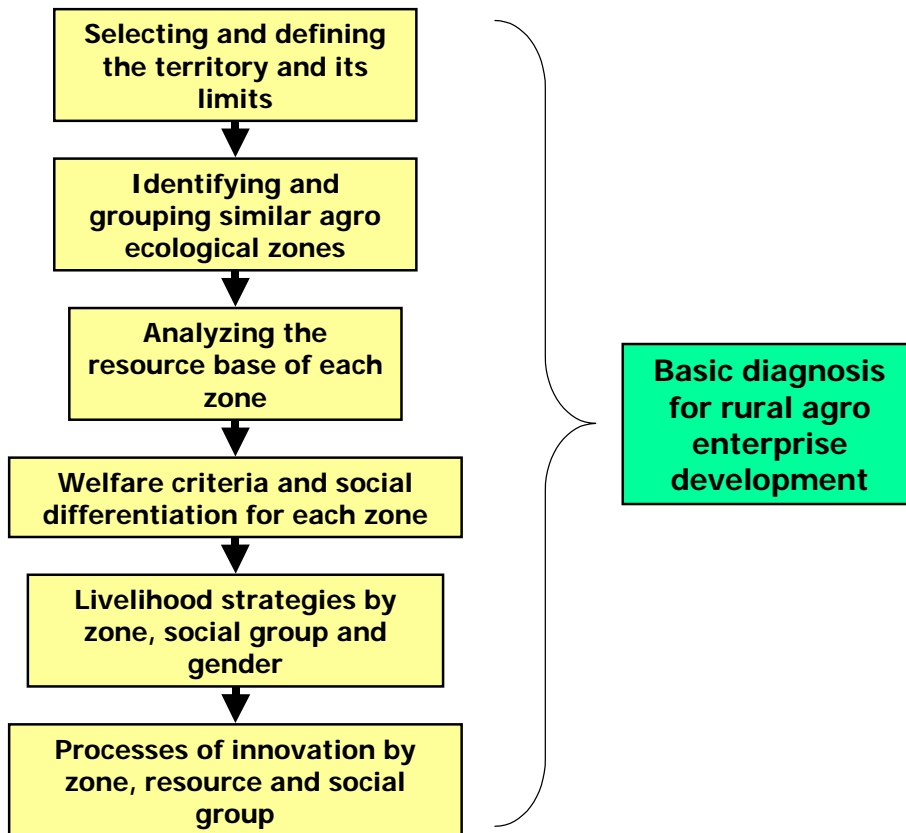
**Table 3. Evolutionary stages, or profiles, of smallholder farmers and their degree of maturity of their agro-enterprises**

Stage	Characteristics	Pre-conditions to enterprise development	Enterprise emphasis
<b>1. Subsistence</b>	<p>Individual farmers producing predominantly for their own consumption, selling small surpluses to local markets. Precarious to non-existent access to services and no use of purchased inputs.</p> <p>Low asset accumulation, most vulnerable</p>	<p>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</p> <ul style="list-style-type: none"> <li>€ Food aid</li> <li>€ Seeds, tools, livestock, inputs</li> <li>€ Conflict resolution</li> <li>€ Safety net clauses and interventions</li> </ul>	<p>Focus on organisation of farmers into groups to build social capital, trust and simple business skills in order to lay the foundations for increased competitiveness.</p> <p>For enterprise development, start with existing products that show high market demand, value and are produced by the majority of farmers.</p> <p>Service providers to develop their skills and understanding of the market place and its opportunities. Identify and support market facilitation</p>
<b>2. Early stage</b>	<p>Small-scale rural enterprises with low levels of value addition and weak business orientation and incipient social cohesion among group members. Access to services is incomplete and irregular which limit enterprise growth prospects.</p>	<p>Communities at this stage, are well positioned to benefit from enterprise oriented interest groups, i.e., co-ordination of agencies that have a common interest in market oriented processes.</p> <p>Service providers should review their competence and staff profiles to ensure in house quality of providing marketing services.</p>	<p>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</p>
<b>3. Developing</b>	<p>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.</p>	<p>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</p>	<p>Focus on increasing scale and value addition within the selected sub-sectors.</p> <ul style="list-style-type: none"> <li>€ Lead groups should seek links to like minded groups in order to encourage scale and to partner with more specialised service providers to assist in developing new market options and find ways of gaining efficiencies in the supply chain</li> <li>€ Record keeping and business planning should be shared with financial experts and group should seek financial support</li> </ul>
<b>4. Mature</b>	<p>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.</p>	<p>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 a forward looking edge in the marketplace.</p> <p>Increasing use of ICT’s to support enterprise development. Service providers and their interest group members should develop strategies that bring specifically needed skills to bear. This may include aspects such as market information, finances,</p>	<p>Focus on chain champions and issues of governance and equity in the market chain.</p> <ul style="list-style-type: none"> <li>€ Group should link with specialist skills and information service providers, which should be fee based.</li> <li>€ Group should focus efforts on to product development issues, including branding, customer relations and broadening product portfolio.</li> <li>€ Shift to value chain approaches to consolidate markets</li> </ul>

### Section III Territorial Diagnosis for Rural Agro-enterprise Development

This section of the manual describes a methodology for analysing the livelihoods and innovation processes of a territory, emphasizing rural agro-enterprise development. The methods described here should be adapted according to effective need for information and the time and resources available. The steps detailed below could be developed, using secondary information, if reliable sources exist, or by using participatory methods with key informants or focus groups. The steps for carrying out a basic diagnosis for rural agro-enterprise development are shown in Figure 4.

Each step is explained below, with some indications of possible methodologies.



**Figure 4.** Steps for conducting a basic diagnosis for a given territory

#### Defining a Territory

Before the diagnosis can begin, the first decision to be made is the limits of the territory to be studied. This decision is often simple because the project or institution usually has a defined area of operation. In many cases, the territory may be defined by the local political area, a village, a cluster of villages, a dioceses, or a watershed.

Another way of looking at the territory is to consider the area where you will implement the project activities. This decision is worth taking time to consider as you do not want to collect information from a large area, i.e., a district, if your actual area of intervention for agro-enterprise is limited to one, two or three villages. Experience has shown that many projects set out on a large data gathering exercise only to find later on that a very small part of this

information is useful, often this is because the community of interest covers a small area. As a rule of thumb, limit your territory to the area of your project interventions. If you or your group are 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 constructed with the agencies or organisations operating in the selected area and may imply negotiation over areas to cover so each entity has a manageable area. Some possible criteria to use in this process include:

- ∄ 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 can 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 territory is delimited, the process of zoning begins, based on available and reliable secondary information, and/or primary information generated through interviews with key informants, focus groups, or community workshops. The complexity of this next section will depend upon the size of your territory and the heterogeneity of the area.

### **Zoning the area**

If you are only dealing with a small area or a cluster of villages, zoning may not be necessary. However, if you the “working group” is operating in larger areas, such as sub-counties, districts or clusters of districts, it may require a more structured approach to the analytical process and this case, zoning the territory maybe a helpful way of packaging the work. The following lists show details of some important aspects to local in your territorial diagnosis.

- ∄ *Natural resources*
  - General topography (altitudes: steep, less sloping, and flat areas)
  - Water sources (rivers, streams, springs) and their respective flows throughout the year
  - Relative productivity of soils (good, medium, and poor soils)
- ∄ *Productive resources*
  - Roads (paved, improved, and dirt) and their respective usability during the year
  - Infrastructure coverage (electric energy, mobile and fixed phone coverage, potable water and 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 <sup>1</sup>

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

€ *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 organisation (do farmer groups exist, do they work collectively)

Once this information is placed on the map, zones that have something in common (and thus 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:

- € *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 they notably affect the produce that can be taken to market.
- € *Land tenure* is an important factor, considering that it greatly influences the type of crops to plant and the possibility of introducing new ones.
- € *Access to water* and how it fluctuates during the year can be another way of distinguishing between areas with good, regular, or poor access. The theme of irrigation can also be reviewed.
- € *Productive orientation* is another important element for differentiating between zones. Zones already producing for markets require different strategies than those oriented towards household consumption or food security.
- € *Types of existing production systems* can be another factor for zoning if the presence of a particular crop—coffee, for example—significantly affects a zone's economic dynamic.
- € *Others according to the criteria of the local participants.*

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

**Table 2. An example of a matrix identifying homogenous zones in a territory: Key variables access to markets and irrigation**

Road type	Water		
	Permanent	>8 months/year	<8 months/year
<b>Permanent</b>	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
<b>Temporary</b>	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
<b>Unimproved path</b>	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

When zoning a territory focus on criteria that represent the most severe constraints to production, as 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.

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 (high land, mid altitude land, and low land), 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 territory 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. Hence, secondary information can be used if it exists and is reliable, or, where no secondary information is available, primary information can be generated through interviews with key informants, focus groups, or participatory transects. The information compiled by these two means can then be organized as matrices that permit including a brief outline on the resources with which each zone has been endowed.

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 3 shows a matrix on the availability of natural resources in the targeted area; Table 4, a matrix for human resources; and Table 5, a matrix for productive/financial resources.

**Table 3. An example of a matrix on the availability of natural resources in three zones of a given area.**

Zone	Availability of natural resources		
	Water	Soils	Forests
<b>High Land</b> (>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 to include soil conservation works with crops.	Forest patches exist in the area and around some springs. Primary use is firewood for cooking with some collection activities.
<b>Hill Land</b> (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.
<b>Low Land</b> (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.

**Table 4. A human resources matrix for three agro ecological zones in a territory**

Zone	Availability of skills and knowledge			
	Schooling	Local know-how	Technical support	Health
<b>High Land</b> (>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.
<b>Hill Land</b> (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 State.	Local health post. Restricted access to the hospital in urban center. High infant mortality.
<b>Low Land</b> (<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 State.	Health posts and rapid access to the hospital in urban center.

**Table 5. A productive/financial resources matrix for three agro ecological zones of a territory.**

Zone	Availability of productive/financial resources			
	Roads	Markets	Credit	Aggregate value
<b>High Land</b> (>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.
<b>Hill Land</b> (600 to 1500 m)	Roads difficult during rainy seasons. Small trucks and jeeps enter. 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.
<b>Low Land</b> (<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.



### Analyzing social resources in each zone

To analyze the availability of social resources, basically organizations with business activities and the relationships among them, we propose to use the “Venn diagram” methodology. This method assists in visualizing the social / business networks operating in each zone.

The method comprises five steps in which the organizations involved in the zone’s agro-enterprise development are:-

- (i) identified,
- (ii) briefly described,
- (iii) located within or outside the zone,
- (iv) have existing relationships with each other described.
- (v) identify the actors who are significant for rural agro-enterprise development in the zone, transcending to the area. (traders, processors, transporters, stockists.)

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 in the following text.

1. *Identifying the organizations related to agro-enterprise development.* The process is initiated by requesting key informants or focus groups to name all the organizations that are **involved in the zone’s agro-enterprise 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 importance for the zone. This step aims to achieve consensus on who they are and details about each one.

In this step, it is also important to differentiate organizations involved in agro-enterprise 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 fulfil an agro-enterprise function, including the delivery of support services, within the zone or area.

2. *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 data considered relevant 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.

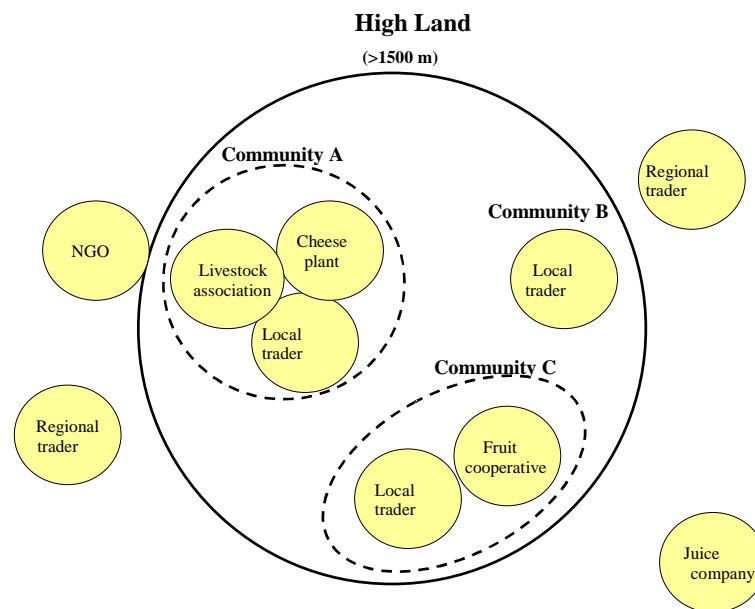
Table 6. Format for developing a matrix to describe the agro-entrepreneurial organizations in a given zone of a targeted area.

Organization’s name	Brief description			
	Legal structure	Activities	Headquarters	Area of influence

3. *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 agro-entrepreneurial 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 5. When doing the exercise, it is important to use proper names (not made up as in the example), as this will make transmitting the information contained in the diagram easier.



**Figure 5.** An example of locating agroenterprises in a given zone, in this case, named “High Land”, of a targeted area.

4. *Analyzing the relationships between actors.* The fourth step in analyzing a zone’s agro-entrepreneurial organization deals with the relationships found among the various 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.

For this key, different types of lines, arrows, or codes can be used to express the collected information. Figure 6 gives an example of a key, and Figure 7 shows how it is applied to the previous Figure 5.

Strength of relationship	
Strong, permanent	=====
Fair, semi-permanent	- - - - -
Weak, occasional	.....
Power of relationship	
Unidirectional	—————>
Bi-directional	—————<—>
Exchanges	
Goods for money	G/\$\$
Services for money	S/\$\$
Goods for services	G/S

Figure 6. An example of a key for qualifying relationships between Agro-enterprises in a given zone of a targeted area.

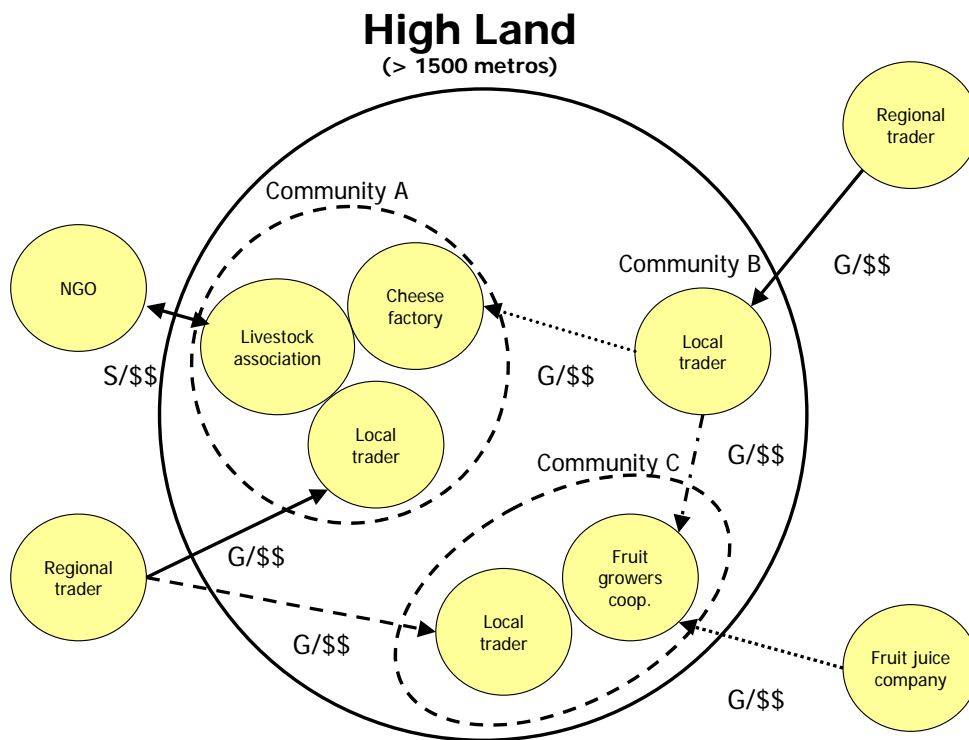


Figure 7. An example of qualifying the relationships between agro-enterprises in a given zone, in this case, named “High Land”, of a targeted area.

5. *Identifying key actors for the area’s rural agro-enterprise 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 agro-enterprise development, whether formal or informal, becomes feasible. In the future, developing relationships with key actors will become important for promoting activities in favor of the area’s rural agro-enterprise development.

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

**Table 7. Comparative matrix of key agro enterprise actors by agro ecological zone.**

Zone	Actor's principal economic activity			
	Production	Post harvest handling, processing	Marketing	Agro enterprise development services
<b>High Land</b> (>1500 m)	Fruit growers' association. Municipal coffee growers' association.	Local fruit traders. Individual coffee growers. Juice company.	Local fruit and coffee traders. 3 regional coffee and fruit traders. Juice company.	Fruits growers' association. Municipal coffee growers' association. Independent technicians for fruits. Village shop selling agricultural inputs.
<b>Hill Land</b> (600 to 1500 m)	Fruit growers' association. Municipal coffee growers' association.	Local fruit traders. Individual coffee growers. Juice company.	Local fruit and coffee traders. 3 regional coffee and fruit traders. Juice company.	Fruit growers' association. Independent technicians for fruits. Village shop selling agricultural inputs.
<b>Low Land</b> (<600 m)	Milk producers' cooperative.	3 local plants for cheese and milk derivatives. Cooling plant (cooperative).	1 plant and 2 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.

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 agro-enterprise development in the area—understood as the set of zones—are identified as the following people or companies:

- € Fruit growers' association (in zones "High Land" and "mid altitude Land")
- € Coffee growers' association (in zones "High Land" 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 "High Land" and "mid altitude Land")
- € The independent technicians (presence in all three zones)
- € The village shop selling inputs (importance for all three zones)

In zone "Low Land", the actors related to milk production also 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 us a clear idea of who we should take into account when considering the area's agro-enterprise development and, as a result, we have an initial base on which to form a working group of broad scope for a given theme. This does not mean that we must work with all the companies, people, and identified development entities but that we have a point of departure from which to unite efforts in favour of local livelihoods.

### Profiling client groups through well-being evaluation for each zone

The next step in conducting the basic diagnosis for rural agro enterprise development is to identify different social groups in the area. This step seeks to complement existing secondary data on wealth and poverty<sup>2</sup> with more qualitative data. This helps expand and contextualize our understanding of the existing social differentiation in the territory.

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 (produce of high value or with high added value in small areas) and extensive (produce of low value or no added value in large areas), as these generate different impact. An example of this is the difference between coffee or fruit-producing areas, normally characterized by relatively small farms with higher value crops, versus areas of extensive livestock ranching<sup>3</sup>.

Before beginning the analysis with the focus group, a short discussion about the different classes of resources (see definitions on pages 12 and 13) are 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 facilitates the analysis of other groups. This process can be facilitated using the matrix (as shown in 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.

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				

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

Similar questions would be asked about human resources. We can adapt the matrix appearing in Table 8 to note the information (it can also be prepared on a flipchart, as shown in Figure 8) and thus take good notes from the discussion. As this process is purely subjective, we must identify key indicators of well-being in each resource (e.g., measures of land or water for natural resources) and later ask about the access of the following population group to this key indicator of well-being. Probably some key indicators of well-being will 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.

MATRIX NO. 2	INCOMES		LAND TENURE	
	NO. OF FAMILIES		NO. OF	

<sup>2</sup>. 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 criteria for targeting development funding in most parts of the world.

<sup>3</sup>. 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.

CLASS	CRITERIA	AT:	FARMERS	OBSERVATIONS
\$\$\$\$\$ \$\$\$\$\$ \$\$\$\$\$ \$\$\$\$\$ \$\$ ë > ì Rich	100 hectares 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 Diamante = 1 Balsal = 5 Cristalina = 0 Manzano = 0 Productores Incera = 0	V = 0 B = 5 D = 1	Contracts labor No cultivating B = pastures and coffee 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 – B = 10 C = 5 D = 5 M = 0 P.I. = 0	B = 10 C = 5 D = 5	Contracts more labor C = coffee and sugarcane 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 B = 40 C = 0 D = 5 M = 6 P.I. = 0	V = 12 B = 40 D = 5 M = 6	Can contract labor, has cattle and crops; V = pastures, pigs, sugarcane, coffee, and granadilla; B = tomato, cucumber, and cabbage; 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 B = 100 C = 6 D = 0 M = 4 P.I. = 11	V = 6 B = 100 C = 6 M = 4 P.I. = 11	Works on farm and sells labor, has cattle and crops; V = coffee, pastures, sugarcane, lulo; C = And. blackberry, coffee, lulo, plantains; M = And. blackberry and lulo; P.I. = coffee, pastures, and plantains
Ö @ Very poor	Freeloader, house loaned, doesn't own transport, day laborer, credit is ok	V = 2 B = 40 C = 5 D = 9 M = 3 P.I. = 0	V = 0 B = 0 C = 0 M = 0 P.I. = 0	Sells labor

Figure 8. An example of a matrix of well-being levels and land tenure (from CORPOVERSALLES–UMATA, 1998. Municipal Agricultural and Livestock Plan, Municipality of Versalles, Department of Valle del Cauca, Colombia).

The definition of welfare 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.

### Life strategies for each zone, social group, and gender<sup>4</sup>

This section describes a method for understanding the different possibilities that a community's members have to generate income, and the conditions of access to these sources of income and/or livelihood strategies. The tool helps introduce the general situation 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 key indicators that separate some livelihood strategies from others. These key indicators are points of inflection, in that they help explain why a household adopts one livelihood strategy versus another. These points of inflection may constitute key constraints to processes of agro enterprise development for certain segments of the population. Understanding them better allows us to design activities that take them into account and seek ways of overcoming them.

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 that the key informant(s) brainstorm all sources of income available to community members (Figure 9). Note these income sources on a flip chart, review the list and see if some sources of income are actually the same – people who grow herbs and those that grow parsley in particular, for example – and then transcribe them, one by one, to cards. At the end of this process you should have a list of cards with different sources of income for households in the zone.

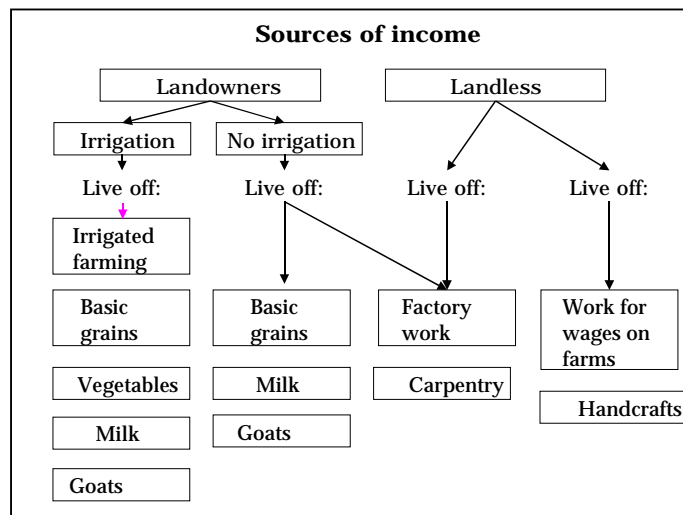
Sources of Food security	Sources of income
List major products	Production of:
Maize	Basic grains
Cassava	Vegetables
Green vegetables	Milk
	Goats
Livestock	
Goats	Work in the textile factory
Chickens for eggs	Carpentry
Cow for milk	Handcrafts
	Work for wages on farms

**Figure 9.** An example of a “brainstorm” on income sources for members of a given community.

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? Note the conditions of access with a different colours and group the different sources of income under them.

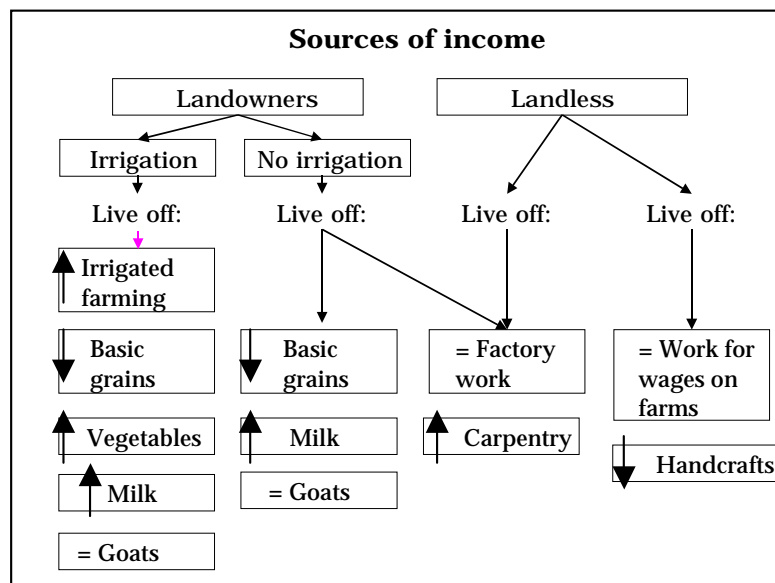
1. Adapted from Gottret, MV. 2000. Guía de primera visita a campo, II: Curso internacional: Promoción de la Agroempresa Rural para el Desarrollo Microregional Sostenible. CIAT, Cali, Colombia.

- 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 10.



**Figure 10.** An example of a flow chart showing sources of income within a given zone of a targeted area.

- We then identify those sources of income that are remaining stable (=), increasing in importance (↑), or losing in importance (↓). An example is shown in Figure 11.



**Figure 11.** An example of a flow chart showing sources of income and current trends within a given zone of a targeted area.

- 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 11, appears in Table 9.

**Table 9. Gender analysis of an economic activity in a given zone.**

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

This study can be deepened by asking, for each activity, not only who carries it out but also who decides on what to do, when and how to use the resulting income. The advantage of an analysis at this level lies in knowing in greater detail who makes decisions on certain aspects of economic activities and who actually does the work. With this knowledge we can focus our efforts in a specific direction if we seek change in a specific aspect of the productive activity.

Another methodology that is successfully used to combine livelihoods with gender aspects is the agricultural calendar. This methodology is not included here as it forms part of various guidelines on participatory methodologies<sup>5</sup>.

At the end of these exercises, we should have a clear idea of the livelihood strategies of key segments of the population in the various zones of the territory. Some of these strategies will probably be similar and, thus, can be generalised to the entire area. But, at the same time, it is highly probable that the combination of strategies, which generates a livelihood, varies by area. By understanding the different combinations of resources, organizations, and institutions, we can design better strategies of action that are specific to target populations.

To complement this livelihood analysis, we recommend a quick review of innovation processes in the territory, as described under the next heading.

### **Innovation processes for each zone, resource, and social group**

By understanding innovation processes we can identify the forms that change has historically taken and the channels through which it flows in such a way that any future intervention, either with hard (e.g., production, seeds, machinery, mobile phones) or soft technology (e.g., forms of organization), generates rapid and broad change.

This procedure attempts to look at innovations, both in hard and soft technology. 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 at this stage. Our

<sup>5</sup>. See for example <http://www.fao.org/WAICENT/FAOINFO/SUSTDEV/WPdirect/WPre0052.htm> or [http://www.fao.org/documents/show\\_cdr.asp?url\\_file=/DOCREP/005/Y0354E/y0354e05.htm](http://www.fao.org/documents/show_cdr.asp?url_file=/DOCREP/005/Y0354E/y0354e05.htm) for a description of various participatory tools to assess gender relations.

goal is to obtain a good idea of outstanding innovations in each resource, how they came about, and what their impact has been.

To understand innovation history and flow, we revisit the zones of the area, the zonal resource tables, and the social differentiation carried out as part of the livelihood analysis. Steps include (1) identifying key moments of innovation (or change) for the various resources, zones, and social groups; (2) conducting a subjective analysis of the source(s) of the innovation and innovators; (3) determining the channels for disseminating the innovation; and (4) assessing its relative impact on the use of the resource by the zone's inhabitants.

This information can be generated with a focus group made up of key informants from the zone who represent various social groups. To facilitate this process, the following steps are suggested:

1. Remind the participants of the definitions used for resources analysis (pages 12-13).
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 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 understand is the relative importance of the local know-how versus sources of external information. This process lets us to look 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 10.

Table 10. Identifying innovations and their innovators, channels of dissemination, and impact in a given zone of the targeted area.

<b>Resources</b>	<b>Innovation (change)</b>	<b>Innovator(s)</b>	<b>Sources of innovation</b>	<b>Dissemination channels</b>	<b>Impact</b>
<b>Natural</b>	Use of live barriers to control erosion and feed livestock, pigs.	Land-owning 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
<b>Human</b>	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.
<b>Production</b>	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.
<b>Social</b>	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.

CIMPA = Centro Internacional para el Mejoramiento de la Panela [*International Center for the Improvement*]

## **Section IV: Planning for Action**

In the previous section, we carried out a diagnosis of the agro enterprise potential of a specific territory. Conducting this exercise in the various zones that constitute the territory gave us up-to-date and reliable information on:

- ∄ Existing endowments of natural, human, productive, and social resources in the territory
- ∄ Livelihood strategies for differentiated social groups living in each of the territory's zones according to local welfare criteria
- ∄ Existing organizations and institutions that are relevant for processes of rural enterprise development and their relationships in the diverse zones of the territory
- ∄ Current and historical processes of innovation in the territory

These four themes serve as inputs for this section, which focuses on the construction of action plans to promote agro enterprise development in the territory. Before beginning the activities discussed in this part of the manual, we need to review the results of the previous section (checking the matrices and maps) to remind ourselves of key conclusions from the analysis.

Having completed this exercise, plans to promote the rural enterprise development of the territory begin. This manual contains some methods and exercises to help facilitate the construction of a common action plan among various actors. However, this manual is not a strategic planning nor organizational development guide. Nor does it address other forms of planning that may be appropriate in specific situations such as outcome planning; objective based planning, or scenario planning. Should the group desire a more complete planning tool, they should adapt this section as required.

This section is divided into four parts:

1. a review of working group members and the formation of the group,
2. an analysis of the territory's potential for rural enterprise development,
3. identification of areas of consensus for common action, and
4. the generation of a shared action plan.

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

The formation of a working group for rural enterprise development is useful as it facilitates the exchange of information and ideas, the establishment of ties and the identification of common themes among organizations working in generally similar directions in the territory. This process helps to focus disperse initiatives towards a common goal, avoid duplication of efforts and, highlights possible synergies between participating organizations. For these reasons, it is important that the steps described below are carried out with the active participation of all working group members.

### **Forming the working group**

Before generating an action plan, time should be taken to assess the stakeholders in the working group, it is useful at this stage to gain a better understanding of their level of interest, and the identification of other possible participants identified from the diagnosis stage. Generally, members of the working groups are motivated to continue at this point, but if they are not, then

this is a good time to rethink group dynamics. At this stage, the composition of the group should be reviewed, other less traditional actors invited to participate, and some initial ground rules established that lay out 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 agro enterprise 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 territory?
- € 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 rural agro enterprise development, such as growers' associations, NGOs, public sector entities, universities, and private enterprises, which could strengthen development processes in the territory. This is the moment for identifying those organizations that are available, have interest and the capacity to participate as members of the working group. A key recommendation is to look beyond the traditional partners with whom we have always worked (growers' associations, NGOs, the State) 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. Of particular interest are actors such as large supermarket chains who could effectively provide markets for various products from the territory and thus "pull" processes of enterprise development from the market.

Once the key actors are identified and motivated to participate, an initial agreement should be generated in which each participant expresses their intention collaborating in the rural enterprise development of the territory. This agreement can be a page with signatures or something much more elaborate but should include the following points:

- € Purpose of the working group's formation
- € The group's objectives
- € The initial work timetable
- € The roles and responsibilities assumed upon signing the agreement

Later, each of these points will be developed more fully, and a final agreement and action plan drafted. What is important at this moment is to convene the key actors in a common effort in favour of the agro enterprise development in the territory. Once the working group is convened, a rapid analysis of the potential for enterprise development in the territory is conducted, followed by a consensus for action, and the generation of an initial plan of action.

### **Potential for rural enterprise development in the territory**

Taking up the information generated during the diagnosis, both secondary and primary, planning begins with an analysis of the enterprise development potential of the territory, based on the methodology of Strengths, Weaknesses, Opportunities, and Threats—more commonly known as SWOT analysis.

To assure that the SWOT analysis is useful for the purposes of the working group, several rules should be followed.

- € *The analysis is as good as the group that makes it.* A SWOT analysis can be either very useful or totally useless, depending on the seriousness with which the group prepares it. If the group makes complete, in-depth analyses, the exercise can be highly useful, but if it is done in a hurry, with little discussion or analysis, or too superficially, results will be poor. Spend time on this process if you want a useful product.
- € *Not only should the aspects of SWOT be listed but they should also be prioritized.* Often a SWOT will start by brainstorming topics of themes in each category. If the analysis stops there, with no analysis of the relative importance of each element or of its possible relationships with other elements, then its use is limited. A complete SWOT analyzes the relative importance of each aspect, both individually as well as its relationships with the other aspects. Force the process beyond brainstorming to gain a fuller understanding of underlying dynamics and key factors. This aids in making future work as fruitful as possible.
- € *Categories should be “crossed” to effectively make use of the SWOT.* Once each category is prepared and prioritized, two combinations or “crosses” should be made: (1) how can we use our strengths to turn identified threats into opportunities? and (2) how do we take advantage of identified opportunities to improve our weaknesses?

The steps for a SWOT analysis are widely known. For the purposes of this manual, we suggest that the facilitator follows these steps:


1. Ask the working group to list the strengths, *in terms of rural agro enterprise development*, that are evident in the territorial 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? Are some causes, or are they effects, of others? There are many ways of prioritizing (e.g., voting or double-entry matrices) but more than the result, what is important in this exercise are the group discussions as to the relative importance of different types of strengths. At the end of the discussion, strengths are ranked according to the working group’s conclusions.
3. Ask the working group to list and group opportunities, *in terms of agro enterprise development*, that are evident in the territorial diagnosis. Although opportunities may be within the territory, they tend to be external and related to the markets.
4. *Prioritize* the opportunities.
5. Ask the working group to list and group weaknesses, *in terms of agro enterprise development*, that are evident in the territorial diagnosis. These weaknesses are found within the territory.
6. *Prioritize* the weaknesses.
7. Ask the working group to list threats, *in terms of agro enterprise development*, that are evident in the territorial 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 are noted in a SWOT matrix similar to that shown in Table 11. Once the SWOT matrix is filled in, the variables can be combined, or “crossed”, as is shown in Table 12.

<b>Strengths</b>	<b>Weaknesses</b>
The strengths found in the area’s potential for agro enterprise development noted here.	The weaknesses found in the area’s potential for agro enterprise development noted here.
<b>Opportunities</b>	<b>Threats</b>
The opportunities for the area’s potential for agro enterprise development noted here.	The threats to the area’s potential for agro enterprise development noted here.

Table 12. An example of a SWOT matrix with “crosses”.

<b>Strengths</b>	<b>Weaknesses</b>
The strengths found in the area’s potential for agro enterprise development noted here.	The weaknesses found in the area’s potential for agro enterprise development noted here.
<b>Opportunities</b>	<b>Threats</b>
The opportunities for the area’s potential for agro enterprise development noted here.	The threats to the area’s potential for agro enterprise development noted here.



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

- ∄ How can we use the strengths found in the territory 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 agro enterprise development, found in the area?

The results of these two “crosses” are noted in a matrix such as found in Table 13.

Table 13. Results of the “crosses” between strengths and threats, and between opportunities and weaknesses of the territory’s potential for agro enterprise development

**Strengths versus threats**

Results of the group’s discussion on comparing strengths against threats in terms of the territory’s potential for agro enterprise development.

**Opportunities versus weaknesses**

Results of the group’s discussion on comparing opportunities against weaknesses in terms of the area’s rural agro enterprise development.

**Consensus building**

Once the rural enterprise development potential of the territory has been assessed, based on the results of the SWOT analysis, we can begin to look at what concrete activities to undertake. At

this stage, we must identify the members of the working group who are committed to working together, discover their common aspirations (or vision) in terms of sustainable rural agro enterprise development for our territory, 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. One way of visualizing the consensus building process is shown in Figure 12.

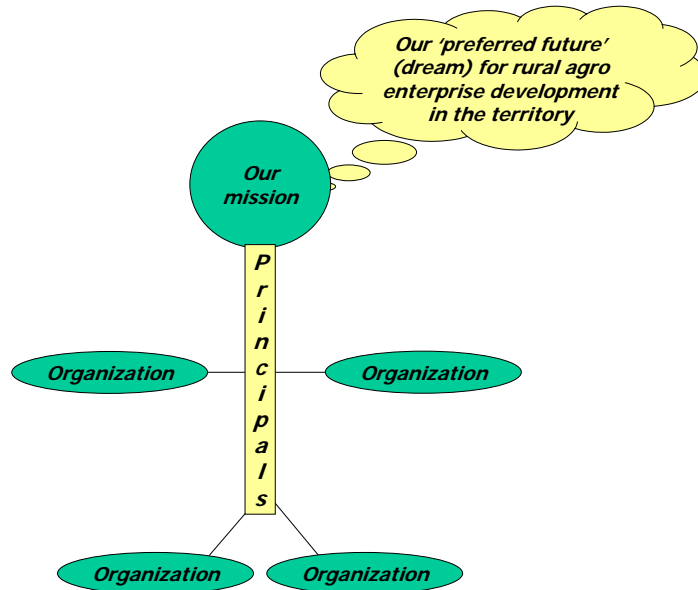


Figure 12. Building consensus for action

Figure 12 shows the relationships between the different consensus building themes. The working group is represented as a body with a clear idea of where we want to go (our vision), a shared definitions of how the activities of the group contribute to meeting our aspirations (our mission), common ground rules for action (our principles) and, finally, who will do what with whom (action plans).

### 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, we suggest a simple activity in which each member briefly describes the organization that he or she represents, the sites where it is active, the products that it handles, and the needs for support that it has 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. If the working group has done this type of activity before, this exercise can be omitted, if and only if it is clear who the participating organizations are and what their activities will be. Table 14 presents a sample format for organizing this presentation.



Table 14. Format for information exchange among members of a working group

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

***What is our vision for rural agro enterprise development in our territory?***

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 agro enterprise development of the territory. 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 agro enterprise development of the territory. 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 patterns 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 the wall, on the floor or pressed down on sticky tape 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 agro enterprise development in the territory 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 our desired future, we need to ask, “how can the working group contribute to this future?” At this stage, it is important to note that the desired future depends on many other local and external actors who are, as yet, not part of the working group. Given this fact, the group must determine what it can realistically contribute towards achieving the desired future.

The working group's mission should reflect the territorial diagnosis, the analysis of agro enterprise development potential of the territory, 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 territory's agro enterprise development. The phrases would be 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 on the wall, on the floor or pressed down on sticky tape so 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 these 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 not to design a straitjacket so that all act identically, but rather to define some general principles that can be adapted to each organization's activities and guide the overall thrust of the working group. Normally, these principles are general, flexible, and clearly defined. 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) that the working group should follow in its work on rural agro enterprise development. 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 on the wall or pressed down on sticky tape 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-coloured card and places above the others.
- € Once all the principles are named, a brief description of this principle is written. This description should be based on the ideas contained in the initial cards and seek to clearly define the group's understanding of the principal and how it relates to the promotion of agro enterprise development in the territory.

At the end of this process, the working group will possess 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.

### **The initial 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 way markers that indicate whether or not we are heading in the right direction. To construct an adequate map, four methodological steps are proposed:

1. Identify key areas for intervention
2. Prioritize the areas according to the working group's criteria of importance and feasibility.
3. Identify short-term activities as well as mid to long-term activities that require external support.
4. Construct an action plan with a timetable and clear responsibilities for the working group.

Below we discuss the contents of each step and possible methods to use.

### ***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 territory. 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 the two best ideas that she has in this regard on cards or on paper and hands them to the facilitator.
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? This step seeks to clarify each concept so that the working group has a shared language that allows more effective communication.

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.

This exercise should take 30 to 45 minutes to carry out.

***Prioritizing key areas of intervention***

Once the key areas of intervention are 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 grey in Table 15.

Table 15. An example of how to construct a pair wise ranking matrix.

<b>Key areas of intervention</b>	<b>Book keeping training</b>	<b>Organize a meeting with credit providers</b>	<b>Analyze market chains for products in high demand</b>	<b>Negotiate support from the government</b>
<b>Book keeping training</b>				
<b>Organize a meeting with credit providers</b>				
<b>Analyze market chains for products in high demand</b>				
<b>Negotiate support from the government</b>				

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 micro-finance 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 16.

Table 16. An example of a completed pair wise ranking matrix.

<b>Key areas of intervention</b>	<b>Book keeping training</b>	<b>Organize a meeting with credit providers</b>	<b>Analyze market chains for products in high demand</b>	<b>Negotiate support from the government</b>
<b>Book keeping training</b>		Organize a meeting with credit providers	Analyze market chains for products in high demand	Negotiate support from the government
<b>Organize a meeting with credit providers</b>			Analyze market chains for products in high demand	Negotiate support from the government
<b>Analyze market chains for products in high demand</b>				Analyze market chains for products in high demand
<b>Negotiate support from the government</b>				

- 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 while those that garner less support can wait for development. The results can be documented in a table as shown in Table 17:

Table 17. Final results from a pair wise ranking exercise.

<b>Key areas of intervention</b>	<b>Number of votes</b>	<b>Rank</b>
Book keeping 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

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 micro finance institutions, with training in accounting coming later.

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

### ***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. It is highly recommended to initiate working group activities with interventions that depend principally or entirely on existing local knowledge and resources. This serves two important purposes. First, by initiating

activities with local resources the members of the working group learn that they can undertake activities with or without external support and that much of what is needed to move forward already exists in the territory. Second, initiating with local resources helps focus interventions in areas where rapid change can be achieved with minimum effort. This generates a positive dynamic among group members where people begin to believe in their ability to affect change. 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 agro enterprise development.

To assess local capacity to implement key intervention strategies, the working group lists the resources or knowledge it needs to for each intervention strategy and compares that list with what exists locally. An example is shown in Table 18:

Table 18. Identifying local and external resources required for a prioritized activity.

<b>Activity: Analyze market chains for products in high demand</b>			
<b>Steps</b>	<b>Resources required</b>	<b>We have them here</b>	<b>We have to get them from outside</b>
		<b>&gt;</b>	<b>@</b>
Identify key market chain actors	Information about the chain	J	
	People	J	
Review how the chain is working now and identify critical points	Information from people	J	
	More general information		J
	People	J	
Analyze data generated, etc.	Training in this field		J
	People	J	
	Advisory services		J

The time needed for this exercise will vary according to the number of activities and the steps 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 found in Table 19.

Table 19. 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 participants in the chain.	Juan and María												
	2. Make a diagnosis of its problems.	Juan with the working group												
	3. Analyze the data.	María with the working group												

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.

## Section V: A System for Monitoring, Evaluation, and Learning

### **Monitoring, evaluation, and learning**

The purpose of this section of the field guide is to provide some general ideas about the utility of a simple monitoring, evaluation and learning system for the working group. As in the case of strategic planning, this is not a monitoring and evaluation guide, but certain aspects of these tools are useful for effective working group development. After a brief discussion on the usefulness of a monitoring, evaluation and learning systems, two very simple methods are shared to put such a system into place. The final decision on what tools to use to document advances by the working group and facilitate processes of learning is in the hands of the group as such.

### **Designing and building an appropriate system for the working group**

The principal objective on a monitoring, evaluation and learning is to assist the working group become more effective in its activities over time. This goal, in turn, should be reflected in the tools selected for the task. If the working group is focused on carrying out activities based principally on existing territorial resources, then a simple yet effective system is sufficient. On the other hand, if the group is managing significant external resources, a more formal monitoring and evaluation system might be merited. For most working groups, a mid-point between the simplest and most complex systems is the most appropriate.

To build an appropriate system, the working group should review its own 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 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 territory 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. Focus on critical information on a limited number 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 the information generated for decision-making in the working group. If the information generated is not helping make better decisions, then we should be gathering different data.

If the working group adapts these principals to their monitoring, evaluation and learning needs, the resulting system should fit well with their capacities and information demands. If not, there is a real risk that the working group will end up with a system that seeks to generate information for external interests but no real utility for group members themselves. Systems like this tend to break down over time as the demand for information to feed into the system outstrips people’s capacity to respond.



### Utility of monitoring, evaluation and learning for the working group

This section of the guide presents two simple tools for monitoring, evaluation and learning. While all three aspects – monitoring, evaluation and learning – form part of the overall system, they have different uses for the working group. Monitoring tools help assess and control specific activities while the learning tools focus on highlighting important learning experiences for specific members of the working group. While these tools are best used in conjunction, it is common to find working groups focused principally on the monitoring and evaluation function. Without a useful and simple learning process, the working group runs the risk of getting stuck in what is known as ‘single-loop learning’ as shown in Figure 13

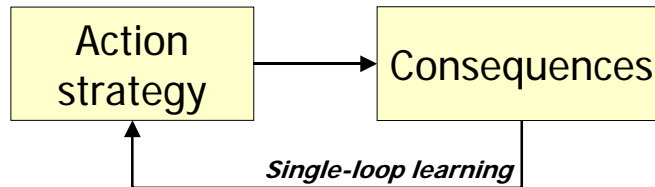


Figure 13. Single-loop learning cycle

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. Many problems encountered in rural development, however, do not respond to this simple, lineal and causal model but rather require a more complex analysis to be understood. When this model is applied in rural development it is easy to fall into a trap where actions do not generate expected results and, in turn, the person or organization concludes that with more effort or expense the actions will generate the desired results when, in reality, what is needed is to review our basic assumptions about what needs to be done, when and why<sup>6</sup>.

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<sup>7</sup>, generates a process through which the basic assumptions underlying our planning, implementation and evaluation are questioned and improved upon. A ‘double-loop learning’ model is shown in Figure 14.

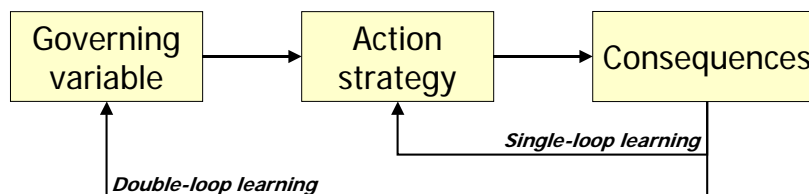


Figure 14. Double-loop learning cycle

<sup>6</sup>. For more discussion on this point, see Fairbanks, M and S. Lindsay. 1997. *Plowing the Sea: Nurturing the Hidden Sources of Growth in the Developing World*. Harvard Business School Press. Cambridge, MA, USA.

<sup>7</sup> For more discussion on this, see: [http://www.infed.org/thinkers/argyris.htm#\\_Single-loop\\_and\\_double-loop](http://www.infed.org/thinkers/argyris.htm#_Single-loop_and_double-loop)

A double-loop learning system helps the working group move beyond the simplistic plan-act cycle and begin to question the way that they go about promoting rural agro enterprise in the territory. This process should lead to a more efficient and effective process. As Argyris notes:

When the error detected and corrected permits the organization to carry on its present policies or achieve its presents objectives, then that error-and-correction process is *single-loop* learning. Single-loop learning is like a thermostat that learns when it is too hot or too cold and turns the heat on or off. The thermostat can perform this task because it can receive information (the temperature of the room) and take corrective action. *Double-loop* learning occurs when error is detected and corrected in ways that involve the modification of an organization's underlying norms, policies and objectives (cited in Smith 2001)<sup>8</sup>

### **Tools for monitoring, evaluation and learning**

The two tools included in this section of the guide are simple. More complex tools exist and can be used effectively by working groups depending on their needs and skills<sup>9</sup>. The focus of this guide is on basic principals and techniques that can be adapted to diverse needs at the field level and not on developing complex tools that are inoperable in difficult conditions. 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 to rural agro enterprise development based on experience.

### **Monitoring and evaluating advances in the working group's action plan**

The most straightforward way to establish a monitoring and evaluation system for the working group is to base it on the action plan developed in section III 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<sup>10</sup> 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 – both 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 20.

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<sup>8</sup>. Smith, M. K. (2001) 'Chris Argyris: theories of action, double-loop learning and organizational learning', *the encyclopedia of informal education*, [www.infed.org/thinkers/argyris.htm](http://www.infed.org/thinkers/argyris.htm). Last update:

<sup>9</sup>. See <http://www.mande.co.uk/> for more resources for monitoring and evaluation.

<sup>10</sup>. 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 three to six months while in newer groups monthly revisions might be more appropriate.

Table 20. Building a simplified 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.				

In this tool, the working group assesses each activity in four areas: (a) results achieved; (b) lessons learned – what worked well and what worked less well; (c) changes that need to be made to the work plan based on results to date, and; (d) level of satisfaction with the activity. 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 a through c above). A summary of this information is written on cards or directly on a flip chart and 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 included in the 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. Depending on the number of changes required and their importance, it is normal for activities in the action plan to change, be discarded or new ones included. At the end of the workshop, the working group should have several flip charts showing their results to date, the 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 as the working group learns what works and what does not work for rural agro enterprise development in the territory, develops or hones skills and becomes more effective in promoting enterprise development. In dynamic working groups, this process becomes second nature and continuous while in weaker groups it often falters. Despite the utility of this process, it often becomes mechanical and can fall into the ‘single-loop learning’ trap described previously. To avoid this pitfall, the working group requires tools and spaces to reflect on their assumptions and deepen their understanding of processes of rural agro enterprise development. The ‘most significant change’ method is one way of doing this.

### ***‘Most Significant Change’ as a learning tool<sup>11</sup>***

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, 1999) that sought to document processes of

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<sup>11</sup>. This section draws on Dart, J. J. (2000a), ‘Stories for Change: A systematic approach to participatory monitoring’, Proceedings of Action Research & Process Management (ALARPM) and Participatory Action-Research (PAR) World Congress, Ballarat, Australia, [http://www.ballarat.edu.au/alarpm/docs/Dart\\_J\\_Paper.doc](http://www.ballarat.edu.au/alarpm/docs/Dart_J_Paper.doc).

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, 1999: 2).

***‘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.

- 1. 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’. At this stage there is no need to precisely define these ideas, rather this list serves as a guide for members of the working group to identify and report changes they see at the field level.
- 2. 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 (see Figure 15 and 16). The selection of the stories takes the form of an iterative voting process, where several rounds of voting occur 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 2000a: 4).

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 agro enterprise development in the territory.



- 3. Secondary analysis of the stories** – the stories reported by the organizations involved in the working group can be grouped for additional analysis. These stories are of particular use in understanding the outcomes and limitations of agro enterprise 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.

- 1. Defining the types of change the group wants to see** – the definition of the types of change that we hope to see can be based on the ‘preferred future’ (or vision) that the working group developed in section III of this manual. In that exercise, different members of the working group elaborated specific types of desired change and the group as whole generated a narrative that communicates the overall changes that they would like to see. From this work, the group selects no more than three specific types of change to document and lists them. It is not necessary to define each type of change precisely at this point. This list of expected changes is then communicated to the field workers – staff who work directly with farmers or agro enterprises – who then identify stories of change that correspond to these categories.
- 2. 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 agro entrepreneurs 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 by internally by each organization member of working group and up to four stories are selected to share with the working group as such. At this stage it is important that the organization explicitly 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 agro enterprise development in the territory. 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 agro enterprise development process in the territory. What does the working group mean for rural agro enterprise development in the territory? 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.

**3. Secondary analysis of the stories** – the sum of the MSC stories provides a rich picture of how the working group is contributing to agro enterprise 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.