FACASI BUSINESS MODELLING TRAINING

Business Modelling Training for FACASI, Arusha, Tanzania, 29-30 March, 2013
Acknowledgements

The business model training was delivered by Rajiv Pradhan, Richard Rose, Eden Kassaye (iDE), Heiko Bammann (FAO), and Branka Krivokapic-skoko, from Charles Sturt University (CSU), in Arusha, Tanzania in March, 2013. iDE, FAO, and CSU would like to thank John Dixon from the Australian Centre for International Agricultural Research (ACIAR) for his support for the business model approach in the FACASI project, and Frédéric Baudron, CIMMYT, for his patience and leadership in making the event happen. Finally, the training team would like to extend their thanks and best wishes to the delegates from Kenya and Tanzania who participated so fully and made the training a success.

Arusha, Tanzania, March 30, 2013
What’s inside...

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3. Trainers’ Biographies
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5. Guidance Documents
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   c. Background Document for Session 4
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6. Group Work from Training
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7. Training Report
ANNEX – iDE previous Field Manual
FACASI 1. PROGRAMME
Objectives

Overall objective: for participants to understand the business drivers for scaling-up 2WT-based technologies for CA to small-holder farmers.

Specific objectives are to guide the participants in:
- To understand and apply a market systems methodology through conducting a qualitative market assessment of local supply chains for 2WT-based technologies;
- To understand the roles of relevant market actors, including local service providers (LSPs), ancillary services providers (such as mechanics), and the role of actors in the enabling environment (such as government);
- To identify interventions in market systems using a basic intervention identification framework;
- To understand and apply a basic business modeling tool to conceptualize agricultural services based upon real-life contextual information: “who does and who pays”;
- To apply business model learning within the wider FACASI Program.

Participants

- Researchers from the collaborating international agencies (CIMMYT, FAO, IFPRI), NARS, and practitioners from the collaborating NGOs.

Training Schedules

The pace of sessions will be adjusted in line with the requirements of trainees. If trainees are not clear about a concept or the results of a particular session, the trainer will remain on the current topic until all Trainees demonstrate comprehension.

The approximate timings for each day are given below. Lunch and breaks will be incorporated between sessions during the ‘classroom’ days (Day1 and 3) though these may be utilized as ‘working breaks’ for further discussion if required.

<table>
<thead>
<tr>
<th>Session</th>
<th>Time</th>
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<tbody>
<tr>
<td>1</td>
<td>09.00-10.30</td>
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<tr>
<td>2</td>
<td>11.00-12.30</td>
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<td>3</td>
<td>13.30-15.00</td>
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<tr>
<td>4</td>
<td>15.30-17.00</td>
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</tbody>
</table>

Participants will lead their own learning through the use of Guideline documents which frame activities for relevant sections. These Guidance documents will be made available on the day.
<table>
<thead>
<tr>
<th>Session/Day</th>
<th>Friday 29, March</th>
<th>Saturday 30, April</th>
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</thead>
</table>
| Session 1   | **Introduction and expectations** from the training.  
1. Understand identified and additional learning objectives;  
2. Participants clarify their own learning objectives related to implementation FACASI program.  
   | **Analyzing business models**  
Participants:  
1. Discuss in groups one intervention related to the previous day’s work and extrapolate the business model and activities required to support it; and,  
2. Deliver presentations in groups followed by Q&A and further discussion.  
   |
|             | **Break**       | **Break**         |
| Session 2   | **Learning how business works**  
Representative of a local 2WT company to share business experiences. Particularly:  
1. How the person started;  
2. What and why were the problems; and,  
3. How he/she found solutions to these problems.  
Followed by Q&A from participants.  
   | **Learning from business models**  
Discussion and comments:  
1. What are the key elements for Business Modeling?  
2. Why are these elements necessary for supporting the private sector?  
3. What are the take-aways, learning points, and tips?  
   |
|             | **Lunch**       | **Lunch**         |
| Session 3   | **Analyzing how business works**  
Participants discuss:  
1. Background;  
2. Problems & underlying causes;  
3. Services & weaknesses; and,  
4. Interventions.  
Introduce Intervention Logic Analysis (ILA) Framework as a guide to identify and define potential interventions in the market system.  
   | **Application in FACASI**  
How does the Business Modeling fit in the overall FACASI program  
Participants will consider:  
1. How do the learning points affect their role within FACASI?  
2. What changes will you make in your to define future work to accommodate the learning points?  
Groups discuss and prepare presentations for next session.  
   |
|             | **Break**       | **Break**         |
| Session 4   | **Introducing business models**  
Participants discuss:  
1. Theory of business models  
2. The key supply and demand relationships related to each identified intervention  
3. Which business models are attached to these relationships  
4. How development initiatives can influence and support these models  
   | **Presentation of specific learning points and application in FACASI**  
Participants:  
1. Present on application of business models in FACASI implementation;  
2. Engage in group discussion and remarks.  
   |
|             |                 | Wrap up and Close |

Business Model Training, FACASI Project  
Arusha, Tanzania, 29-30 March, 2013
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<thead>
<tr>
<th>Name</th>
<th>Organization</th>
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<tr>
<td>Saidi Mkomwa</td>
<td>ACT</td>
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<td>Elley Mbise</td>
<td>Babati District Council</td>
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<tr>
<td>Abel Gikenyi</td>
<td>Car &amp; General</td>
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<td>Michael Misiko</td>
<td>CIMMYT</td>
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<tr>
<td>Branka Krivokapic-skoko</td>
<td>CSU</td>
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<td>Heiko Bammann</td>
<td>FAO</td>
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<td>Stephen Mwaniki</td>
<td>Femo Works Ltd</td>
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<td>Rajiv Pradhan</td>
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<td>Richard Rose</td>
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<td>Eden Kassaye</td>
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<td>Peter Chisawilo</td>
<td>Intermech Engineering</td>
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<td>Charles Nkonge</td>
<td>KARI</td>
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<td>Pascal Kaumbutho</td>
<td>KENDAT</td>
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<td>Lameck Hazali</td>
<td>MAFC – Mechanization Division</td>
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<td>John Sariah</td>
<td>SARI</td>
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<td>Upendo Titi</td>
<td>SARI</td>
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<tr>
<td>Marietha Owenya</td>
<td>SARI</td>
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3. TRAINERS’ BIOGRAPHIES
Rajiv Pradhan, Country Director – Bangladesh, International Development Enterprises (iDE)

Rajiv Pradhan has over 18 years of experience working in both private and development sectors. He has wide experience particularly in SME and enabling environment areas. He specializes in: market analysis following an M4P approach; helping businesses understand the need to work with other enterprises in the value chain; and, providing innovative expansion methods in that particular market segment. Rajiv has worked on numerous studies that analyze various market systems, such as CARE’s Rural Sales Program. He worked for Katalyst for four years, leading the units that worked on sector development and enabling environments. His responsibilities included: designing interventions following a market development approach; continuously analyzing success factors; and, facilitating scale up. He has also taken the Small Enterprise Education and Promotion (SEEP) BDS training to Nepal to trained practitioners. He was awarded the SEEP Practitioner of the Year in 2010.

Heiko Bammann, Agricultural Economist
FAO

Heiko Bammann is an Agricultural Economist with FAO’s Market Linkages and Value Chains Group in the Rural Infrastructure and Agro-Industries Division. For the past eighteen years he has been providing technical support to and has been responsible for a wide range of sub-regional and national FAO-implemented projects working on farming system development, marketing and in the general area of linking small farmers to modern markets. The regional focus of his work has been mainly in the Pacific the Caribbean. Heiko has wide-ranging experience in networking with governments, development partners, producers’ organizations, private companies and civil society groups.

Branka Krivokapic-Skoko, Senior Lecturer
Charles Sturt University

Branka is currently a Senior Lecturer in Economics and Management, Faculty of Business, Charles Sturt University, Australia. She has more than twenty years of experience in teaching International Business Management, Asia-Pacific Business, Business Economics, International Economics and International Financial Management for both undergraduate and postgraduate students in Australia and New Zealand. She was doing monitoring and evaluation of agricultural and rural development projects for the World Bank. She is currently doing research and supervising master and doctorate students in the area of entrepreneurship, gender and minority issues and adoption of innovation in rural settings of Fiji, Nepal, Saudi Arabia, Turkish Republic of Northern Cyprus. She is a reviewer for the Australian Research Council, European Union FP7 framework (Economic and Human Sciences panel) and the Belgium Scientific Fund. Branka holds a B.Sc (Hons), M.Sc (Econ), and Ph.D. from Lincoln University, New Zealand.
Eden Kassaye Gebremichael, WASH Coordinator
iDE Ethiopia

Eden is currently WASH Project Coordinator at iDE in Ethiopia, where she is leading a program on sanitation marketing and water technology commercialization as part of iDE’s Global Wash Initiative (GWI). Eden is a graduate of Addis Ababa University, Faculty of Business and Economics where she completed both her Bachelor in Economics and Masters Degree in Economics. She recently completed Masters in Development Evaluation and Management at Institute of Development Policy and Management, University of Antwerp. Eden worked in the insurance industry prior to joining iDE in 2008 where she has occupied a number of roles including Monitoring and Evaluation (M&E) Officer, Monitoring and Evaluation and New Business Development Coordinator, and now in Water, Sanitation and Hygiene (WASH).

Richard Rose, Technology Portfolio Manager,
iDE Bangladesh

Richard has been Technology Portfolio Manager with iDE in Bangladesh for 3 years. This role involves supporting private sector organisations to develop and deploy inclusive business models for technology commercialization in the agricultural sector. Richard has led programmes of work supported by DFID, USAID, CIMMYT, ACIAR and SDC is currently technical lead for the EU-funded Agriculture and Nutrition Extension Project (ANEP) in Bangladesh and Nepal. Richard has 7 years experience in delivering practitioner capacity-building activities in the development sector. He has developed experiential learning training programmes including the BURA Regeneration Training Programme (2008-10, UK), Planning for Non-Planners (2009-10, UK), and the Market Systems Analysis Training (Myanmar; Bangladesh, 2012-present). He holds an MSc in Urbanisation and Development from the London School of Economics (LSE).
Business Modeling Training for the FACASI Project

29-30 March, 2013
Arusha, Tanzania
**Overall Objective**
- Understand the business drivers for scaling up 2WT-based technologies for CA to small-holder farmers

**Specific Objectives**
- Understand and apply a market systems methodology through conducting a qualitative market assessment of local supply chains for 2WT-based technologies;
- Understand the roles of relevant market actors, including local service providers (LSPs), ancillary services providers (such as mechanics), and the role of actors in the enabling environment (such as government);
- Identify interventions in market systems using a basic intervention identification framework;
- Understand and apply a basic business modeling tool to conceptualize agricultural services based upon real-life contextual information: “who does and who pays”;
- Apply business model learning within the wider FACASI Program.
<table>
<thead>
<tr>
<th>Day 1</th>
<th>Day 2</th>
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<tbody>
<tr>
<td>**Session 1 – Intro &amp;</td>
<td>**Session 1 – Analyzing</td>
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<tr>
<td>expectations**</td>
<td>business models**</td>
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<tr>
<td><em>Prepare for 2WT operator</em></td>
<td><em>Extrapolate business models</em></td>
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<tr>
<td>**Session 2 – Learning how</td>
<td>**Session 2 – Learning from</td>
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<tr>
<td>business works**</td>
<td>business models**</td>
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<tr>
<td><em>Interview with 2WT operator</em></td>
<td><em>Clarify learning points</em></td>
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<tr>
<td>**Session 3 – Analyzing</td>
<td>**Session 3 – Application in</td>
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<td>business models**</td>
<td>FACASI**</td>
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<tr>
<td><em>Using the iDE ILA Framework</em></td>
<td><em>How learning points affect role</em></td>
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<tr>
<td>**Session 4 – Introducing</td>
<td>**Session 4 – Presentations and</td>
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<tr>
<td>business models**</td>
<td>wrap-up, closing remarks**</td>
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<tr>
<td><em>Learning from FAO experiences</em></td>
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</table>
Four stages of business model development

1. **Analysis**
Through quantitative literature review and qualitative market investigation – ‘following the lead’ and triangulating market information

2. **Identification of Solutions**
Identifying solutions which can realise systemic changes in the target markets in which we intervene using Intervention Logic Analysis (ILA) Framework

3. **Business Modelling**
Identifying the specific business models which could exist to provide the particular service identified as the focus for interventions

4. **Deal-Making**
Negotiating and clarifying the roles and responsibilities, ensuring that incentives are aligned towards strengthening the identified service
<table>
<thead>
<tr>
<th>Programme</th>
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<tbody>
<tr>
<td><strong>Day 1</strong></td>
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<tr>
<td><strong>Session 1 – Intro &amp; expectations</strong>&lt;br&gt;Prepare for 2WT operator</td>
</tr>
<tr>
<td><strong>Session 2 – Learning how business works</strong>&lt;br&gt;Interview with 2WT operator</td>
</tr>
<tr>
<td><strong>Session 3 – Analyzing business models</strong>&lt;br&gt;Using the iDE ILA Framework</td>
</tr>
<tr>
<td><strong>Session 4 – Introducing business models</strong>&lt;br&gt;Learning from FAO experiences</td>
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</table>
Session 1 – Preparation for interview with 2WT Company Owner

**TASK**

Using the Guidance Document provided formulate some questions to ask the 2WT company representative in the next session, focusing on understanding the problems and solutions faced by the company. See if you can get information related to the question areas above. Clarify these with your group.

**Intervention Identification**

1. Analysis
2. Identification of solutions

**Intervention Development**

3. Business Modelling
4. Deal Making
Session 2 - Learning how business works

Intervention Identification

(1) Analysis
(2) Identification of solutions

Intervention Development

(3) Business Modelling
(4) Deal Making
Session 3 – Analyzing how business works

TASK
Using the Guidance Documents provided complete the ILA Framework

Intervention Identification

(1) Analysis
(2) Identification of solutions

Intervention Development

(3) Business Modelling
(4) Deal Making
How to intervene: Intervention Logic

Asking the right questions…
1. What do the farmers need?
2. What are the underlying causes?
3. Who can deliver the solutions?
4. What services need to be strengthened or established?
5. What other factors impact upon the service?
6. What interventions are necessary?
Session 4 – Introducing business models

PRESENTATION
FAO Experience on business modelling

Intervention Identification
(1) Analysis
(2) Identification of solutions

Intervention Development
(3) Business Modelling
(4) Deal Making
Critical Dimensions of a Value Chain

- Inputs
- Production
- Processing
- Retailing

Product Flow

Financial Flow

Information Flow

Incentives and Governance
Inclusive Business Model Approach
FAO contribution to Value Chains Methodology
-- an introduction --

Session 4

FACASI
Training Course in Business Modeling
Arusha, Tanzania, 29-30 March
Purpose of this presentation

• Clarify what we understand under a business model
• Explain why it is been applied in development work
• Provide examples
• Explain how the IBMA is applied and try it...
Content

• Simple Definition
• Rationale
• Principles
• Types of grower-buyer/farmer-market business models
• Services and Business Models in CA
• Introduction to exercise
Simple definitions

The business model is how a company organizes to generate revenue and sustain itself.

Business Models raise questions related to innovation, entrepreneurship, organization, marketing and strategic management.

An inclusive business is a business that, keeping its for-profit nature, contributes to poverty reduction through the inclusion of low income or small scale producers in its value chain.
Rationale for IBMA
Rationale for supporting Business Models

• Reduce over reliance on multi-stakeholder participatory approaches
• Focus first on key Value Chain problems
  – Enhance reliability of raw material supply
  – Enhance competitiveness of agribusiness buyer
• Empower real development drivers
  – Business managers know their markets
  – SMAEs create value, buy products, generate jobs
• Mainstream business thinking
Principles
Foundations of Sustainable Models

- Organized & empowered farmers
- Receptive business sector
- Facilitating policy sector
- Partnership facilitator
# Must Be a Business Case for Working with Small Farmers

## Business Reasons

- Smallholders’ comparative advantage (premium quality)
- Securing supply
- Access subsidized inputs
- Corporate responsibility
- Community goodwill
- Politics

## Costs and Risks

- Product quantity, quality, consistency, safety
- Traceability & compliance with standards
- Loyalty and fulfilment of commitments
- Negotiation, coordination and communication
Inclusive Business Models

Small farmers are increasingly tied to markets and agro-industries through business linkages and alliances with each other and with other value chain stakeholders.

There are many models of business linkages, but three relevant for small farmers:

- producer organisation model
- buyer driven model
- intermediary model
Producer-Buyer linkages in VC

Institutional environment (laws, regulations, etc.)

Financial and Information flows

Inputs <-> Production <-> Buyer or Processing <-> Distribution <-> Consumption

Physical flows

Supporting services
1. Producer-driven models

- Specific marketing cooperatives are rare
- Other coops have poor track record
- Reluctance of agribusiness to work with coops
- Coops need professional management but this requires large-scale operations
- Isolated examples of successful lead farmers
- Examples from Kenya or Tanzania?
2. Buyer-driven models

• Aim to “cut out the middleman” and guarantee supply
• Some promising cases in horticulture of buyers working directly with farmers
• Numerous contract farming examples for export crops
• Widely used in the seed industry
• Some experiences with food crops
3. Models driven by intermediaries

- Can avoid high transaction costs
- In Asia supermarkets tending to procure through established wholesalers and other intermediaries
- Upgrading by traditional traders
- Specialized intermediaries to supply supermarkets beginning to develop
- Close links with farmers
  - sharing of information (including on costs and prices)
  - input support
### Typical organisation of smallholder production

<table>
<thead>
<tr>
<th>Type</th>
<th>Driver</th>
<th>Objective</th>
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<tbody>
<tr>
<td>Producer driven</td>
<td>Small-scale producers themselves,</td>
<td>• new markets</td>
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<tr>
<td></td>
<td>i.e. ECTAD, CPGC</td>
<td>• higher market prices</td>
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<td></td>
<td>Large farmers</td>
<td>• stabilize market position</td>
</tr>
<tr>
<td>Buyer driven</td>
<td>Processors</td>
<td>• extra supply volumes</td>
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<td></td>
<td>Exporters</td>
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<td></td>
<td>Retailers</td>
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<tr>
<td>Intermediary driven</td>
<td>Traders, wholesalers and other</td>
<td>• supply more discerning customers</td>
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<td></td>
<td>traditional market actors</td>
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<td></td>
<td>NGO’s and other support agencies</td>
<td>• ‘make markets work for the poor’</td>
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<tr>
<td></td>
<td>National and local Governments i.e.</td>
<td>• regional development</td>
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<td>WNFZ/RCO and WUNA</td>
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</table>
Overview of the FAO IBM approach
Implementation Steps

1. Characterization of business model - how the actors are currently doing business (business)

2. Identification of the critical success factors (CSF) that are particularly valued by buyers and end consumers (by business partners!)

3. Develop plan for upgrading business model including financial plan (who does it?)

4. Identify sub-set of activities that project can support without distorting viability, unduly subsidizing, undermining sustainability
Characterization of Business Model

1. Product: products sold, differentiation
2. Product flow and distribution
3. Clients: clients, numbers, why buy
4. Resources and capacities base
5. Activities: production, transformation, etc.
6. Key partners and collaboration
7. Costs and revenue
8. Expectations
Critical success factors

• Critical Success Factors (CSF) are the most important factors affecting buyer decisions and satisfaction with chain products and services

• Examples
  – price, quality, delivery reliability, conformance to specifications, packaging, safety, perishability

• Triangulation interviews with producers and buyers
Comparing Views of Buyers and Producers

- Quantity
- Price
- Delivery Time
- Consistency of Supply
- Flexibility

Producer's Perception vs. Buyer's Perception
Intervention areas
Illustrative intervention areas

• Managing the business strategically
  – Training in business, financial management and marketing skills
  – Train in bulk buying, collective marketing, post-harvest storage and handling
  – Appraise financial institutions and support loan applications
  – Introduce switch to re-usable items
Illustrative intervention areas

- Improve business to business coordination
  - Information mechanisms to improve transparency
  - Workshops to identify bottlenecks and better understand on each other’s role
  - Strategic plans for management of chain operations
  - Training in negotiating skills and developing contracts
Illustrative intervention areas

• Responding to customer needs
  – Market appraisal and surveys
  – Train in good agriculture practices and post-harvest and handling
  – Train in agro-processing and value addition
  – Train in standards and certification processes
  – Develop product quality and safety grading systems
Exercise
Services and Business Models in CA

- Institutional environment (laws, regulations, etc.)
- Financial and Information flows
  - Importers
  - Dealers
  - Manufact.
  - Contractors
  - RurServPro
  - Farmers
  - Markets
  - Buyers
  - Consumption
- Physical flows
- Supporting services (financial services!)
Critical Success Factors

- Critical Success Factors (CSF) are the most important factors affecting buyer decisions and satisfaction with products and services.
- Find CSFs for buyers of 2WT and related services.
- What is the most important and deciding factor for the buyers (contractors/RSP) to purchase a 2 wheel tractor?
- Two groups:
  - What do the dealers think?
  - What do the service provider decide?
- a) discuss CSF, b) rank CSF for importance (1 to 5, with 5 being most important)
Session 1 – Analyzing business models

Model 1
- Service market / provider
- Farmer / Producer

Model 2
- Service market / provider
- Service market / provider
- Farmer / Producer

Model 3
- Service market / provider
- Service market / provider
- Service market / provider
- Farmer / Producer
Session 1 – Analyzing business models

**TASK**
Using Guidance Document 3 and the FAO materials provided - Develop business models for the intervention you propose, detailing the flow of services/products/money and the key PSAs involved. Choose the business model you believe would be most effective in practice. Explain how you would encourage the scale-up of this business model.

<table>
<thead>
<tr>
<th>Intervention Identification</th>
<th>Intervention Development</th>
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</thead>
<tbody>
<tr>
<td>(1) Analysis</td>
<td>(4) Deal Making</td>
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<tr>
<td>(2) Identification of solutions</td>
<td>(3) Business Modelling</td>
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</table>
Session 1 – Analyzing business models

**Expansion Strategy**

1. Increase the number of farmers reached with the existing partner

2. Encourage additional partners to use the piloted business model or an adapted version

3. Work through an intermediary, higher-level, network to promote use of the business model

**Related Business Model**
Session 2 – Learning from Business Models

**TASK**

Discuss in two groups (Kenya and Tanzania)
- **What are the key elements for business modelling?**
- **Why are these elements necessary for supporting the private sector?**
- **What are the take-aways, learning points, and tips?**
Session 3 – Application in FACASI

**TASK**

Using Guidance Document 4, the project document, and any other relevant materials – build upon your list of take-aways, to consider the applicable areas for your role in FACASI, and the strategies for implementing these. Discuss with your partners in the group and prepare a short presentation for the next session.

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**Intervention Identification**

1. Analysis
2. Identification of solutions

**Intervention Development**

3. Business Modelling
4. Deal Making

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**FACASI**
## Session 3 – Application in FACASI

<table>
<thead>
<tr>
<th>Role/ responsibility in FACASI</th>
<th>Applicable Tips</th>
<th>Strategies for implementation</th>
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Session 4 – Presentations and Wrap-up

**TASK**

Present session learning in FACASI to the group your finding and strategies for applying

- **Intervention Identification**
  - (1) Analysis
  - (2) Identification of solutions
  - (3) Business Modelling

- **Intervention Development**
  - (4) FACASI
Session 4 – Presentations and Wrap-up

Areas for further clarification...?

Intervention Identification

(1) Analysis
(2) Identification of solutions

Intervention Development

(3) Business Modelling
(4) FACASI
Key Question Areas Guideline

March, 2013

**Purpose**

Considering what information you want to attain from private sector actors (PSAs) prior to contact sessions ensures that interactions are efficient, and helps build trust and respect as the development partner appears ‘informed’ for the meeting. Generally, it is recommended that a more detailed literature review is conducted to understand the profile and dynamics of the overall sector the PSA operates in, and which the project or development initiative is seeking to impact. As there is insufficient time for a full literature review during the Business Modelling Training, much of this information will be extracted from the interaction with the 2WT company representative in the next session. Therefore this document outlines some key areas in which questions can be formulated in to maximise the effectiveness of the session.

**Question Areas**

Some generic question areas include:

<table>
<thead>
<tr>
<th>Question Area</th>
<th>Considerations</th>
</tr>
</thead>
<tbody>
<tr>
<td>Market organisation/competitor</td>
<td>Consider the types and number of actors which operate in this sector; the roles of each actor or type of actor; the mode of relations and exchange between them (for example formal contracts, informal deal-making)</td>
</tr>
<tr>
<td>identification</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Consider the types of services each actor or actor group provides (for example input, production, aggregation, transportation, promotional, informational, storage, processing etc)</td>
</tr>
<tr>
<td>Market performance/competitiveness</td>
<td>Consider productivity growth for the sector; the relative competitiveness of all the actors in the VC; productivity growth, ROI per type of enterprise; the comparative advantages/disadvantages of the sector</td>
</tr>
<tr>
<td></td>
<td>Consider the products or services which bring this competition, the areas on which they compete (price, volume, quality, seasonality etc); also the ‘enabling environment’ factors such as performance of government services, import and export tariffs, and the presence of any market distortions such as monopolies which can affect the VC</td>
</tr>
<tr>
<td>Constraints/opportunities</td>
<td>Consider latent or ‘untapped’ market demand in the sector; value added products; export potential (based upon the current share of imports for example)</td>
</tr>
<tr>
<td></td>
<td>Consider the sector wide (macro) generic problems which constrain the growth of the sector; why these exist and are they pervasive or can they be tackled</td>
</tr>
<tr>
<td></td>
<td>Consider the constraints which typical market actor or actor group faces which limit growth, productivity, and profitability</td>
</tr>
</tbody>
</table>
Literature Review

The profile provides information on the current status and potential of the particular sector. Literature can provide macro-level information, including the GDP contribution, relative size of the sector, production volume etc.; the overall geographical zones of concentration; the potential market demand for the sector, including demand and supply trends (especially useful are immediate past and near future trends); the comparative performance of the sector in other countries; and, importantly, the relative performance and potential of the sector in poverty reduction, identifying who stands to gain from improved performance.

The dynamics provides information on how the sector functions and operates. This can be understood through literature which provides information on the organisation of the sector, including the key actors, the quality and availability of service provision, production volumes and trends, and any changes in sector dynamics which have been experienced recently; the performance or competitiveness of the sector, particularly productivity growth, ROI per type of enterprise, advantages and disadvantages of the sector, and any key factors which have or are influencing competitiveness; and, finally, sector constraints, such as the factors which limit growth, productivity or profitability.

Task

Formulate some questions to ask the 2WT company representative in the next session, focusing on understanding the problems and solutions faced by the company. See if you can get information related to the question areas above. Clarify these with your group.
Intervention Logic Analysis (ILA) Guideline

March, 2013

**Purpose**

The intervention logic is a tool developed by iDE which can be used to design interventions which address the underlying causes rather than the symptoms of poverty. The intervention logic serves as a useful analytical tool to enable the identification of entry points in market systems. The Intervention Logic can be employed to analyze qualitative data following field investigation. The data collection stage will provide a picture of the local subsector and environment which populates stages 1-5 of the intervention logic. Once we have this picture, the Assessment Team can process the information and form interventions for programming in the field.

**Intervention Logic Analysis**

The intervention logic comprises a **seven stage methodology**. Broadly it can be understood as follows: (1) a problem analysis is undertaken to identify the problems currently in the sector; (2) the underlying causes are identified to each of the identified problems; (3) current service provision is mapped and understood; (4) the key factors in the enabling environment are identified; (5) weaknesses in the services are identified through engagement with the local private sector and other stakeholders; (6) interventions are designed to strengthen service market capacity and strengthen the enabling environment for the core service provision; and, (7) activities are designed to deliver the interventions.

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1 ©iDE, 2011
### Developing the Intervention Logic Analysis (ILA)

In order to represent the logic from problem to intervention it is useful to represent the ILA in a table form. The following is a suggested format with an example logical flow.

<table>
<thead>
<tr>
<th>(1) Problem Analysis</th>
<th>(2) Underlying Causes</th>
<th>(3) (4) Services and Enabling Environment</th>
<th>(5) Weaknesses</th>
<th>(6) Interventions</th>
<th>Market Actors</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Problem 1:</strong> Producers’ yields are lower than other comparable areas (low productivity)</td>
<td>Poor access to information</td>
<td>Services</td>
<td>Only one provider of information available to the producers</td>
<td><strong>Intervention 1:</strong> Improve information provision through engaging fertiliser dealers with local farmers’ association to verify information passed on by fertiliser dealers.</td>
<td>Farmers’ associations; fertiliser companies and retailers</td>
</tr>
<tr>
<td></td>
<td>Farmers are risk averse</td>
<td>Financial Services</td>
<td>Financial service providers (micro-finance) do not provide suitable products for agriculture businesses</td>
<td><strong>Intervention 2:</strong> Design financial product suitable for HYV seed procurement and offer commercially through relevant market channel</td>
<td>Local financial services provider; seed retailers</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Export price</td>
<td>Export price fluctuating</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Anticipated government services</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Enabling Environment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Export price fluctuating</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Enabling Environment</th>
</tr>
</thead>
<tbody>
<tr>
<td>No Intervention feasible</td>
</tr>
</tbody>
</table>
**Task**

Using the format outlined above complete the ILA for your field of investigation. Use the following supporting documents to help you:

1. ILA Step 1: Problem Analysis Guidelines
2. ILA Step 2: Underlying Causes Analysis Guidelines
3. ILA Steps 3&4: Services and Enabling Environment Analysis Guidelines
4. ILA Step 5: Weaknesses Guidelines
5. ILA Step 6: Designing Interventions Guidelines
ILAS1:PA

ILA Step 1: Problem Analysis Guideline

March, 2013

Purpose

The problem analysis seeks to define the issues which are currently affecting the performance of the value chain or market system being investigated. Problems should be relevant (directly or indirectly) to the particular actors which the project or action seeks to support, for example potato producers in a remote location or local female product vendors. The problems can exist in the core value chain (the movement of the good or product), or in either the supporting functions (services) or enabling environment which affect the core value chain. The problems are the direct issues which the actors in the market have to contend with and can be identified through triangulation of information in field investigation.

Problem Analysis

<table>
<thead>
<tr>
<th>Methodological Step</th>
<th>Purpose</th>
<th>Key Issues</th>
<th>Output</th>
</tr>
</thead>
<tbody>
<tr>
<td>Problem Analysis</td>
<td>To identify the key problems in the VC or market system</td>
<td>Describes the problems faced by target beneficiaries and other market actors which have a bearing on their performance. Problems are the direct issues faced and can be general or specific depending upon the context</td>
<td>List of problems experienced by the market actors as identified through field investigation. Completion of first section of the ILA table.</td>
</tr>
</tbody>
</table>

Task

List the problems which were highlighted through the interview. Complete the first section of the ILA.

Top Tip!

It is important not to confuse problems with their causes (this is the next analysis) and therefore problems must be understood as the most basic issue which is being experienced. For example, farmers may express that poor rains mean that productivity is low. The problem here is not poor rain but rather low productivity, which may have another ‘underlying cause’ such as access to technologies such as fertilisers and irrigation equipment for example.
ILA Step 2: Underlying Causes Analysis Guideline

March, 2013

Purpose

Identified problems are often symptomatic of wider systemic issues, or underlying causes, in the market. Therefore, in order to deliver a result which will strengthen the market system sustainably rather simply alleviate these issues temporarily, it is crucial to understand the underlying causes of these issues prior to devising solutions. To understand this, it is necessary to examine the issues more closely and ‘dig deeper’ to understand the root causes of the problems, this is the ‘why?’ question which be asked constantly throughout field investigation. The underlying causes must be deduced through analysis of verified and triangulated information from the field. It is important to try to ‘project back’ until the root cause of the problem is identified – this can be at least two or more levels in analysis of the problems.

Digging deeper

An example for primary producers experiencing low productivity could be due to the poor application of fertilisers to their crops and poor take up of technology. However, it is necessary to deeper into the causes of these problems in order to find the root cause – why don’t they apply fertilisers correctly? Why are they not adopting technology? Only through establishing the root cause of the problems can interventions be designed to tackle the systemic problems and strengthen the system.

<table>
<thead>
<tr>
<th>(1) Problem Analysis</th>
<th>(2) Underlying Causes</th>
</tr>
</thead>
</table>
| **Problem 1:** Producers’ yields are lower than other comparable areas | **WHY?**
  *Underlying Cause level 1* (identified through field investigation) – yields are lower due to poor application of fertilisers and lack of adoption of high yielding variety (HYV) seeds  
  **WHY?**
  *Underlying Cause level 2* – poor application of fertiliser is due to poor access to information (poor government extension coverage in the area and single source of information is fertiliser dealer). HYV seeds available but farmers prefer to store and use their own seeds from previous year’s harvest.  
  **WHY?**
  *Underlying cause level 3* – Farmers are risk averse and prefer to store seeds as part of a risk mitigation strategy, as they may use them for consumption in the winter months.
### Underlying Causes Analysis

<table>
<thead>
<tr>
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<th>Key Issues</th>
<th>Output</th>
</tr>
</thead>
<tbody>
<tr>
<td>Underlying Causes Analysis</td>
<td>To understand the root cause of why the problem is occurring</td>
<td>Describes the reasons why the identified problems are occurring. May be necessary to go through 2 or more levels of analysis to find the root cause. All analysis must be logical and may require some additional field investigation to test hypotheses.</td>
<td>List of underlying causes which explain the phenomena of problems identified in the field. Completion of second step of the ILA format.</td>
</tr>
</tbody>
</table>

### Task

In your groups please complete the Underlying Causes section of the ILA format for the problems you have identified.

**Top Tip!**

*It is sometimes useful to draw a flowchart for the underlying causes to show the logical progression to the identified problem.*
ILA Steps 3 & 4: Services and Enabling Environment Analysis Guideline

March, 2013

Purpose

In order that interventions by systemic (driven by market actors in the system) and to avoid market distortion or duplication of activities by the development intervention it is important to map and understand current service provision in the market. This service analysis seeks to identify the services which are being provided and where weaknesses may lie in current provision, in particular those related to the underlying causes to the problems identified. The service analysis builds upon the market map developed in the field investigation stage. It is important to identify the service first and foremost rather than the individual market actors (as other market actors may be able to provide these services even though they are not doing so at present). The enabling environment represents the wider factors which exert an effect upon the operation of the market system or value chain. While at the macro-level these can often be beyond the remit of local development interventions to tackle, there may be areas such as local norms or the local socio-political context which interventions should be mindful of when intervening.

Service Analysis and Enabling Environment

<table>
<thead>
<tr>
<th>Methodological Step</th>
<th>Purpose</th>
<th>Key Issues</th>
<th>Output</th>
</tr>
</thead>
<tbody>
<tr>
<td>Services Analysis</td>
<td>To identify the key services which effect the operation of the VC in relation to the identified underlying causes</td>
<td>Describes the services which are required for the effective operation of the VC. These may be already existing in the system or may need to be created through interventions</td>
<td>List of services related to the underlying causes of the identified problems. Completion of Step 3 section of the ILA format</td>
</tr>
<tr>
<td>Enabling Environment Analysis</td>
<td>To identify the key enabling environment factors which affect the VC in relation to the identified underlying causes of a particular problem</td>
<td>Describes the enabling environment factors which affect the VC particularly in relation to the identified underlying causes. These can be large ‘macro’ issues or highly specific to the local context</td>
<td>List of enabling environment functions. Completion of Step 4 of the ILA format</td>
</tr>
</tbody>
</table>
**Task**

In groups use your Market Map to identify the key services and enabling environment factors which have an effect upon the underlying causes for each problem identified. List these in your ILA format table.

<table>
<thead>
<tr>
<th>Task</th>
<th>In groups use your Market Map to identify the key services and enabling environment factors which have an effect upon the underlying causes for each problem identified. List these in your ILA format table.</th>
</tr>
</thead>
</table>

**Top Tip!**

*Services are general and are not to be confused with service providers. In some cases there are very clear service providers, such as ‘farm inputs supply’ will clearly in most cases be through input retailers, however for others the service may be ‘embedded’ in a number of service providers, for example ‘market information’ might reach farmers through radio broadcasts, telephone exchanges with contacts at the market, or through interactions with traders at the farm level. It is important to make this distinction as often interventions call for new ways to supply services in the VC and we must not limit our thinking to existing service providers.*
ILA Step 5: Weaknesses Analysis Guideline

March, 2013

**Purpose**

Further to identifying the relevant services and enabling environment factors, analysis can now focus upon the relative performance of these services/ enabling environment factors – why they are not achieving the results envisaged in the *Vision of Change*. The provision of these services or the influence of the enabling environment (by whichever actor may be providing them) must have some systemic weaknesses which prevent them performing well for the target group. The weaknesses may be that a service or enabling environment factor is either underperforming or non-existent in the market system. These can be deduced through analysis of the field data and, if required, follow up field investigation. It is important that these weaknesses are identified in order that interventions can be designed to tackle them and strengthen the value chain or market system.

**Weaknesses**

<table>
<thead>
<tr>
<th>Methodological Step</th>
<th>Purpose</th>
<th>Key Issues</th>
<th>Output</th>
</tr>
</thead>
<tbody>
<tr>
<td>Weaknesses Analysis</td>
<td>To identify the areas in which the services can be improved</td>
<td>Describes the weaknesses in the services and enabling environment which are negatively affecting the operation of the value chain or market system.</td>
<td>List of weaknesses for key services or enabling environment factors. Completion of Step 5 of the ILA format.</td>
</tr>
</tbody>
</table>

**Task**

In groups list the weaknesses of the key services and enabling environment factors which are affecting the operation of the value chain. Complete Step 5 of the ILA format.

**Top Tip!**

*When identifying weaknesses, refer to the Vision of Change as a benchmark for how the VC or market system could function effectively. Ask WHY the services and/or enabling environment factors are either not operating well or not reaching the target groups.*
ILA Step 6: Designing Interventions Guideline

March, 2013

Purpose

Interventions can now be designed to strengthen the weaknesses in the current offer of service provision in the market system. These interventions can now be targeted at specific market actors or groups of market actors which can be engaged to drive the change in the system. Decisions must be taken regarding which market actors are best placed to deliver the required change, as a rule of thumb it is generally considered to be more sustainable for market actors (incentivised by business) to deliver services rather than projects or NGOs (temporary) or government (often driven by perverse incentives, lack of customer orientation). Interventions should identify the action being taken to alter the current operation of the underperforming VC or market system, and should be clear and specific. Activities can be outlined in the next section. For example, when

Designing Interventions

<table>
<thead>
<tr>
<th>Methodological Step</th>
<th>Purpose</th>
<th>Key Issues</th>
<th>Output</th>
</tr>
</thead>
<tbody>
<tr>
<td>Designing Interventions</td>
<td>To identify the actions which can be undertaken to strengthen the VC or market system</td>
<td>Describes the key actions which alter the current modality of the VC or market system to the to make it function more effectively</td>
<td>List of Interventions. Completion of Step 6 of the ILA format.</td>
</tr>
</tbody>
</table>

Task

Now consider the interventions which are necessary to strengthen the operation of the value chain or market system and achieve the outcome envisaged in the Vision of Change. Complete Step 6 of the ILA format.

Top Tip!

Don’t confuse activities with interventions. Interventions are the overall actions which change the way the current VC is functioning. Activities refer to the steps required to achieve the interventions, many of which may be large and important in themselves, but which nevertheless contribute to the delivery of the overall intervention. An example for the problem of: Farmers’ groups do not have access to finance could be:

**Intervention:** Facilitate access to finance for Farmers’ Groups

**Activities:** 1. Analyse limiting factors for FGs; 2. Liaise with potential FSPs; 3. Agreement with FSP to develop loan product; 4. Development of loan product; 5. Promotion of the loan product to FGs; 6. Disbursement of loan product to FGs; etc
Farm Mechanization and Conservation of Agriculture for Sustainable Intensification (FACASI) Project

Training on Business Modelling
Arusha, Tanzania, 29-30 March

Session 4. Background note:

FAO promoted “Inclusive Business Model Approach”(IBMA)¹

One of the many innovative features of the FACASI project is the support that will be provided for strengthening and developing business models. More specifically, business models that are inclusive of importers, dealers and manufactures of two-wheel tractors and appropriate implements to be used in Conservation Agriculture (CA) production systems, and the buyers of the machinery, i.e. contractors and other rural service providers. The final beneficiaries of the interventions are farmers applying CA and using or hiring CA appropriate machinery. In other words, through developing of “inclusive business models” and complementary capacity building of dealer and service providers, the project will ensure that the support provided for CA promotion leads to benefits for smaller scale farmers rather than leads to their marginalization. The actions to support development of inclusive business models are similar to but not the same as value chain development, this write up has been prepared as a handout to the training provided to dealers, NGO, research and government experts at the FACASI inception workshop to provide guidance to project implementers on the business models concept and implementation steps.

The FACASI project is innovative in nature. Due to the lack of experiences with machinery input services, this guidance note provides an examples which focuses on grower-buyer business models in a food crop value chain! It is expected that this will be updated during the course of the project with focus on the projects target group.

¹ This note is based on a write-up prepared for projects promoting the business model approach by Doyle Baker, Principal Advisor, Rural Infrastructure and Agro-industries Division (AGS), FAO Rome,
Rationale

Small farmers and processors are tied to markets and agro-industries through business linkages. There are many models of business linkages, some driven by producers, some by buyers and some supported by intermediaries including NGOs. The nature of the business model critically impacts on how value is created, captured or shared by farmers, SMAEs and other chain actors. It is therefore important to establish inclusive, equitable and sustainable business models for farmers and SMAEs. Moreover, a strong farmer-buyer relationship is the foundation on which commercially viable business models can be developed to supply food products that meet customers’ requirements in terms of quantity, quality and price.

Overview of the Approach

The output on inclusive business models will focus on facilitating improvements in the business and operational processes between the farmer and their agribusiness buyers in order to improve the efficiency of their joint business model and responsiveness to their to downstream customers. These business models and actions needed to improve or upgrade performance of the models are therefore context, business and farmer group specific.

The development of inclusive business models starts with informal consultations, undertaken to identify entrepreneurs (firms or commercially oriented cooperatives) that have a good sense of their markets and are convinced that they could tap excess demand if they can develop supply channels with smaller scale suppliers. The consultations also serve to identify circumstances in which the suppliers might be assisted in value addition innovation and/or enterprise diversification so that their intensified involvement is a specific food chain is unlikely to undermine their livelihoods security.

When promising circumstances are identified during the consultations, the next step is to provide a small contract for the partner (the firm or cooperative), or a facilitating business service organization (e.g. RUDI), working in partnership with the representatives of the suppliers to undertake set of diagnostic and planning exercises that will lead to clear identification of the business model and a “business proposition” to improve the supplier-buyer relationship in such a way that the profitability and sustainability of the joint business models is enhanced.

The analysis and business planning process follows three steps:

1) **Characterization of the current business model.** This characterization covers the following:
   - products: the products sold, anything that differentiates the products from the rest of the market (e.g. low price, good quality), any actions on future product development
   - product flow and distribution: the process for distributing products to buyers
   - clients: types of clients (market buyers, hotels, individual), numbers, and why they buy the produce
• competence, resources and capacities base: resources required to produce and add value (land, processing machinery, storage facilities, skills, knowledge) and the activities and processes key for the organizations’ operations
• activities: the key activities required for business (e.g. planting, production, harvesting, sale, marketing)
• key partners and collaboration: the types of relationships that the organization has with its buyers, suppliers, service providers; what are the motivations and disincentives for collaborating or not
• costs and revenue: rough estimates of the businesses costs and profits generated
• expectations: expectations of stakeholders; what strategies do they have to increase profits and market share; enter into a new market, consolidate an existing market, etc.

2) Identification of consumer critical success factors (CSFs). The CSFs are what customers particularly value when buying food products. CSFs often include consistency of supply, quality and variety of produce, compliance with global standards, brand/origin preference, environmental or social features, e.g. organic or fair traded. CSFs may vary according to the different market segments the business or cooperative supplies, for instance, fresh produce markets, export traders, hotels, supermarkets and fresh markets. The organizations would be expected to contact their consumers in order to identify the CSFs and to discuss performance of the business with respect to the CSFs. The agribusiness partners also would identify their CSFs vis-à-vis their suppliers (the small farmers or processors) and discuss these with their suppliers.

The information on the business models (first step) and the consumer success factors is discussed at a roundtable involving the business customers, suppliers, service providers etc. in order to identify and rank the critical success factors, and consider potential upgrading strategies to improve supplier-buyer relations and their joint performance in meeting the success factors of their downstream consumers.

3) Preparation of the business proposition. Based on results of the roundtable discussions, the partners (producers, buyers) or facilitating organization would design a “business proposition” on how to upgrade their business model. The proposition would identify:
• the innovations that represent a departure from the existing model and supplier-buyer relationship, as well as the potential benefits and sources of revenue for each party;
• upgrading activities that will improve the competitive advantage for the suppliers and buyers and increase the volumes of produce procured from the small farmers and/or processors;
• a financial plan that costs each of the activities to be supported under the upgrading strategy and could be used as basis for mobilization of financial resources.

The consultations and preparation of the business propositions and upgrading strategies can move ahead quickly, with most if not all the work for ten or more models completed during the inception phase of the project. By the end of the inception phase, clear strategies and priorities
should be established on the support activities that the project might provide to reinforce producer-buyer partnerships in specific location.

As to the types of activities that might be supported in one or two follow up “mini” contracts, the principle to be followed is that the project might provide support for business software (planning, consultation, training, facilitation, negotiation, exchange visits, advocacy, conflict resolution) but – in most cases – for not hardware (inputs, equipment, money). Since the dividing line is not always so clear in practice, an illustrative checklist of potential areas of support that might or might not be acceptable for eventual support will be provided to the project team and potential partners to provide guidance and help ensure that there are not unrealistic expectations about unsustainable project financial support.

**Motivations for Business Models Development**

Business models cannot be developed for all producers and buyers in all parts of the country or even in many reasons. There are nevertheless three main reasons for provision of support for inclusive business models development in the context of a broader food systems development project. These include the following:

- desire and need to demonstrate specific benefits for specific populations in specific locations;
- finding from many case studies that building sound and reliable supplier-buyer relationships is critical to inclusive food chains and food systems development;
- belief that building back from business is in many cases a more sound strategy than building supply and then looking for business outlets.

Development of inclusive business models is an important, focused activity that contributes to food chains development, but it is distinct in approach and in purpose. Food chains development appraises and addresses interorganizational links and relationships along entire chains that are necessary to deliver a product to the consumer. In most applications, food or value chains work in developing countries has been undertaken to provide public and private planners and decision makers with information on the critical points that are instrumental in creating value along a food chain and guidance on public-private collaborative efforts that can help improve competitiveness in the chain. Governments and donors also use value chains analysis to examine constraints in the enabling environment.

While food chains development takes a macro perspective of a single entire chain, the inclusive business models approach focuses on addressing the specific constraints that affect producer-buyer relations, constraints that often lead business partners away from working with small farmers and processors. The inclusive business models approach has promise as an area of public sector services provision because transaction and implementation costs are lower compared with full value chains analysis and development, and scarce resources can be focused on circumstances where there are high likelihoods of quick gains for farmers and their buyers (so called, “low lying fruit”).
Analyzing Business Models Guideline

March, 2013

Purpose

The identification of interventions provides the context for the development of appropriate business models. The main objective of the business modeling exercise is to identify different ways of how service provision can work. The business model can be shown in diagrams detailing how the various market players operate together in satisfying the supply and demand for a given service, with (as in the example below) different arrows representing either the flow of products or services that are provided, or the money flows between different actors.

The existing market players in the sector will have a huge influence on how the business model will function. Therefore it is important to identify wider market actors which have an influence on the operation of the core supply and demand relationships in the business model(s) outlined.

Scale-up of the business model

It is important to consider the scale-up during the design of your business model. Scale is usually reached by either including more consumers in the current business model or replicating the business model with different partners. In both cases a deal has to be made how the project will support the scale-up, with a clear exit strategy in mind. During the pilot of the business model

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1 Adapted from: Introducing Market Development Indonesia (IMDI), Developing a Business Model Guideline (no 17) (Swisscontact, 2013)
however it is not necessary to have a detailed scale-up strategy. There are five key steps which can be followed as a guide to developing business models.

**Steps**

<table>
<thead>
<tr>
<th>Methodological Step</th>
<th>Purpose</th>
<th>Key Issues</th>
<th>Output</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. <strong>Create an overview of current market players</strong></td>
<td>To establish who are the stakeholders in the business model are</td>
<td>Inclusion of all partners</td>
<td>List of all the market players</td>
</tr>
<tr>
<td>2. <strong>Establish the flow of products / services</strong></td>
<td>To ensure the product / service reaches the poor / farmer producer</td>
<td>Inclusion of poor farmers / producers</td>
<td>Overview of the products / services that will be provided</td>
</tr>
<tr>
<td>3. <strong>Establish the flow of money</strong></td>
<td>To ensure each market player has an incentive to be part of the business model</td>
<td>Ensure incentives for market players</td>
<td>Overview of the flow of money in the business model</td>
</tr>
<tr>
<td>4. <strong>Draw the business model</strong></td>
<td>To show how the market players work together to ensure service delivery</td>
<td>Showing the different products, information and money flows between the actors</td>
<td>A graphical representation of the intervention strategy</td>
</tr>
<tr>
<td>5. <strong>Determine possible scale-up strategies</strong></td>
<td>To ensure scale can be reached</td>
<td>The number of farmers reached</td>
<td>Suggestions for a scale-up strategy after a successful pilot</td>
</tr>
</tbody>
</table>

**Task**

Develop business models for the intervention you propose, detailing the flow of services/ products/ money and the key PSAs involved. Choose the business model you believe would be most effective in practice. Explain how you would encourage the scale-up of this business model.

**Top Tip!**

*It is recommended in practice to work on the final business model together with the private sector actor that is envisaged as the driving force behind the change. They will have a good understanding what will and will not work in the market. Their input can prevent costly mistakes and support in reaching a bigger impact.*

*Actors in a business model should always be connected by at least one incoming and one outgoing arrow: (1) for the products and services they provide and (2) for the income they receive because they provide the products and services. Without an income stream the business model will not be sustainable.*
Application in FACASI Guideline

March, 2013

Purpose

The purpose of the Business Modelling Training is to apply learning from the experience to benefit the FACASI Project. Therefore it is important to reflect on what has been covered over the two days and apply this to your role in the project.

Objectives of FACASI

Objective 2: To test site-specific commercial systems of small-scale mechanization

Output 2.2: New or upgraded business model designed and re-designed

- Focus group discussions with each market actor group to prioritize critical success factors related to actor linkages and supporting services
- Multi-stakeholder roundtables to secure agreement on an action plan for the design of a new business model or the upgrading of an existing one
- Ex ante business study to assess the potential impact of new/upgraded business models (considering the size of the market, profit along the market chain etc.)
- Focus group discussion to ‘demonstrate incentive’ (cost-benefit analysis, net present value, breakeven point) to each group of market actors (including financial institution)
- Annual multi-stakeholder roundtable in each IP to evaluate and refine (if need be) the new/upgraded business model.

Task

Split into Tanzania and Kenya groups. Building upon your list of take-aways, complete the table below in 30mins, then discuss with your partner about what you have learned and how you will use this in FACASI. Now prepare a short presentation for the next session.

<table>
<thead>
<tr>
<th>Role/responsibility in FACASI</th>
<th>Applicable Tips</th>
<th>Strategies for implementation</th>
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<tbody>
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<td>1.</td>
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<td>6.</td>
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<tr>
<td>Etc...</td>
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</tr>
</tbody>
</table>

1 FACASI Project document, p. 27
KEY AREAS HIGHLIGHTED FROM INTERVIEWS WITH COMMERCIAL ACTORS

DAY 1 – Session 2

Learning how business works

- History (companies with different businesses)
- Markets / aspirations / expectations
- Constraints / opportunities
- Competitiveness
- Services / Solutions
- Profitability
- Partnership / seeking help / project support (including real public-private-partnership)
- importance of research / marketing strategy
- Scaling up
- Feedback
- Diversification
<table>
<thead>
<tr>
<th>Problem</th>
<th>Weak Market Outreach</th>
</tr>
</thead>
<tbody>
<tr>
<td>Underlying Causes</td>
<td></td>
</tr>
<tr>
<td>• Low purchasing power of farmers</td>
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<td>• Lack of distribution network of the technology</td>
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<tr>
<td>• Lack of knowledge on use of the technology</td>
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<tr>
<td>• Lack of awareness about the technology</td>
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<tr>
<td>Service</td>
<td>Financial products in the market</td>
</tr>
<tr>
<td>Weakness</td>
<td>Lack of such products in the market</td>
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<tr>
<td>Intervention</td>
<td>Establish a financial product in the market</td>
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</table>
TANZANIA Business Model

GOT

Farmers/processors

Intermec

Farm Implements

Training

F/B

Info

Tzs/info

Tzs/mk

FIMP

Tzs/info

Intermediate Financing Institution

Agro-machinery dealers

Tzs/FB
<table>
<thead>
<tr>
<th>Problem</th>
<th>Lack of spare parts</th>
</tr>
</thead>
</table>
| Underlying Causes | • Poor supply  
• Low willingness to invest in spare parts |
| Service         | Local provision of spares to LSPs |
| Weakness        | No local stockists |
| Intervention    | Engage local manufacturer/ fabricator to make parts |
LEARNING AND TAKEAWAYS

DAY 2 – Session 2

Learning from business models

TANZANIA

Q.1 - What are the key elements for business modelling?
- Problem Analysis/Identification
- Identification of solutions
- Identification of actors and their roles

Q.2 - Why are these elements necessary for supporting the private sector?
- Identify root courses for the problem
- Identification of opportunities that exist
- Provision of services

Q.3 - What are the take aways, learning points, and tips?
- Business modelling is a chain (comment: isn’t it more a system, systemic relationship between the key actors)
- Need to consider distortion(s) in Business Models operations due to political interventions

KENYA

Q.1 - What are the key elements for business modelling?
- Stakeholder congruence of minds
  - trust building
  - partnership
- Communication
  - free flows of information and feedback
  - transparency
- Technical support
- Market projection for the long term
- Clarity of roles – understand the partners
- Capacity building – among key players
- Win-win arrangements – real benefits

Q.2 - Why are these elements necessary for supporting the private sector?
- Private sector may be unwilling to build capacities of end-users – it is profit oriented
- Best builder of/guarantee for sustainability
- Create demand pull for the private sector

Q.3 - What are the take aways, learning points, and tips? And Activities!
- Show a video of CA to key persons
- Include the media – creation of wide spread awareness
- Involve a champion – key public figure (e.g. F Machoka) a CA ambassador

Take aways – KENYA and TANZANIA

- Knowledge in areas to focus for the business to succeed
- Learnt logical steps in creating business models
- Importance of understanding the needs towards engaging every partner
- Deal making is not just about the final contract signing but a holistic approach
Q. Complete the table below. Discuss with your partner about what you have learned and how you will use this in FACASI.

<table>
<thead>
<tr>
<th>Country</th>
<th>Roles/Responsibility in FACASI</th>
<th>Applicable Tips</th>
<th>Strategies for implementation</th>
</tr>
</thead>
</table>
| Kenya   | • CIMMYT & KENDAT – Literature review | • Relevant material on agricultural mechanization  
• Use of machines | • Internet, libraries & country date, government materials, NGOs, ACT  
• Share documents  
• Verification of actual existence and use |
|         | • KENDAT/KARI – interview | • Use business model  
• Participants in the table | • questionnaire |
|         | • KENDAT/KARI – organize round table meetings | • Build trust and relationships | • Dialogue/brainstorming |
|         | • KENDAT/ALL – Critical success FGD | • Understanding the field or context | • Promotional materials, stakeholders presentations  
• Discussion guiders |
|         | • Business model expert of CIMMYT/KENDAT – agreements, actions plan | • What business model to adopt and its content | • Consultative meeting |
| Tanzania| • ACT, SARI, ACT, CIMMYT – Appraisal interviews | • Experience history  
• Identification of key players (importers, TRA, manufacturing of spare parts, MAFC department of MECH)  
• Engage iDE & SEP | • Use established networks  
• Talk to the key players  
• Desktop reporting (universities, libraries, internets, MAFC, research, industrial groups, CAMARTEC) |
|         | • SARI, ACT, SEP, CIMMYT, iDE - interviews | • Identification of key informants (diversity of views and holistic) | • Talk to key informants  
• Develop a check list for FGD |
Business Modeling Training Report
For FACASI Project

March 29 – 30, 2012
Arusha
Day 1:

The training started with brief explanation of the objective of the training and the schedule for two days. The Overall Objective is to understand the business drivers for scaling up 2WT-based technologies for CA to small-holder farmers. Specifically, the training aims at

- Understanding and apply a market systems methodology through conducting a qualitative market assessment of local supply chains for 2WT-based technologies;
- Understanding the roles of relevant market actors, including local service providers (LSPs), ancillary services providers (such as mechanics), and the role of actors in the enabling environment (such as government);
- Identifying interventions in market systems using a basic intervention identification framework;
- Understanding and applying a basic business modeling tool to conceptualize agricultural services based upon real-life contextual information: “who does and who pays”;
- Applying business model learning within the wider FACASI Program.

There were 4 session for each training day. The training schedule for Day 1 consists of sessions for Introduction & expectations, learning how business works Interview with 2WT operator, Analyzing business models using the iDE Intervention Logic Analysis Framework and Introducing business models from FAO experiences. Day 2 is planned to cover sessions for analyzing business models-Extrapolate business models, learning from business model, Application in FACASI and Presentations and wrap-up, closing remarks.

Participants were asked to mention their expectation from the training which are stated as follows

- To learn how we can do business with poor farmers in the bottom of the pyramid
- To learn business concepts
- To learn from successful case studies of CA in other countries
- To learn about the key players in business modeling

Having put their expectation, Rajiv started explaining the four states of business model, Analysis, identification of solution, business modeling and deal making, and linked to what it means in the objective 2 of FACASI. Examples were also used to make these stages more understandable by participants through relating it with daily life business model such as house renting and negotiation taken place to finish early.

Guideline Document was provided to participants that helps to formulate some questions to ask the 2WT company representative, focusing on understanding the problems and solutions faced the by the company. Hence, the next was a presentation made by the private sector from Kenya and Tanzania, Car & General and Inter Mech, respectively. Both companies presented the company profile, challenges and
aspirations. In general, they discussed about market, constraints and opportunities, competitiveness, type of services, aspiration, profitability, partnership, importance of research, scaling, feedback, diversification, market strategies and project support. The learning from this presentation and discussion includes the importance of information exchange between private sector, public sector and projects, the need to build long term partnership and focus, business thinking and undertaking problem identification that targets rural households. A question was raised during the discussion about whether we are working to ensure household security or money. Participants debated on the issue and finally agreed household security is a key in our intervention but money has to invested even to secure their livelihood, thus we need strategies that create access to market for smallholder farmers with active collaboration of private sector. Michael has also given an example of irrigation equipment provided in northern Uganda to farmers and its failure due to political issues and Michael emphases that need for collaboration between stakeholders for increased results.

The next task was to undertake analysis of problem and underlying causes to complete the ILA Framework. The results of the analysis is presented as follows:

<table>
<thead>
<tr>
<th></th>
<th>Kenya</th>
<th>Tanzania</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Problem</strong></td>
<td>• Lack of maintenance service/limited demand</td>
<td>• Limited Market outreach</td>
</tr>
<tr>
<td><strong>Underlying causes</strong></td>
<td>• Too expensive</td>
<td>• Poor purchasing power</td>
</tr>
<tr>
<td></td>
<td>• Low willingness to supply</td>
<td>• Lack of distribution</td>
</tr>
<tr>
<td></td>
<td>• Limited awareness</td>
<td>• Lack of use</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Lack of awareness</td>
</tr>
</tbody>
</table>

The session continued with video of cotton value chain development project of FAO in Kenya. It is observed that there is similarity between problem analysis of iDE and FAO. Then, Heiko presented the Inclusive Business Model of FAO by discussing its definition, the rationale behind, fundamentals and types, implementation steps, how to review the impact, characterization of business model, critical success factors and business models in CA.

Charles asked whether business model has to be managed in group or individually stressing governance issue. It is argued that it can be doing in groups or individually but it needs intensive communication and clear understanding of the model keeping in mind everyone works towards achieving the goal of improving livelihood of farmers. Then, Saidi has shown a video that demonstrate success stories of CA and mechanization produced by ACT.

The final task for day 1 was to undertake complete the ILA Framework by the two country groups. The Tanzanian team put the problem as limited purchasing power, service being access to finance and intervention is provision of financial service. Similarly the Kenyan team identifies lack of spare parts as problem, service being spare part supply creation and intervention is establishment of spare part manufacturing. The group articulated their analysis in as follows:
Day 2:

Rajiv started with reviewing whether we have achieved the specific objectives we have set for the training and review the analysis done by the group. Having reviewed that, the next task was group work on identifying learning outcome of business modeling by focusing on identifying the key elements for business modelling, the reasons why these elements necessary for supporting the private sector and lesson learnt.
The lesson learnt by the team were presented as follows:

<table>
<thead>
<tr>
<th>Indicators</th>
<th>Kenya</th>
<th>Tanzania</th>
</tr>
</thead>
</table>
| Key elements | • Trust building                     
               • Partnership                      
               • Communication (free flow of information and feedback and transparency)  
               • Technical support             
               • Market projection for the long term          
               • Clarity of roles –understand the partners  
               • Capacity building among key players    
               • Win-win arrangements                  | • Problem analysis/identification  
               • Identification of solutions            
               • Identification of actors and their roles |
| Why necessary | • Private sector may be unwilling to build capacities of end users – it’s profit oriented  
               • Best builders/guarantee for sustainability  
               • Create demand pull for the private sector | • Identify root causes for the problem  
               • Identification of opportunities          
               • Provision of services                   |
| Take-away, learning points and tips | • Knowledge in areas to focus for the business to succeed  
               • Learnt logical steps in creating business models  
               • Importance of understanding the needs towards engaging every partner  
               • Deal making is not just about the final agreement signing but a holistic approach | • All chain links are equally important  
               • Need to consider distortions in business model operations due to political interventions |

It is found a difference in thinking in analyzing the learning from business model. Tanzanian thought the steps are the key elements rather the Kenyans thought the principles are the key ones which arises from the difference of in group composition with people from public sector and mix of people from private and public sector. The Kenyans more focus on opportunity and the Tanzanian team focus on ensuring how the process takes place but both views are complementary. Heiko asked how they come up with their analysis to the Kenyan team. The Kenyan team replied that they have reviewed their ILA analysis and look into the key principles.

The following session was to make use of what we have learnt so far and apply it in FACASI. The task was to put their specific roles/responsibility of the participants in undertaking Objective 2 in FACASI, applicable tips and strategies for implementation.
<table>
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<tr>
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• Promotional materials,  
stakeholders presentations  
• Discussion guiders  
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• What business model to adopt and its content |  

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• Identification of key players (importers, TRA, manufacturing of spare parts, MAFC department of MECH)  
• Engage iDE & SEP  
• Identification of key informants (diversity of views and holistic) | • Use established networks  
• Talk to the key players  
• Desktop reporting (universities, libraries, internets, MAFC, research, industrial groups, CAMARTEC)  
• Talk to key informants  
• Develop a check list for FGD  

Rajiv commented on the presentation emphasizing that we need to refer back to the tips and key elements while applying the business model analysis in the FACASI and additionally to follow investigative questionnaire as a strategy. Michael also commented better to not use the term if we are referring investigation and the strategy is market investigation question guide rather than questionnaire. We cannot also finalize the application as all stakeholders are not present in the training and there is a need to do it again at country level with all stakeholders involved in the implementation of FACASI.

Rajiv asked for any further clarification to finalize the training. Stephen asked if it is possible to get any guideline for deal making. Rajiv told a case study of Bangladesh Mechanization program of CIMMYT on deal making. Then, the training was finalized.
Follow the Lead, Investigate the Market

A Field Manual for Meat and Fodder Subsectors
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1. Objectives  Why Are We Investigating?

1. Understand Existing Market Relationships in both the Chars and Mainland

A market is simply many different types of relationships. Our investigation aims to understand what relationships exist in the market and how well they function.

2. Illustrate Market Relationships through Maps

To understand how different market relationships are related, we need to show them all through a map.

3. Analyze Maps to Identify Weaknesses and Gaps in the Market

The market cannot be improved unless we understand how it is weak and why those weaknesses exist.

4. Find the Potential for Change in both the Chars and the Mainland

What will a better market look like? In what way does the market need to change so that it better serve the poor? How can relationships inside/outside the chars improve?
2. How Many Ways Is a Char an Island?

**Physical**
- How accessible is the mainland from the char?
- How much do char people interact with mainland people?

**Economic**
- How does DEMAND work in the char?
- How does SUPPLY work in the char?
- How independent is the market in the char?
- How connected is the char market to mainland markets?
- What kinds of costs are associated with connecting the char market to the mainland market?

**Social**
- Are people in the chars treated differently in the mainland?
- How does different treatment affect char people’s business decisions?

**Gender**
- How do women participate in the char market?
3. Who Are Market Actors?

1. Inputs
   - Informal Traders
   - Input Retailers
   - Input Supply Companies
   - Veterinary Service Providers
   - Who else? Investigate!

2. Production
   - Farmers
   - Commercial Fodder Producers
   - Formal Feed Producers
   - Who else? Investigate!

3. Distribution
   - Van/Rickshaw Pullers
   - Truck Drivers
   - Boat Owners
   - Who else? Investigate!

4. Output
   - Informal Traders
   - Formal Buyers – Meat Company, Restaurant, etc.
   - Who else? Investigate!

5. End Market
   - Consumers – who buys the final meat product?
   - Who buys the final fodder product?
   - Who else? Investigate!

* Enabling Environment
   - Government
   - Associations
   - Who else? Investigate!
Who is an iDE Investigator?

1. Detective
   Investigate market relationships

2. Doctor
   Diagnose market weaknesses

3. Teacher
   Explain how the market works

4. Lawyer
   Defend the investigation results
5. Guiding Principles

How Can We Be Effective Investigators?

1. Follow the Lead!

To be an effective investigator you must follow the leads in the market that help you understand the current relationships and potential for change.

Just as important as effective investigation is checking your findings across many market actors and the iDE Investigation Team. Doing so makes sure you’re understanding of the market is accurate.

A market is simply many different types of relationships between people that buy or sell the same product or service. Our investigation aims to understand what relationships exist in the market and how well those relationships function. We also want to think about how those relationships can be improved.

2. Markets = Relationships

Understanding how the market can be improved is just as important as how the market currently works. Discuss the potential for improvements across the market actors: How would they like their business to improve? Which relationships do they need to build to be more successful? How can their business grow the fastest?

3. Find the Potential for Change in the Market
Consider why the market actor is interested in performing a given service. Investigate the motivation driving each actor’s actions. **What would it take to change the market actors’ behaviour?** Also consider the motivation behind each response (remember you are from a development project and that respondents may perceive that you are a potential source of benefit).

4. Understand Each Actor’s Behavior & Incentives

In a friendly way test their responses and don’t accept their answers at face value. Get verifiable facts which you can validate through triangulation with other actors.

An easy way to make sure you have challenged your respondents is to ask **“Why?” at least three times** – if they can’t explain WHY they believe something, it may be because they do not fully understand the rationale behind their answer.


What are the preferences that drive demand throughout the market? A producer has preferences on the inputs he/she purchases; an output buyer has preferences concerning the product the producer sells; and, the end market consumer has preferences around the final product.

6. Listen to the “Voice of the Customer”
Remember, you may have to make new decisions and change course often as you ‘follow the lead’ in your investigation. For this reason, it is important to TRIANGULATE and VALIDATE each day’s data each evening with the team and make new plans for where you will go and who you will talk to the next day.

The success of the investigation and the project lies with YOU, not your Team Leader! You must use their own judgement in the field to follow the leads you find in the market. Only you can decide where to INVESTIGATE next!

Don’t always rely on the Question Guide for the next question to ask – USE YOUR OWN JUDGEMENT!
6. How Do We Investigate?

- Investigate
- Validate
- Triangulate
1 Investigate

- Search the market for clues and answers as to which relationships are strong and which are weak – How would Sherlock Holmes investigate the market?

- You don’t have to have an interview already set up – you can stop anywhere and ask anyone (they are all market actors in the community)

- In a livelihood project you start your research at the beneficiary level – in a market development project you start with the market status (a sector profile) to understand what is driving the market. You need to understand how the beneficiaries can enter or improve their competitiveness in the market. Always consider:
  - Is the market growing?
  - What is happening in the market?
  - What is going to happen in the future?

- Think like it is YOUR business – you are thinking of investing your money in the sector in this town. Think, act, and behave like a business person.

- Go ‘undercover’ – do not advertise that you are from an NGO. You may get better information if they think you are a market actor rather than from an NGO. How does Sherlock Holmes get his information?

2 Triangulate

- Confirm your findings across MANY market actors – NEVER accept one person’s opinion as fact! Check your information with as many market actors as possible.

- Confirm your findings with the iDE Investigation team – talk to your partner and investigation team leaders EVERY EVENING to confirm or challenge the findings from your work. These conversations should help you decide where to go the next day and who to talk to.

3 Validate

- Daily analysis sessions should be conducted with your partner each evening following data collection. During this evening session, you will revise the preliminary subsector map, based upon new information coming from the field.

- You should also check your daily findings and analysis with an investigation team leader each evening.
7. How Do We Analyze Our Data?

1. Make A Hypothesis
   Based on your own knowledge, make a hypothesis about **how the market works in the area and its problems**. This hypothesis is only 1 or 2 sentences.

2. Investigate Problems
   Through your investigation, learn the problems that different market actors face.

3. Discover the Underlying Causes
   By challenging your respondents ("Why? Why? Why?") find the underlying causes for those problems – **Why are the problems occurring?**

4. Identify Related Services
   Which services in the market relate to the underlying causes of the problems? **Be as specific as possible about each service!**

5. Determine Weak Services
   Determine which of the services identified are weak. If there are any services missing in the market, include them as well.

6. Potential Changes in Services
   In general terms, describe how the weak services might be changed/improved for better results in the market.
# Market Analysis

<table>
<thead>
<tr>
<th>Problem</th>
<th>Underlying Cause</th>
<th>Related Services</th>
<th>Weak Services</th>
<th>Potential for Change</th>
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</table>
8. How Do We Map the Market?

The Market Map is a visual representation of the market system for a particular subsector. It has two key roles, acting as:

- A **conceptual framework** for considering the institutional and commercial environment which the small-scale farmers are operating in.

- A **practical tool** which can be developed in a participatory way to represent and communicate knowledge about specific producers, their market chains, institutional environments, and service requirements.

The Market Map can be understood as comprising three components:

- **Market Chain actors and their Linkages**
- **Business Service Providers**
- **Enabling Environment Factors**

These components relate to each other in the following way.
Component 1: Market Chain Actors and Linkages

Market actors and the linkages between them can be represented as a market chain. The chain shows the economic actors who produce and transact a particular product as it moves from primary producer to final consumer. This can include both small and large-scale producers, the input suppliers, traders, processors, transporters, wholesalers, retailers, and more.

The linkages between the market actors can be described to represent the flow of income to the producer, rather than the charting the movement of the product itself. This is to highlight the value of services throughout the chain to the small-holder and indicate that interventions in the chain can support the producer.
Component 2: Business Service Providers

The market actors operating in the market chain often require a number of support services to operate their businesses.

Some general categories of service providers can include: input suppliers (such as seeds, livestock, fertilisers, pesticides); market information (on prices, trends, buyers); financial services (credit, savings, insurance); transportation (deliveries, cold chains); quality assurance; and, technical expertise and business advice. Mapping the ‘services’ involves identifying particular service needs and their locations within the market chain.
Component 3: Enabling Environment Factors

When mapping enabling environment it is useful to consider:

- **Market demand**: such as consumption trends (volumes, prices, quality expectations), and tax and tariff regimes;
- **Transformation Activities**: such as infrastructure, technology, transport; and,
- **Transaction Activities**: such as finance, business norms including gender roles, land/property registration, business licensing and regulation, and product standards and quality assurance.
9. Data Collection Tools and Techniques

9.1. In-Depth Interview

**What is In-depth Interview?**

The in-depth interview is a technique designed to elicit a vivid picture of the participant’s perspective on the research topic.

During in-depth interviews, the person being interviewed is considered the expert and the interviewer is considered the student. The researcher's interviewing techniques are motivated by the desire to learn everything the participant can share about the research topic. Data collectors do not lead participants according to any preconceived notions, nor do they encourage participants to provide particular answers by expressing approval or disapproval of what they say.

**What can we learn from in-depth interviews?**

In-depth interviews are useful for learning about the perspectives of individuals, as opposed to, for example, group norms of a community, for which focus groups are more appropriate. They are an effective qualitative method for getting people to talk about their personal feelings, opinions, and experiences.

**Strengths of In-Depth Interview vs. Focus Group Discussion (FGD)**

<table>
<thead>
<tr>
<th>Interviews</th>
<th>Appropriate for</th>
<th>Strength of method</th>
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<tbody>
<tr>
<td>Eliciting individual experiences, opinions, feelings</td>
<td>Elicits in-depth responses, with nuances and contradictions</td>
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<tr>
<td>Addressing sensitive topics</td>
<td>Gets at interpretive perspective, i.e., the connections and relationships a person sees between particular events, phenomena, and beliefs</td>
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<table>
<thead>
<tr>
<th>Focus groups</th>
<th>Appropriate for</th>
<th>Strength of method</th>
</tr>
</thead>
<tbody>
<tr>
<td>Identifying group norms</td>
<td>Elicits information on a range of norms and opinions in a short time</td>
<td></td>
</tr>
<tr>
<td>Eliciting opinions about group norms</td>
<td>Group dynamic stimulates conversation, reactions</td>
<td></td>
</tr>
<tr>
<td>Discovering variety within a population</td>
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</table>

**Your responsibilities as an interviewer**

**Prepare for the interview**

- Recruit participants according to the recruitment strategy outlined in the work plan (if interviewers are involved in recruitment).
- Become knowledgeable about the research topic, including anticipating and being prepared to answer any questions participants may have about it.
• Be reliable. To get participants to take the interview seriously, you need to demonstrate your own commitment. Arrive on time, equipped with the interview guide, and notebooks. Be both mentally and psychologically prepared to conduct the interview.

**Interview participants thoroughly**

• Obtain informed consent from each participant before the interview.
• Address all questions or topics listed in the interview guide.
• Ask follow-up questions (some of which may be scripted in the interview guide) in order to elicit participants’ complete knowledge and experience related to the research topic.
• Probe participants for elaboration of their responses, with the aim of learning all they can share about the research topic.

**Document the interview**

• Expand your notes as soon as possible after each interview, preferably within 24 hours, while your memory is still fresh.

**How do 2 Investigators co-conduct an interview?**

When two field staff are present, they should decide on their roles before the interview. One person should take the role of conducting the interview (interviewer), while the other concentrates on taking notes (note-taker). (The interviewer can also take brief notes.) The note-taker should not interrupt or intervene in the interview unless invited to do so by the interviewer or asked a question by the participant.

Once finished with the questions, the interviewer should ask the note-taker if any points require clarification before the interview comes to a close. Both staff members should then debrief with each other (that is, discuss what happened and what was learned) either immediately after the interview or within a day. The note-taker should take detailed notes during the debriefing.

**Where should you conduct the interview?**

Ideally, interviews should be conducted in private locations where people feel free to talk. Inviting participants to suggest a location where they would feel comfortable may also be a viable option. When selecting a location for interviews, be sure to consider local implications of male-female interactions.

**How should you present yourself to interview participants?**

The relationship between the interviewer and the participant begins at first contact, through the greeting, manner of speaking, clothing, and body language. All of these should be appropriate for the specific culture and setting and convey respect for the participant. Cell phones should be turned off and placed out of view so as not to imply that the participant’s testimony is of secondary importance.
What should you say in the interview?

When conducting an in-depth interview, researchers ask mostly open-ended questions – that is, questions that encourage a detailed response rather than “yes,” “no,” or one-word answers – to elicit unstructured talk from participants about their experiences and opinions. Later, researchers analyze what participants say for insights into the person’s attitudes, beliefs, and perceptions.

The interviewer’s perspective on the research issue should be invisible. This avoids the risk that participants will modify their responses to please the interviewer instead of describing their own perspectives.

How to Be an Effective Interviewer

The following steps will help you become comfortable with the interview process:

• Be familiar with research documents. An effective interviewer knows the research material well and is practiced in the method. As a first step in preparing for an in-depth interview, become thoroughly familiar with the informed consent documents. You should also be able to explain its contents in your own words.

• Next, become thoroughly familiar with the interview guide. During the interview, you should not have to search through the guide for the next question. It is important to understand not only the purpose of each question, but also the purpose of the research as a whole.

• You should be able to recognize when a participant has provided a response that fulfills the intent of the question, when a response contains information that addresses a separate question or a scripted follow-up question, and which probes to use to elicit needed information that was absent in a participant’s initial response.

• Practice interviewing. It is also helpful to practice interviewing techniques. This is best done through role-playing exercises with other researchers and study staff. You might also conduct pilot interviews with people in the community who are not participating in the study.

• When taking notes, distinguish clearly between participant comments and your own observations.

What are leading questions and how do you avoid them?

Leading questions are questions that are worded in such as way as to influence participants’ responses – in other words, questions that lead participants along a particular line of thinking. Asking leading questions risks conveying your own value
judgments and biases and imposing a perspective on participants. To avoid this, ask neutral questions free of preconceptions.

What do you do after the interview?

- Schedule time to expand your notes, preferably within 24 hours of the interview.
- Identifying questions for follow-up.
- Review your expanded notes and add any final comments.

9.2. FOCUS GROUPS

What is a focus group?

A principal advantage of focus groups is that they yield a large amount of information over a relatively short period of time. They are also effective for accessing a broad range of views on a specific topic, as opposed to achieving group consensus.

One researcher (the moderator) leads the discussion by asking participants to respond to open-ended questions. A second researcher (the note-taker) takes detailed notes on the discussion.

What can we learn from focus groups?

Focus groups are especially effective for capturing information about social norms and the variety of opinions or views within a population. The richness of focus group data emerges from the group dynamic and from the diversity of the group.

How many people are necessary for a focus group?

A typical number of participants is eight to ten people, with a maximum of 12.

How to be an effective moderator

A good moderator should be skilled at creating a discussion in which he or she participates very little. In this regard, the moderator should stress the value of participants’ contributions to the study and emphasize the moderator’s own role as a learner rather than a teacher. Moderators also need to be adept at directing the discussion at a pace that allows all questions in the guide to be addressed thoroughly.
Behavioral techniques for building rapport in focus groups

<table>
<thead>
<tr>
<th>Fostering a relaxed, positive atmosphere</th>
<th>Establishing mutual respect among researchers and group members</th>
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<tbody>
<tr>
<td>Be friendly</td>
<td>Set ground rules at the beginning of the focus group</td>
</tr>
<tr>
<td>Smile</td>
<td>Have a humble attitude</td>
</tr>
<tr>
<td>Make eye contact with participants (if culturally appropriate)</td>
<td>Do not be patronizing, for example, by unnecessarily repeating everything participants say or “talking down” to them</td>
</tr>
<tr>
<td>Speak in a pleasant tone of voice</td>
<td>Do not scold or berate participants for the content of their responses or for personal characteristics</td>
</tr>
<tr>
<td>Use relaxed body language</td>
<td>Do not allow any participants to berate others in the group</td>
</tr>
<tr>
<td>Incorporate humor where appropriate</td>
<td>Do not coerce or cajole participants into responding to a question or responding in a certain way</td>
</tr>
<tr>
<td>Be patient and do not rush participants to respond</td>
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</tbody>
</table>

Tips for conducting FGD

If a participant is . . .

**Talkative.** If a participant holds the floor for too long, you may need to intervene. You could start by thanking the person for his or her contribution and inviting others to comment on what the person said or to provide alternative views. You might also try encouraging a talkative person to make only one point at a time.

**Prone to interrupt.** One strategy is to remind the group that one of the ground rules of the focus group is to refrain from interrupting other people. You might also thank the individual and suggest returning to his or her point after the first speaker’s contribution has been completed.

**Shy.** Some participants will be hesitant to join an ongoing debate or discussion. You could offer them a safer opportunity to speak by pausing the discussion and asking whether anyone else has something to contribute. You could also pose questions directly to individuals who have been especially quiet, thank them afterward for sharing their experience, and encourage them with body language, such as smiling.

**Tired.** If more than one participant begins to appear tired or irritable, it may be time to take a break.
How do I manage the focus group discussion?

Moderating a focus group discussion is something of an art. The moderator must be vigilant about covering all the material in the focus group guide, while also ensuring that the entire group participates and that a wide range of perspectives has been solicited and expressed.

Facilitating group discussion

• Open with a general comment and wait for a response. The first question in the focus group guide is usually designed to engage participants in discussion and may not actually be intended to yield important data. For example, “What do you think about the issue that has brought us here today?”

• Use silence to your advantage. Give participants a chance to think about the questions, and do not be afraid to wait until someone speaks.

• Limit your own participation once the discussion begins. Do not provide commentary on each contribution or take on the role of counselor or educator.