MARKET RESEARCH FOR VALUE CHAIN INITIATIVES

Information to Action: A Toolkit Series for Market Development Practitioners

Alexandra Miehlbradt and Linda Jones

Series Editor: Linda Jones
Co-Editor: Ben Fowler

MEDA

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December 2007

Mennonite Economic Development Associates

Tel: +1-519-725-1633
Fax: +1-519-725-9083
Email: meda@meda.org

Editors' Foreword

This toolkit is one of a series – Information to Action: A Toolkit Series for Market Development Practitioners. The series was conceived in response to the repeated requests from local and international organizations for capacity building in pro-poor market development. In particular, managers and field staff have been asking for practical resources that assist them in the design, implementation, and monitoring and evaluation of sustainable market development programs that integrate disadvantaged communities into viable value chains. MEDA has been recognized as a learning organization with a strong focus on grassroots programming. In addition to designing and implementing market-driven programs, we develop curriculum, facilitate training, provide technical assistance and offer consultancy services to government, not-for-profit and private sector institutions worldwide. In response to the ongoing appeals for support, we decided to publish a toolkit series that would assist in the capacity building process. MEDA has sought out leading experts in the field of pro-poor market development to co-author the toolkit series and contribute their outstanding experience and knowledge. The toolkit presented here – Market Research for Value Chain Initiatives – is co-authored by industry leaders, Alexandra Miehlbradt and Linda Jones. It has been both an honour and pleasure to work with Aly, and to bring what we hope is a useful resource to the microenterprise development community.

Linda Jones, Editor
Ben Fowler, Co-Editor
MEDA

Acknowledgements

The authors are grateful to Mennonite Economic Development Associates (MEDA) for funding this toolkit and to the Southern New Hampshire University Microenterprise Development Institute (MDI) at which the toolkit has been tested in a training setting.

Our sincere thanks go to all the colleagues and organizations involved in the Small Enterprise Education and Promotion (SEEP) Network Practitioner Learning Program in BDS Market Assessment, particularly Jimmy Harris and Melissa Nussbaum of SEEP and Perveen Shaikh of the Entrepreneurship and Career Development Institute in Pakistan. We would also like to thank our partners in the joint SEEP/EDA Rural Systems Inc. training course "Using Market Research to Design a Market Development Program." We have drawn heavily on the materials that we developed together with SEEP and EDA for this course. Special thanks are due to Sanjay Sinha and Ashok Kumar of EDA.

We would also like to acknowledge the significant and much appreciated contributions of our fellow trainers who provided input into this toolkit, on whose work we drew, and who have been inspirational colleagues and friends over the years. The material presented in this toolkit builds on work by many of our colleagues in the market development field to whom we are grateful: consultants Mary McVay, Mary Morgan, Marshall Bear and Jim Tanburn; Frank Lusby and Henry Panlibuton of Action for Enterprise; and Alan Gibson and Rob Hitchins of the Springfield Centre for Business in Development.

Particular thanks are also due to those organizations and practitioners from whom we drew cases. We appreciate the opportunity to showcase their work. In particular, Fernando Olivera and Melanie Sanna from MEDA Peru were very helpful in the preparation of the toolkit case study.

Despite all the important contributions to this toolkit, the authors must take responsibility for any errors or omissions.

This toolkit is dedicated to microentrepreneurs around the world, and the development practitioners who are striving to eliminate poverty through sustainable and fair market growth.

Alexandra Miehlbradt, Consultant, Enterprise and Market Development
Linda Jones, Director, Technical Services, MEDA
December 2007

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Introduction

Introduction

This toolkit is meant as a practical guide to conducting market research for value chain development programs. The toolkit focuses on the how-to of designing effective market research, choosing information collection tools, implementing those tools, and organizing the resulting information. It offers support to practitioners in the form of practical advice and worksheets that can be readily applied during market research.

This chapter provides an overview of the toolkit and presents the "pro-poor" value chain development approach, principles and vocabulary. Mennonite Economic Development Associates' (MEDA)[1] project in Peru, which is used as an example throughout the toolkit series, is also presented in some detail.

The toolkit is meant to be used with its companion toolkits in the series *Information to Action: A Toolkit Series for Market Development Practitioners*.

Overview to the Market Research Toolkit

Who Should Use This Toolkit?

This toolkit is intended for practitioners who plan to use research on market systems to help them design a value chain development program. Although the toolkit will be useful for many different types of economic development programs, it is written primarily from the perspective of value chain theory and best practices. Nevertheless, the tools which are included can be flexibly applied, and thus have relevance for research on diverse development programming initiatives.

It is assumed that the users of this toolkit have a basic knowledge of value chain analysis, including support market assessment. For additional resources on these analytical methods, see Annex C.

Finally, the toolkit is geared towards those organizations that will conduct all or most of their research in-house.

> ***Market Research***: Information gathering on a value chain to inform program design and implementation decisions. The research encompasses all parts of the value chain as well as the end markets for the products or services of program clients, the enabling environment and related socio-economic issues.

What is the Focus of the Toolkit?

This toolkit focuses on equipping practitioners with the basic knowledge they will need to:

1. Determine what information to gather
2. Select stakeholders from whom to collect information
3. Choose information collection tools
4. Implement the tools
5. Organize the resulting information

The toolkit concentrates on *qualitative* research tools for a number of reasons. Qualitative information collection tools have been found to be particularly useful for:

- Underdeveloped value chains
- Getting information from micro and small enterprises (SEs)
- Understanding SEs' behaviour

> ***Careful!***: Using qualitative research tools is often not as straightforward to implement as quantitative surveying. All staff to be involved in the research should be carefully briefed on the approach to be taken during the research.

[1] A list of all acronyms used in this toolkit is compiled in Annex 1.

- Developing the details of project design
- Market research implemented by in-house staff

While the toolkit focuses on research, it is not possible or desirable to separate research from project design and implementation. In fact, experience has shown that an integrated process where project design is combined with market research is more effective. Therefore, the toolkit offers advice and worksheets for planning market research to support program design. It offers information, advice and worksheets on how to organize information so that it can be efficiently fed into an on-going design process. The toolkit also provides some tips on how to identify potential program partners and activities that might be part of a project pilot.

The research tools presented in this toolkit differ from those used for program design. *Market research questions* are more specific and detailed than the overarching *program design decisions*. Whereas *program design questions* concentrate on what the program aims to do and how, *market research questions* focus on understanding the value chain and exploring how it could change to benefit the target SEs. Information collected in response to market research questions provide the details needed for program designers to make program design decisions.

The toolkit does not discuss how to analyze information to arrive at a program design. A follow on toolkit in the *Information to Action* series – *Program Design for Value Chain Initiatives* – provides practical guidance in program design and project planning with how-to guides on tools such as problem tree analysis and logical frameworks.[2]

Quantitative Research Tools:
Some programs find it useful to also conduct quantitative research to help design a program. Quantitative research can help establish program direction and objectives. It can also be used to establish a baseline on key market indicators that will be evaluated later in the program. Quantitative research tools include gathering statistical information – such as exports of a particular value chain – from secondary sources and surveys of SEs. Sources for information on quantitative research tools can be found in Annex B.

What is in the Toolkit?

Practitioners are not expected to read the toolkit from start to finish. Rather, it is a reference for use in planning and implementing market research. However, it will be very helpful to read the introductory sections before planning any research:

- *The Introduction* outlines the research approach utilized in the toolkit, describes how information collection fits into a program design process, and introduces the toolkit case study.
- *The Getting Ready Section* explains the prerequisites to starting research, and provides information, advice and worksheets on planning your research activities.
- *Choosing and Sequencing Tools* introduces the information collection tools, and offers guidance and worksheets on how to choose, sequence and adapt research tools during the market research process to fit your project context.

Value Chain: A network of enterprises that buy from and sell to one another in order to supply a particular set of products or services to a particular group of final consumers.

The following tool chapters outline specific tools for gathering information: Secondary Source Research, Key Informant Interviews, Market Observation, In-Depth Interviews, Focus Group Discussions, Stakeholder Meetings and Action Research. The tools are organized in the typical order in which they tend to be used in design-focused research. It is not expected that a

[2]McVay and Snelgrove, 2007.

project will use all of them, but that implementing organizations will choose those most appropriate for their context. These following chapters are of the greatest value once you have selected the specific information collection tools that you will use in your research.

- *Secondary Source Research*: Provides information on collecting background information from existing documents, studies, journals and other sources.
- *Key Informant Interviews*: Presents a method for consultations with value chain entrepreneurs, support service providers or other stakeholders who can provide an overview and/or preliminary information on a market system.
- *Market Observation*: Outlines the monitoring of actual transactions by value chain enterprises to understand value chain relationships and power dynamics.
- *In-Depth Interviews*: Explains a form of semi-structured interview that captures detailed information from individual SEs or other stakeholders on their experiences and opinions.
- *Focus Group Discussions*: Highlights the facilitation of discussions among similar stakeholders to investigate specific issues and/or ideas, including potential solutions to shared challenges.
- *Stakeholder Meetings*: Explains a process to gather information and initiate actions for value chain development by facilitating structured meetings among stakeholders engaged at different levels of a value chain.
- *Action Research*: Describes a form of information gathering in which researchers test the feasibility, impact and suitability of specific interventions.

Definitions and Tips: Throughout the toolkit, tips and definitions are presented in boxes, such as this one.

Reference: All worksheets in the toolkit are included on MEDA's website in MS Word format (www.meda.org). It is not expected that the hard copies of worksheets provided here will always allow sufficient space for filling them out. Instead, you are encouraged to expand them to fit your needs.

The following are included for each tool:

- *Description*: An overview of the tool and when its use is appropriate in the research process.
- *Skills required*: A list of specific skills needed to implement the tool.
- *Research Scope*: Guidance on which types of research questions the tool can address
- *Step-By-Step Guide*: Sequential advice on how to plan and implement the tool, with accompanying worksheets and, in some cases, guides
- *Worksheets*: Blank worksheets for tool planning and implementation, and information organization. Illustrative completed worksheets provide real-world examples of using the tools.
- *Tips*: Practical tips from hands-on experience.
- *Snapshots*: Additional mini-cases from around the world that illustrate the use of research tools from a range of projects.

Each of the tool chapters aims to provide a comprehensive and practical guide for using the tool, enabling you to use instructions independently of other tool chapters. If you work through several tool chapters, certain sections will be repeated when similar skills are required.

Next Steps offers suggestions and tips for next steps after information is gathered for program design purposes. It also discusses how market research can be used throughout program implementation and monitoring and evaluation in order to support program management and decision making. The companion toolkit on program design deals in-depth with information analysis and how it feeds into the program design process [3].

[3] McVay and Snelgrove, 2007.

The *Conclusion* provides some final advice before embarking on the market research process.

The annexes include:

A. A list of acronyms
B. A glossary of terms
C. An annotated list of resources on market research, and value chain and market development
D. Additional tools for organizing information from market research
E. References cited

> ***Pro-Poor Value Chain Development:*** An approach that specifically seeks to benefit disadvantaged enterprises.

Pro-Poor Value Chain Development Approach and Principles[4]

This following section, which presents the pro-poor value chain development approach applied in this series of toolkits, is adapted by the series authors from many sources and from practical experience[5].

Underlying Assumptions

The value chain development approach contains a set of underlying assumptions, including the following:

> ***Small Enterprises (SEs)***: Micro or small enterprises, or small-scale farming activities, as defined by local context.

- People living in poverty can benefit from integration into higher value markets, but these markets are often out of reach for them given various barriers to their participation.
- Many low-income people engage in market activities through their micro or small enterprises, small-scale farming activities, and as employees of these businesses. Such enterprises – SEs – are the main target client of pro-poor value chain development programs.
- Proactive development initiatives can enhance market participation of disadvantaged people, helping them stabilize and increase their income.
- Well-designed value chain development initiatives strengthen marketplace systems, and do not negatively distort or displace private sector investment flows.
- Market failures such as lack of access to information exist within weak markets, and prevent or discourage beneficial engagement by SEs.
- Programs do not have to engage directly with SEs in order to reduce poverty. Rather, they can work with businesses at different levels in a value chain or with support service providers for the benefit of SE owners and employees, as long as the direct link to SEs is well understood and does not assume 'trickle down'.
- Value chain development is practiced with a wide range of goals in mind, but in this toolkit, the focus is on poverty reduction through micro and small enterprise (SE) development.

Value Chain Development: Guiding Principles

Through value chain development programs, practitioners empower small businesses to sell to more stable, higher volume or higher value markets. Generally, this does not occur by linking SEs directly with customers, but by working with the range of businesses in the value chain – for example, input suppliers, processors, traders, associations, cooperatives, wholesalers, exporters and retailers – and with support service providers and other stakeholders to increase the

[4]McVay and Snelgrove, 2007.

[5]Adhikary and McVay, 2006; Lusby, 2006; Albu and Griffith, 2006; Committee of Donor Agencies for Small Enterprise Development, 2001; DFID, 2005; Downing, 2005; Hitchins, 2004; Jones and Shaikh, 2005; Jones, 2006; Jones and Snelgrove, 2006; Kaplinsky and Morris, 2003; Meyer-Stahmer and Waltring, 2006; McVay and Miehlbradt, 2002-2007; McVay and Ranneklie v, 2006; The SEEP Network, 2006; Springfield Centre, 2005; Swiss Agency for Development and Cooperation, 2006; Waltring, 2006.

competitiveness of the industry and increase benefits for low-income SEs. Five core principles guide pro-poor value chain development[6]:

1. Significant, Pro-Poor Impact: Value chain development is fundamentally a poverty reduction tool. Value chain development programs should seek to link target SE clients with viable growing markets to ensure that low-income or otherwise marginalized enterprise owners and employees reap significant benefits from enhanced market participation. To be pro-poor, programs need to be explicit about which marginalized populations are being served, how these people will reach specific markets, and how the barriers they face will be overcome.
2. Tailored, Demand-Driven Programs: Value chain programs are highly customized to the target population, their context, and an identified market opportunity. Solutions need to reflect the practical reality of the market so that critical problems in the value chain can be addressed in a meaningful way. They need to address the range of specific challenges faced by diverse target populations, including women, disadvantaged ethnic groups, and people affected by HIV and AIDS or other crises[7].
3. Sustainability: Improvements in the value chain should be offered by commercial businesses on a profitable basis to build a dynamic, efficient value chain that endures once the program is finished. Market initiatives should also be environmentally and socially sustainable. Sustainability goals and timeframes need to take into account the intended target population.
4. Develop Market Systems: To reach scale, value chain development initiatives need to focus their work beyond targeted businesses, beyond a few buyers, and beyond a handful of service providers. Initiatives should strengthen the whole market system or industry, working within and considering the wider context. This includes value chain businesses, commercial support markets, institutions, the business environment, and where possible, the social, political, cultural and environmental context. Usually this entails supporting new, more inclusive market relationships.
5. Replication and Resiliency: Value chain development can support scale-up and sustainability through building learning systems in a value chain or industry. Learning systems include trade association activities, commercial business service markets, informal knowledge transfer and formal training institutes. When these work well, innovations in the value chain are easily transferred and creativity occurs, resulting in a more resilient and competitive value chain with ongoing impact well beyond the life of the project.

These principles have evolved over the last 15 years through synthesis and analysis of better-performing enterprise development initiatives that reduce poverty[8].

Introduction to Design-Focused Research

Perhaps the most important thing to remember about research is the purpose: to inform the decisions that you make during program design and implementation. While this seems obvious, it is easy to get lost in data and lose sight of the main questions that you are trying to answer. Therefore, the starting point for market research is a clear process for making program design decisions.

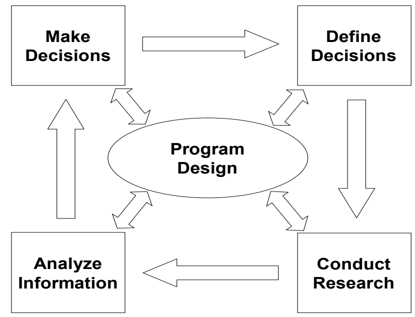
The Program Design Decision-Making Process

Program design involves making a series of decisions about what the program aims to achieve and how it will achieve those aims. Experience has shown that the process of making those decisions is more effective when it is not linear but iterative, as illustrated in Figure I, the Program

[6]Adapted from McVay, 2000-2004.
[7]See for example Jones and McVay, 2006 or Nourse, Gerstle, Snelgrove, Rinck, and McVay, 2007.
[8]See for example Jones and Shaikh, 2005.

Design Decision-Making Loop. Choices are made progressively as information is gathered and analyzed, beginning by defining the decisions to be made. In fact, this iterative process, informed by information collection and analysis, continues during implementation. The following summary of the process is followed by more detailed information on each of the four major phases of the program design loop.

Figure I: The Program Design Decision-Making Loop



The value chain program design process starts by formulating a preliminary impact goal which identifies the target SEs and how they will benefit as a result of the program. For example, the impact goal might be to reduce poverty of rural households in a particular region.

Next, program designers envisage a project purpose that identifies how value chains could be developed to achieve the desired impact. This ensures that the goal is market-driven. Typically, in value chain programs, the project purpose describes how the target SEs will be linked to a particular market opportunity. For example, a program designer might hypothesize that the project can reduce poverty of rural households by enabling smallholder farmers to sell fresh produce to growing urban markets.

Once a tentative project purpose has been identified, specific program design questions emerge. Through market research, the program designers gather information about markets which relate to their proposed project purpose and the associated questions. The program designers analyze the information gathered to understand how markets work and determine if and how their hypothesized project purpose could be developed to benefit the target group and achieve the impact goal. This understanding helps the program designers make decisions about program participants and activities to achieve the impact goal.

It often takes three or four rounds of research, analysis and decision making to arrive at a detailed program design. Each round of research and analysis helps designers revise or refine their understanding of how markets could change to benefit the target SEs. Early program design decisions lead to additional, more detailed and specific questions and research which helps designers progressively develop the details of program design.

Step One: Define Decisions

The following box outlines the typical overarching decisions that value chain development programs must make in the program design. Program designers make choices in each of these areas by going through the program design loop iteratively. Typically, the decisions are made roughly in the order in which they appear below. However, program designers often revisit and refine previous conclusions as they gain greater understanding of markets. As decisions are made and refined, the program design takes shape.

A key and early part of the design process involves developing a tentative project purpose which summarizes how markets will change to benefit the target SEs. The market research is organized around exploring and testing this hypothesized purpose in order to revise and refine it.

Program Design Decisions

Impact Goal: Whom will the program benefit and how?

Project Purpose: What markets will the program help target SEs reach?

Strengths and Constraints: What are key strengths and constraints in the value chain? On which strengths and constraints will the program focus?

Sustainable Solutions: How will the problems be solved, on a commercially sustainable basis?

Intervention Design: What will the program do to support these sustainable solutions?

Risk Identification and Mitigation: What might jeopardize the program? What will be done about it?

Logical Framework: How will the program measure success?

Implementation Plan: Who will do what? When and how will tasks be carried out?

Budget: What level of funding is available? How will the funds be utilized to reach the goal?

Step Two: Conduct Research

This toolkit provides guidance and tips on the second phase of the program design decision-making loop: the market research phase. Market research supports decision-making by providing the information that answers a range of questions that explore and test the proposed project purpose, and helps the program designers determine how the program will work.

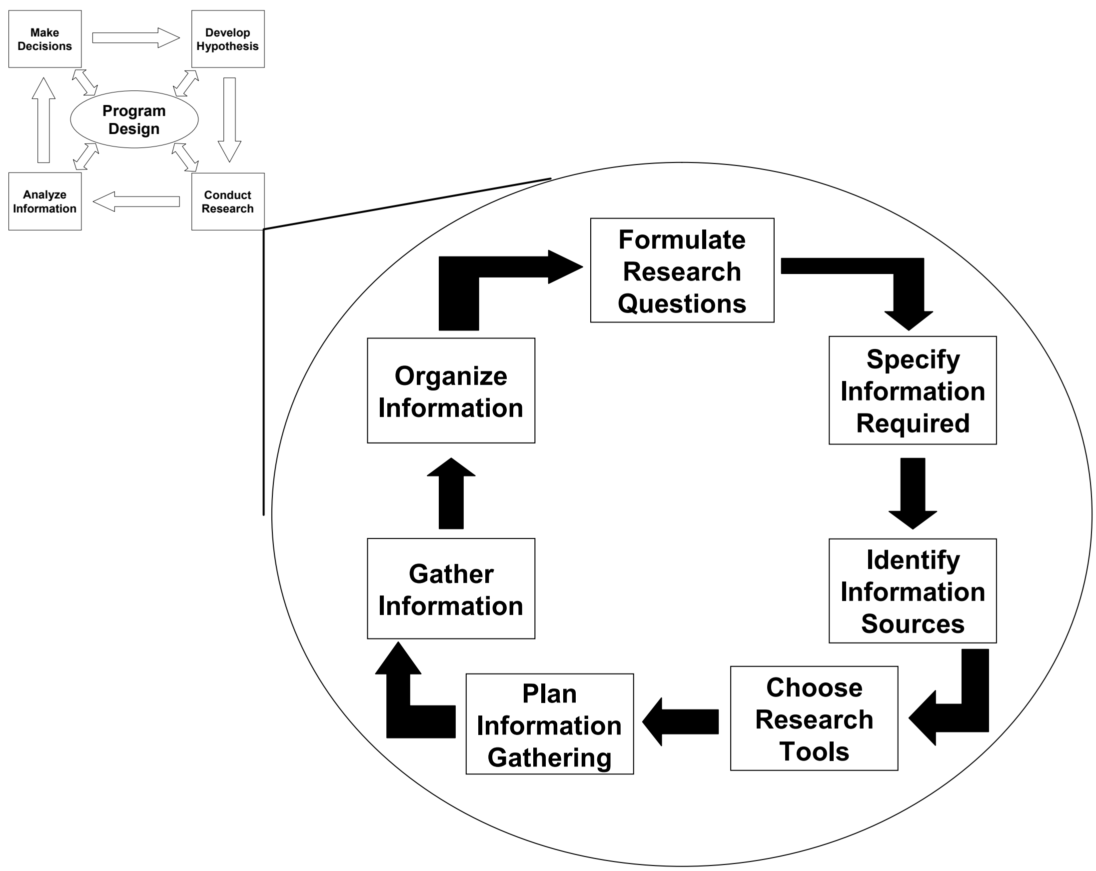
Often the research is conducted in three phases:

1. Getting an overview of relevant value chains
2. Expanding understanding of the selected value chain(s)
3. Confirming results and finalizing plans

Usually, decisions are made on some of the overarching design questions after each round of research, although sometimes practitioners find that they have not gathered enough information and will conduct another round of market research before going back to the program design process and making decisions.

Figure II illustrates the market research process that is explained in more detail further on.

Figure II: The Market Research Process



The first step of market research is to formulate research questions that will enable program designers to explore the potential of the proposed project purpose and make program design decisions. As noted, above, market research questions are more specific and detailed than the overarching program design decisions. Whereas program design decisions concentrate on what the program aims to do and how, market research questions focus on understanding the value chain and exploring how it could change to benefit the target group. For example, to build on the previous section, some market research questions might be:

- Why is the produce of rural households not currently suitable for urban consumers?
- What additional input supplies or other services do smallholder farmers need to produce appropriate outputs for high value urban markets?
- Who could provide these input supplies or services?
- What can the program do to help suppliers source appropriate inputs, and offer them to rural households on a commercial basis?

Armed with such questions, the research team makes a list of the information needed to answer the research questions and identifies possible information sources and respondents. Next the team chooses appropriate information collection tools and implements them. As information is gathered, the research team organizes it so that it can be easily fed into analysis and decision making[9].

[9]Adapted from Miehlbradt et al., 2005.

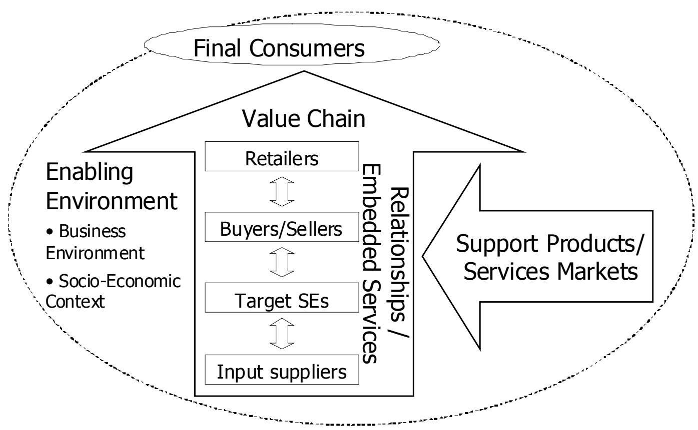
Step Three: Analyze Information

Analyzing the information gathered enables program designers to make sense of what they have learned. This usually involves developing a visual picture of the value chain(s) being researched and clarifying designers' understanding of the various parts of the value chain, related support markets and the enabling environment. References for value chain analysis are provided in Annex C.

Typically, value chain research examines (See Figure III[10]):

- The End Market: The consumer trends and market opportunities in final markets, including product competitiveness along a range of factors including quality and price.
- Enabling Environment:
  - The Business Environment: The policies, institutions and operating context for businesses in that industry.
  - Socio-Economic Context: The broader context of the program including socio-economic, political, gender, physical or environmental issues.
- Value Chain Relationships: The structure, business relationships and linkages in the value chain, including transfer of information, product designs, credit, technology or other support products and services, through value chain relationships.
- Support Product and Service Markets: The critical support products and services purchased by the businesses in the value chain.
- Businesses Performance: How the various businesses upgrade at the enterprise level.

Figure III: Scope of Value Chain Research



Step Four: Make Decisions

Based on their understanding of markets gained from information collection and analysis, the program designers make decisions on various aspects of the program design: project purpose, solutions, interventions, and risk mitigation. These are consolidated in an implementation plan and reflected in the overall program budget. Note that the decisions of program design must be informed by context-specific market research. Additionally, there are outside factors that affect decision making – such as donor interests and the core competencies of your organization – that are dealt with in the program design toolkit.

As decisions are made, and fed into a program design, it may be necessary to make adjustments in the overall design in order to develop a coherent and effective program plan. Each phase of research and decisions making enables the program designer to develop additional details of the program design.

[10]This figure has evolved and been adapted from various sources including KATALYST, the Springfield Centre for Business in Development, Miehlbradt and McVay, Jones, Action for Enterprise and the Small Enterprise Education and Promotion Network.

Research Guidelines and Ethics

It is always important that the research which you conduct is done so in a fair, ethical way that respects those from whom you are gathering data. While many of the critical parameters and guidelines for collected information are context-specific, there are a number of points which should be observed in any research situation:

- Respect Cultural Norms: There are a number of cultural norms which exist in any setting of which you must be aware prior to beginning research. For example, in some contexts cross-gender interviews are forbidden. Identify and have a strategy to adapt your research plan to these norms prior to beginning.
- Be Transparent: It is important that all interviewees understand who you are and why you are conducting research. If you are arriving without prior notification to conduct research, be respectful of their other obligations and do not pressure them to participate if they are not willing to do so.
- Manage Expectations: It is usually prudent not to promise any specific outcome from your research (such as a new project) that is not certain of happening.
- Share Your Results: Market research should not be approached as an 'extractive' process, in which you enter, take information and leave. In discussing problems peoples' problems and gathering their ideas to fix them, expectations are often raised that you will also adopt these suggestions and improve conditions. It is important that after gathering information, you also share the results with interested clients. This not only honours their contributions, it also allows you to gather additional feedback on your analysis.

The Toolkit Case

The Market Research Toolkit uses the example of "Linkages to Sustainable Production in the Protected Natural Areas of Peru", a MEDA-implemented value chain development program targeting the rural poor within environmentally protected areas in Peru, to illustrate how market research can be designed and gathered. This project is profiled in more detail below.

Blank worksheets are provided as templates for use by readers that are carrying out their own market research. Illustrative examples of completed worksheets based on MEDA's project in Peru are also provided to serve as an example of how the blank worksheets can be applied.

MEDA, Peru

MEDA conducted market research in Peru from 2005-2007 resulting in the launching of a value chain development project in 2007 which focused on Peru's protected natural areas (ANPs). MEDA had been approached by the Peruvian Trust Fund for National Parks and Protected Areas – PROFONANPE – to conduct market research on potential economic opportunities for the inhabitants of several ANPs. These ANPs had been selected based on the presence of significant biological diversity; existing/potential threats to protected area biodiversity; the protected area's potential for generating income; and their level of management capacity.

The ANPs are an area of increasing environmental and economic importance for the country; there are 60 ANPs that cover 15% of Peru's total area. Approximately 4 million Peruvians live within these areas, the majority under conditions of extreme poverty. MEDA's market research scan identified several value chains with strong potential to economically benefit smallholders without environmental degredation within the ANPs. Using this and other research, PROFONANPE has subsequently begun to lead a major biodiversity conservation project with the National Institute of Natural Resources (INRENA) entitled the "Participatory Management of Protected Areas" (GPAN). GPAN is expected to contribute to the conservation of global biodiversity on an environmentally and economically sustainable basis within the ANPs.

Interested in supporting this process, the Inter American Development Bank selected MEDA 2007 to build upon its initial work by focusing on five high potential value chains in the ANPs. To respond, MEDA conducted market research which would allow it to better understand the five value chains and the economic impacts that the project could have on the incomes of the producers in each. To do so, MEDA developed an understanding of the linkages in each value chain: how they functioned, how they were created, and what market niches were within reach in order to maximize the producers' incomes.

As a first step, MEDA's technical team conducted Secondary Source Research drawing from data available online and information from public and private institutions. This identified what types of research and projects had been previously conducted in these ANPs, and also available statistics on each selected value chain. Focus Groups Discussions with small producers were then held to understand the major opportunities and constraints in each value chain and promote discussion among producers about potential activities that could increase their profits. Subsequently, Key Informant Interviews were conducted with entrepreneurs working or living in the Protected Natural Areas including national exporters producers and key enterprises within the value chain to understand more about how the supply chain functioned and what possibilities existed to link them with small producers. A range of other market research tools have since complemented this analysis.

Although this process was completed for all five value chains, this toolkit limits itself to presenting only the research which was carried out on coffee, through a series of illustrative sample worksheets. The information that was gathered through the market research process described has led to the design and approval by the IADB of a three-year project entitled *Linkages to Sustainable Production in the Protected Natural Areas of Peru*.

For more information see www.meda.org.

Source: the authors.

Getting Ready for Market Research

Getting Ready for Market Research

This chapter outlines the prerequisites to beginning your information collection:

A. Choosing a research team
B. Estimating resources needed
C. Determining what you want to know
D. Preparing to organize the information you gather

Choosing Your Research Team

Comprehensive market research can be carried out by a team of as few as 2-3 people or as large as 25. The size of the team will, generally, have a direct correlation to the size and scope of the expected program. However, within a given project size, the number of people on the team may vary. Although it will take a smaller team more time to gather sufficient information, a small team benefits from all members having an intimate understanding of the target value chain. This deep understanding often makes project design easier and more effective.

A larger team can get the information more quickly. However, each team member will have a more limited understanding of the overall value chain they are investigating. Usually in a large team, a few people take responsibility for the project design based on the information collection of the whole group. In this case, the designers will have had less personal interaction with the value chain and the enterprises. So, effective communication between the designers and the interviewers is critical, as is validating the conclusions and design with a range of stakeholders both in the organization and in the target value chain.

Regardless of the size of the team, there are some essential skills and knowledge needed for an effective design-focused research process:

- A clear grasp of the aims of the research
- A solid understanding of how value chains and support markets work
- Good awareness of the local culture, values and circumstances
- The ability to see the bigger picture – to combine various aspects of research and recommendations into a coherent whole
- A measure of entrepreneurialism – the talent for spot opportunities and promising solutions
- Strong skills in research design such as determining the most appropriate respondents for a particular research question and formulating effective interview questions for a variety of different types of respondents
- Expertise in interviewing and information collection from a range of sources and types of people

In order for the research process to be effective and useful, the research team, as a whole, should have these skills. Not every person on the team has to have every skill, but the team should be formulated so that all the skill areas are covered. It is not essential, but very helpful, if one member of the team has technical knowledge of the value chain(s) being investigated. For example, if the program plans to target one or several agricultural value chains, it is helpful if one of the research team members has expertise in agriculture and agricultural markets. Specific skills needed to implement each tool are described in the tool chapters.

Essential Skills for Interviewing

Effective Communication: Fluency in the local language of the respondents, ability to establish rapport with respondents, and capacity to explain the purpose of the interview and elicit objective information

Active Listening: Focusing on the respondent(s), actively trying to understand both what they say and their point of view, non-verbally and verbally acknowledging their points, and encouraging respondents to elaborate when appropriate

Probing: Asking follow up questions to gain more information and examples on a topic, rewording questions when necessary to get desired information, and encouraging respondents to explain their point of view

Documentation: Recording findings and learning accurately and comprehensively

For most of the tools described in this toolkit, courses are available to train practitioners in strategies and techniques for gathering valid and useful information. Training for your research team will improve the quality and utility of the information collected, and is particularly valuable for Interviews, Focus Group Discussions and Stakeholder Meetings.

Outsourcing Market Research

Some facilitating organizations choose to outsource all or parts of their market research. Contracting out research can be a useful way to bring needed skills and/or manpower into a market research team. However, it is critical to remember that your will ultimately be using the information to make decisions. So, even if you decide to outsource market research, you should ideally manage the aspects of the process that:

- Establish the aims of the research, determining the decisions that will be made based on the information gathered
- Determine the research questions and information required
- Choose respondents and information tools
- Review and organize information as it comes in
- Revise the research process as needed, ensuring it stays focused on informing program design.

It is also important to keep in mind that the personal contact between researchers and respondents is an effective way for researchers to understand the value chain. Further, research activities often begin the process of establishing an organization's credibility with SEs and other stakeholders, and developing relationships for project implementation. When research is contracted out, other strategies for achieving these aims must be found.

A worksheet for planning your research team – Worksheet #1 – is provided at the end of the chapter.

Resource Requirements

The resource requirements for market research vary widely based on the level of existing knowledge, the extent of required research, and the geographical area to be covered. The time needed can range from 2 weeks for minimal information collection that will yield only a basic understanding of a value chain to 6 months for a complex research study. Typically, smaller programs, and those focused on livelihoods approaches, do shorter studies of 3-6 weeks, while larger programs conduct more extensive research that incorporate investigation into trade and export matters and can require several months to complete.

Similarly, the money spent on market research varies considerably. Programs that conduct their research using only internal staff who are already trained might spend as little as a few thousand US dollars. With an international consultant and a mix of internal and external resources, the expenditure will probably range from US$10,000-$50,000. Moreover, expenses can reach up to and even over US$100,000 for very complex studies which are outsourced to international consultants and private sector market research firms.

As a rule, it is advisable to fit the costs of the research to the expected size of the project. A project with an overall budget of less than US$100,000 should spend only a few thousand on research, while a multi-million dollar project can justify a much larger expenditure.

Tips for Limiting Time and Costs

- Identify and utilize relevant local skills and knowledge when possible.
- Conduct the research in stages; use information from the last stage to develop priorities for the next stage.
- Choose inexpensive tools, such as Key Informant Interviews, to get an overview of the value chain. Use this understanding to focus more in-depth research using more costly tools.
- Utilize tools that gather information from groups, rather than individuals, when possible.
- Keep the research focused on what you need to know to design the program.

A worksheet is provided at the end of the chapter – Worksheet #2 – for estimating the resources needed for your market research. Since it is helpful to keep research flexible and incremental, an exact projection of resources and time needed is not possible. It is usually better to estimate the resources and time you will spend on market research but determine specific expenditures as you go along. Also realize that you may not be able to complete the entire worksheet until you have chosen your research team and tools.

Determining What You Want to Know and Key Information Sources

Before starting information collection, it is essential to outline the specific information required to inform the program design decisions. Value chain research rests on a defined impact goal and a tentative project purpose. While the impact goal is generally determined by the mission and priorities of the implementing and financing organizations, project designers may not have enough information at the outset to develop a tentative project purpose. In this case, program designers will need a preliminary round of research that identifies market opportunities and broadly compares potential value chains, to help formulate a tentative project purpose.

Tip: Discuss your impact goal, tentative project purpose and research questions with your research team. It is important that everyone understands what you are trying to learn from the research and the big picture for the program. Keep the impact goal in mind throughout the research to ensure that the emerging program design can achieve the impact goal.

In introductory chapter the following example of a goal and project purpose was given:

Impact Goal: Reduce poverty of rural households in a particular region.

Tentative Project Purpose: Enable smallholder farmers to sell fresh produce to growing urban markets.

Research starts with formulating research questions to explore your tentative project purpose. These research questions will guide your market research, providing the information needed to make program design decisions. Therefore, it can be useful to organize the research questions by those decisions they will inform. The questions change as your research evolves, often becoming more specific, as you move through the research and design process to arrive at a detailed program design. Generally, early research will inform broader program design decisions, while later research will inform more detailed program design decisions

Tip: Stay open to changing your project purpose during the research. The information you gather may indicate that there are more effective ways to reach the impact goal or that it is not feasible to connect the target group to an earlier identified market opportunity. In this case, change the tentative project purpose and formulate new research questions to explore the issues most relevant to your new direction in project design.

Continuing the example above, some initial research questions, organized by the program design decisions they will inform, might be:

- **Project Purpose:** What are the characteristics of demand in urban markets?
- **Strengths and Constraints:** What are the matches and gaps between this demand and small farmers' current output?
- Sustainable Solutions: What are available or potential mechanisms through which gaps can be addressed? Which are the most promising channels for rural producers to reach urban markets[11]?
- Intervention Design: What might the program do to leverage these mechanisms?

In order to design your information collection, it is useful to break down the research questions into a list of information you will need to answer the questions[12]. This list will help you choose information sources and specify questions you will pose to respondents. The table below, based on the example research questions above, outlines some of the specific information that would be required to answer the questions, and suggests potential key information sources. Note that one information source will often be able to provide information on several research questions.

[11]Miehlbradt, 2005.
[12]The "Information Matrix" tool in Annex D includes useful lists of information that may be included in value chain research.

Research Questions	Information Required	Key Information Sources
What are the characteristics of demand in urban markets?	• Types of vegetables demanded in urban areas • Quality specifications of vegetables demanded in urban areas • Growth rates of demand for vegetables in urban areas	• Owners / managers of urban retail outlets • Wholesale marketers • Transporters and traders • Key donors working in agriculture
What are the matches and gaps between this demand and small farmers' current output?	• Type of vegetables grown by rural farmers • Quality characteristics of vegetables grown by rural farmers • Small farmers' constraints to changing or upgrading their produce	• Retailers and wholesalers • Farmers and farmers' groups • Traders, lead firms, brokers, contract farms • Agencies working in agriculture
What are available or potential mechanisms through which gaps can be addressed?	• Support services (private, public, informal) that could help farmers change or upgrade their produce • Inputs that could result in improved or new products • Technology that could be used in the production process	• Service providers and suppliers • Government department of agriculture • Key donors and NGOs working in agriculture • University research centres
Which are the most promising channels for rural producers to reach urban markets?	• Channels through which produce gets to urban markets • Relationships among value chain businesses • The opportunities and constraints in various market channels	• Traders, lead firms, brokers, wholesalers • Farmers and farmers' groups • Agencies working in agriculture • University research centres
What might the program do to leverage these mechanisms?	• How could support service providers profitably meet the needs of smallholders; what changes do they need to make • How could farmers access needed inputs and technologies in an affordable manner	• Input suppliers • Farmers and farmers groups • Traders, lead firms, brokers, contract farms • Wholesalers, retailers • Key donors and NGOs working in agriculture

You will not know all the information you need and the best sources of data when you initially outline your research plan. List what you can and add other gaps and sources during the research as you develop your understanding of the market context andstakeholders. Often interview respondents will offer referrals to additional sources of information.

Keep in mind that you will need to develop research questions, identify information required and sources for each round of research you conduct to help you make program design decisions. The next section of this chapter presents a tool for tracking what you have gathered and identifying what additional information might be required as you move through the research.

A worksheet is provided at the end of the chapter – Worksheet #3 – on which to list your research questions, information required and key sources. Key program design decision areas are included to help you formulate research questions which address the decisions you need to make. You may have one or several queries per design decision area. Also, a research question might help to inform more than one design decision area. Note that you need only develop research questions for those design decisions you aim to make with a particular round of research. The decision areas are listed in the typical order in which they are made – with the broader decisions (e.g. Project Purpose) that will be informed by earlier research first and the more detailed decisions (e.g. Budget) that will draw on later research listed lower down.

> ***Tip***: Organizing information systematically does not preclude intuition and entrepreneurialism in project design, which is always necessary. In fact a mix of creative entrepreneurialism and disciplined analysis usually leads to the most effective project designs.

Preparing to Organize Your Information

It is critical to think about how you will organize information even before you start gathering it. Further, experience has shown that a research process is much more effective and efficient when information is reviewed, organized, and often even analyzed, on an ongoing basis. Organizing information supports market research since it:

- Imposes discipline on a research team to be comprehensive and thorough
- Ensures that information and ideas are not lost
- Improves the researchers' understanding of the value chain
- Helps the research team to pinpoint gaps in their findings, and take steps to fill those gaps
- Enables researchers to feed the information into an emerging program design
- Assists researchers to revise or refine the research process in order to stay focused on key project design decisions

Information is organized throughout the market research process according to your research questions and information required. The steps for organizing information are:

1. Prepare your worksheet for organizing information
2. Enter information into the organizing worksheet
3. Consolidate information in the organizing worksheet
4. Analyze information from the organizing worksheet and generate program ideas
5. Identify information gaps for the next round of research

Prepare the Organizing Worksheet

Before starting your research, prepare a paper and/or electronic copy of the Getting Ready Worksheet #4 – Organizing Information, located at the end of the chapter. List your research questions and information required from Getting Ready Worksheet #3, leaving space to add additional questions and information as you go along.

Enter Information into the Organizing Worksheet

In each tool chapter, there is a worksheet for consolidating information from that tool. Once data from a given tool has been consolidated, transfer it into your organizing worksheet. It can even be useful to transfer information more often to the organizing worksheet if a research tool, such as In-Depth Interviews, is used over a period of several weeks or more. You will find that data from different sources is often entered into the same box of the organizing worksheet: for example, information about constraints to particular stakeholders (e.g., SEs, other value chain businesses, support service providers, NGO workers) might be obtained from Focus Group Discussions, In-Depth Interviews and Stakeholder Meetings.

Tips on Organizing Information

You can organize your information either manually or on a computer. Many organizations use both – initially recording information manually and later transferring it onto a spreadsheet or word processing file.

For many tools, you will initially record your information by the questions you ask respondents. You must then organize this information to transfer it to the Organizing Worksheet. There are a number of strategies that can help you systematize your information according to your research questions. For manually recorded information, you can:

- Label separate sheets of paper with the research questions, and as you read through the information recorded on your tool worksheet, transfer relevant information to these sheets.
- Color code information with a highlighter pen or sticky dots – use a different color for each research question.
- Use index cards or post-it notes for each key point made by respondents and then sort these into information needed to answer each research question. When information on an index card could help answer more than one research question, make several copies to ensure that you have the information you need to answer each research question.

Once information is in electronic form, you can just cut and paste into relevant boxes on your organizing worksheet. But you may find it easier to read through the information recorded from an individual tool first, color coding pieces of information, as in the manual system, using the highlighter function. It will then be easier to see how to cut and paste it into your organizing worksheet.

Consolidate Information on the Organizing Worksheet

Each time information is entered into the organizing worksheet, consolidate it with the data already there. Key steps in this process:

- Put similar pieces of information together and consolidate into a few phrases if possible.
- Identify contradictory information. If you cannot resolve the contradiction, make a note to gather more data on that topic for further research and clarification.
- Elaborate on trends, which are more likely to be obvious when feedback from several sources is combined.
- Expand on ideas for promising sustainable solutions and program interventions if more details or thoughts can be added based on the latest tool used.

Tip: Be careful not to get lost in the information. Databases can be useful but they can also create information overload, drawing the research team's attention away from key issues into the minutiae of the data. It is more helpful to look at the information holistically, trying to identify the key factors that affect the target group and the value chain.

Analyze Information from the Organizing Worksheet

Go through the information you have gathered and answer, as best you can, the research questions. At this point, you will often use the value chain and support markets analysis tools that are described in the references in Annex C. Try to identify the information, trends and ideas that you think are critical to answering the research questions in such a way that explains how the value chain works and how it could be developed to benefit the target group.

Feed the information from your organizing worksheet into your program design process (using the companion Program Design for Value Chain Initiatives toolkit). As you iteratively gather, organize and analyze information, you will find that you are able to progressively elaborate more and more useful and detailed answers to the research questions. This will help you make and refine program design decisions: formulating an increasingly detailed process in your mind for how the value chain will be developed to benefit your target SEs.

Key information from market research that will inform this process is:

- How the value chain works now – both the norm and promising, but unusual, business models [13]
- Trends in the value chain
- The strengths, weaknesses and relationships of value chain enterprises
- The availability, suitability and affordability of support services and products
- Ideas from your team and from respondents on how the value chain could change to benefit your target SEs and others
- Innovations that are already happening in the value chain and might be leveraged and/or replicated to benefit target SEs.

Periodically, brainstorm additional program design ideas. You may discuss with the research team as well as the potential value chain partners that you have identified. This may stimulate ideas for how businesses in the value chain could work together or complement each other.

Tips on Analyzing Information

As you organize and analyze information, it is easy to get lost in the details and lose sight of the big picture and your program design. To avoid this, always focus and prioritize:

- Keep your eye on your tentative project purpose. Is it turning out to be a viable and high impact strategy? Will it sustainably connect the target SEs to market opportunities? How should it be modified to increase viability and impact?
- Focus on market opportunities. While respondents often tend to talk more about their problems, opportunities drive markets and incomes.
- Prioritize the most immediate and significant constraints – the ones that block the target SEs from reaching the market opportunity and the ones that the target group and other value chain enterprises are most concerned about and ready to invest in solving.
- Stay tuned to identifying innovations or emerging business models that encapsulate sustainable solutions to identified constraints.
- Focus not only on facts and opinions but also on people, companies and organizations. This will help you determine with which enterprises to partner and how to initiate change.
- Prioritize information that is helping you answer your research questions and make program design decisions.

[13] Promising, but unusual, business models are also called "outliers." A more detailed description of outliers is included in Annex D.

Identify Information Gaps for Further Research

Feeding information into your program design process may yield decisions on the program, additional ideas and/or a need for more data. Based on the discussions with your research and design team, determine:

- What information is missing that is necessary for answering research questions, making decisions or adding detail to your program design? Depending on the answers, develop additional research questions and/or identify additional information required for the next round of research.
- Did you come up with program design ideas that you want to discuss with SEs and other stakeholders? If so, plan this into your next round of research.
- Did you identify any exceptional business leaders or stakeholders who are enthusiastic, willing and capable of spearheading market changes? If so, you may want to include them in your next round of research or program planning.

Annex D includes a matrix for tracking and/or organizing information based on categories of information within the scope of typical value chain research. Two additional tools in Annex D describe ways to organize key findings about a value chain in preparation for analysis. These tools can be useful complements to the organizing information worksheet.

Once you have chosen a research team, estimated resource requirements, determined what you want to know and prepared to organize your information, you are ready to begin planning your information collection.

The following worksheets, referred to throughout this chapter, provide a step by step process for collecting, consolidating and organizing information.

Getting Ready Worksheets

Worksheet #1

Getting Ready - Planning Your Research Team

Name (or organization if outsourcing)	Key Skills	Roles in Market Research

Worksheet #2

Getting Ready - Estimating Resource Requirements

Line Item	Approximate Budget	Notes
Research Team Leaders (# of people x # of days)		
Research Team Members (# of people x # of days)		
Travel/Transport		
Materials		
Research Tool Implementation (e.g. interview venue, snacks)		
Information Organization/ Data Entry (if not included above)		
Other		
Total		

Worksheet #3

Getting Ready - Outlining Information Required and Information Sources

Project Goal:		
Tentative Project Purpose:		
Research Questions	Information Required	Information Sources
Project purpose:		
Strengths and Constraints:		
Sustainable Solutions:		
Intervention Design:		
Risk Identification and Mitigation:		
Logical Framework/Indicators:		
Implementation Plan:		

Worksheet #4

Getting Ready - Organizing Information

Impact Goal:			
Tentative Project Purpose:			
Research Questions	Information Required	Findings	Research Question Answers
Project Purpose:			
Strengths and Constraints:			
Sustainable Solutions:			
Intervention Design			
Risk Identification and Mitigation:			
Logical Framework / Indicators:			
Implementation Plan:			
Budget:			

Examples of Completed Getting Ready Worksheets

Sample Worksheet #1

Getting Ready - Planning Your Research Team

Name (or organization if outsourcing)	Key Skills	Roles in Market Research
Fernando Olivera, MEDA	• Solid understanding of sub sectors and how they function in the Peruvian context • Knowledge of coffee sub sector • Strong research design skills • Extensive experience conducting and leading market research teams	Lead Researcher • Lead Market Research Team • Define research questions • Conduct Interviews and Focus Group Discussions • Review all information collected
Carlos Tejada, MEDA	• Extensive experience formulating interview questions, and conducting interviews • Strong organizational skills • Excellent communication skills • Good understanding of local cultures	Assistant Moderator • Introduce project to respondents • Coordinate some of the logistics • Assist during interviews to ensure sessions are kept on track • Add questions when needed • Operate recording device and take notes
Carmen Valdez, MEDA	• Excellent organizational skills • Logistical specialist	Organizational Assistant • Contact and Schedule respondents • Prepare materials for market research • All logistical components
Jenniffer McGregor, MEDA	• Good understanding of sub sectors and the Peruvian context • Extensive experience conducting market research especially with small scale producers • Entrepreneurial insight	Researcher • Lead Market Observation component • Assist in determining entrepreneurial opportunities

Sample Worksheet #2

Getting Ready - Estimating Resource Requirements

Line Item	Approximate Budget	Notes
Research Team Leaders (# of people x # of days) 1 person x 30 days $25/day	$750	• This includes time spent on preparation, conducting research, and analyzing results
Research Team Members (# of people x # of days) 1 person x 28 days 1 person x 10 days 1 person x 6 days $30/day	$1320	• Some of the team members will spend only partial days on various tasks related to the market research. This sum is an estimate of all time spent on market research activities.
Travel/Transport $80/airplane ticket $3/taxi trip in Lima	Flights: $1280 Taxis: $60	• 8 events outside of Lima (including In-Depth Interviews, Focus Group Discussions, and Stakeholder Meeting) • Two team members present at each session.
Materials	$50	• Paper and writing utensils • Recording device
Research Tool Implementation (e.g. interview venue, snacks) $50 per out of town venue	$400 – interview venues $15 - snacks	• Interviews in Lima will take place at the office of interviewees.
Information Organization/ Data Entry (if not included above)	Included above	
Other Action Research Costs $1000/baseline information collection $800/training of trainers in Producer Associations $200/training guide preparation $1000/ongoing monitoring of each producer cluster	$1,000 – baseline $2,400 – training of trainers $200 – training guide $3,000 – monitoring	• Action Research will take place with three Producer Associations
Total	$9,485	

Sample Worksheet #3

Getting Ready - Outlining Information Required and Information Sources

Project Goal: Contribute to the economic and entrepreneurial development of communities located in Protected Natural Areas (ANPs) and/or their buffer zones.

Tentative Project Purpose: Increase the incomes of low income groups with productive capacity, living within ANPs, with a focus on sustainable management of natural resources.

Research Questions	Information Required	Information Sources
Project purpose: What are the current productive capacities of the people living in the ANP? What are recent coffee production volumes? What are the price trends for coffee? How many small enterprises are involved? What are the key export markets? Who are the major exporters in the sector?	• Products being produced in the ANP • Production volumes • Current demand for this product on the national and international markets • Price trends • Quality demands of product • Number of small enterprises involved • Name and contact information of the key buyers	• Small scale producers and cooperatives in ANP • Current buyers, wholesalers, and exporters of product • Government department of agriculture • Governmental statistics
Strengths and Constraints: What are the strengths of the coffee sub-sector in the ANP? What are common constraints in the fair trade coffee sub sector? Does the scale of production need to increase or could increasing the quality of the product increase incomes? How can producers differentiate their product?	• Competitive advantages of coffee sub sector in ANP • Constraints of fair trade coffee sub sector • How pricing of product is determined • Characteristics of a high quality product • How can quality be increased • Options for selling a differentiated product and process required	• Cooperatives • Agricultural specialists • Exporting enterprises • NGOs and donors working in the sector
Sustainable Solutions: What are potential solutions to production challenges? What kinds of solutions can address these identified constraints? What could interfere with the success and sustainability of the intervention? Can these solutions be sustainable? What mechanisms need to be put in place so that changes are sustained?	• Solutions defined by small scale producers • Support services that would be needed • Inputs and technologies that could increase quality of product • Certification process and requirements	• Agricultural specialists in the sector • Existing service providers and entrepreneurs • Exporting enterprises • NGOs working in the sector • Small scale producers and cooperatives
Intervention Design: What might the project do to utilize these opportunities? What linkages need to be created? Is it difficult to obtain fair trade certification? How easy or difficult is it to sell to these markets? Why? Is fair trade beneficial or harmful for producers? Why?	• Which exporting enterprises could provide long term linkages to international markets • Opportunities and constraints of selling to a fair trade market • Certification process • Benefits and risks for producers of selling to fair trade market	• Exporting enterprises • Academic studies • Small scale producers and cooperatives • Fair trade certification organizations

Sample Worksheet #3 (*Continued*)

Getting Ready - Outlining Information Required and Information Sources

Risk Identification and Mitigation: What constraints might small scale producers face? What support systems need to be in place for small scale producers? What external events could impact the success of the project?	• Constraints identified by small scale producers and exporters • Systems that can mitigate risks for small scale producers • External factors that could influence the project	• Small scale producers and cooperatives • NGOs working in sector • Exporting enterprises • Academic sources
Logical Framework/Indicators: Baseline information – What are the current incomes of small scale producers? What prices are paid for their product? What is the cost of inputs? Environmental assessment of ANP and impact of productive activities.	• Prices small scale producers are paid for their product • Price fluctuation and seasonality • Cost of inputs for small scale producers • Whether inputs can be purchased by cooperatives at a discount • Environmental assessment of ANP and impact of productive activities • How environmental impacts can be minimized	• Small scale producers and cooperatives • Exporting enterprises • International market • Environmental specialist • Wholesalers/retailers of inputs
Implementation Plan: How many large and medium sized enterprises are buying coffee from the ANP? What prices are these enterprises paying? Who negotiates with the exporting enterprises? How can costs of inputs be reduced?	• Number of large and medium exporting enterprises purchasing from small scale producers in the ANP • Who negotiates price and the current price paid • How inputs are purchased and how costs can be minimized	• Small scale producers and cooperatives • Exporting enterprises • Wholesalers/retailers
Budget: What are the costs of technical assistance consultancies?	• The market rate for a coffee sub sector expert in Peru	• University resources • Professional associations • Exporting enterprises

Sample Worksheet #4

Getting Ready - Organizing Information

Impact Goal: Contribute to the economic and entrepreneurial development of communities located in Protected Natural Areas (ANPs) and/or their buffer zones.			
Tentative Project Purpose: Increase the incomes of low income groups with productive capacity, living within ANPs, with a focus on sustainable management of natural resources.			
Research Questions	Information Required	Findings	Research Question Answers
Project Purpose: What are the current productive capacities of the people living in the ANP? What are recent coffee production volumes? What are the price trends for coffee? How many small enterprises are involved? What are the key export markets? Who are the major exporters in the sector?	• Products being produced in the ANP	Coffee is main product of target ANP	What are the current productive capacities of the people living in the ANP? Coffee is the main product produced in the target ANP. Estimated volume of 100 000 quintals per year. What are recent coffee production volumes? Nationally the average is 4.5-5 million quintals a year. What are the price trends for coffee? Prices are expected to remain fairly stable for the next 2 years at between US$ 100 – 110 per quintal. How many small enterprises are involved? Nationally, 150,000 families. What are the key export markets? Germany, USA, Canada, Japan, and Holland (80% of exports). Who are the major exporters in the sector? CENTRAL COCLA, CECOVASA, CAC LA FLORIDA, CEPICAFE, CAFÉ PERU SAC, ASOC. R. DE MENDOZA, CAC SAN JUAN DEL ORO, CAC BAGUA GRANDE, CECANOR, CAC VALLE RIO APURIMAC.
	• Production volumes	Nationally: 2005: 3,608,398 quintals 2006: 4,700,000 quintals (estimated)	
	• Current demand for this product on the national and international markets.	Commodity product	
	• Price trends	2005: US$ 99.04/quintal (FOB) 2006: US$ 100.49/quintal (FOB)	
	• Quality of product demanded	A spectrum of coffee quality is demanded depending on exporting company. Higher quality coffee is demanded and a higher price would be paid.	
	• Number of small enterprises involved.	150,000 families in Peru	
	• Who are the buyers?	Export markets: 94% of exports are shipped to 26 countries. Just 5 countries purchase 80% of all exports: Germany, USA, Canada, Japan, and Holland. Exporting companies: There are approximately 50. The following is a list of the top exporting companies by volume: CENTRAL COCLA, CECOVASA, CAC LA FLORIDA, CEPICAFE, CAFÉ PERU SAC, ASOC. R. DE MENDOZA, CAC SAN JUAN DEL ORO, CAC BAGUA GRANDE, CECANOR, CAC VALLE RIO APURIMAC.	

Sample Worksheet #4 (*Continued*)

Getting Ready - Organizing Information

Strengths and Constraints: What are the strengths of the coffee sub-sector in the ANP? What are common constraints in the fair trade coffee sub sector? Does the scale of production need to increase or could increasing the quality of the product increase incomes? How can producers differentiate their product?	• Competitive advantages of coffee sub sector in ANP	Buyers appreciate the climatic conditions of the ANP	Does the scale of production need to increase or could increasing the quality of the product increase incomes? Increasing quality would be a better mechanism for increasing incomes. How can producers differentiate their product? Fair trade, organic, reputation for high quality What are common constraints in the fair trade coffee sub sector? Cost of certification and limited size of market.
	• Constraints of fair trade coffee sub sector	Cost of certification process and limited size of market.	
	• How pricing of product is determined	On world market with discount or surplus depending on quality. Fair trade and specialty coffee (such as organic or shade grown) receive a surplus on the world market price.	
	• Characteristics of a high quality product	Low humidity, shade grown, medium to high acidity, taste. Unique characteristics based on soil, geography and conditions where coffee is grown Marketing director from an export company said his quality requirement is SHB (strict hard bean) with a maximum of 20 defects per 300 grams of conventional coffee, SHB with 15 defects for organic coffee, and SHB with 5 defects for Fair Trade coffee respectively. Generally coffee quality is determined by humidity and appearance.	
	• How quality can be increased	Producers can increase the quality of coffee at the pre and post-harvest levels.	
	• Options for selling a differentiated product and process required	Often Peruvian coffee is mixed after import and not sold as a differentiated product. Fair trade, organic – both require certification.	

Sample Worksheet #4 (*Continued*)

Getting Ready - Organizing Information

Sustainable Solutions: What are potential solutions to production challenges? What kinds of solutions can address these identified constraints? What could interfere with the success and sustainability of the intervention? Can these solutions be sustainable? What mechanisms need to be put in place so that changes are sustained?	• Solutions defined by small scale producers	Fair trade certification, improving quality of coffee, selling only as a cooperative.	What are potential solutions to production challenges? Fair trade certification, collective sale, improving quality. What kinds of solutions can address these identified constraints? Strengthening producer associations and cooperatives and mirco-enterprise support to Small scale producers. Shared inputs purchase and machinery. What could interfere with the success and sustainability of the intervention? International demand for fair trade coffee, size of market, ability of Small scale producers to pay annual certification fee. Can these solutions be sustainable? Through capacity building and increased role of producer associations/cooperatives. What mechanisms need to be put in place so that changes are sustained? Stronger associations. Linkages between producers and exporting companies.
	• Support services that would be needed (micro-enterprise, cooperatives etc)	Strengthening of cooperatives. Micro-enterprise support for small scale producers. Micro-loans for small scale producers if interest rates are lower than those charged by exporting companies (average of 12.5% annually).	
	• Inputs and technologies that could increase quality of product	Drying technology. Mechanization of post-harvest process.	
	• Certification process and requirements	Through the Fairtrade Labelling Organization (FLO) International (an umbrella organization for 20 labelling initiatives), best done as a cooperative to minimize costs, could take a year.	

Sample Worksheet #4 (*Continued*)

Getting Ready - Organizing Information

Intervention Design: What might the project do to utilize these opportunities? What linkages need to be created? Is it difficult to obtain fair trade certification? How easy or difficult is it to sell to these markets? Why? Is fair trade beneficial or harmful for producers? Why?	• Exporting enterprises which could provide long term linkages to international markets	Empresa SOSAC purchases a large percentage (95%) of fair trade and organic coffee. All companies interviewed are looking for new suppliers.	What might the project do to utilize these opportunities? What linkages need to be created? Create long term linkages with interested exporting companies. Assist with the fair trade certification process. Is it difficult to obtain fair trade certification? The process is not difficult, but can be costly for small producer cooperatives. How easy or difficult is it to sell to these markets? Why? Once certification is received it is not difficult, however the size of the market is limited. Is fair trade beneficial or harmful for producers? Why? The majority of small scale producers feel that it is complicated to sell to this market because the majority of brokers and roasters make the sale of fair trade coffee conditional on the sale of conventional coffee. The rule in some cases is that one container of fair trade will be purchased after every 5 containers of conventional coffee.
	• Opportunities and constraints of selling to a fair trade market	About 40% of coffee purchased from Peru is fair trade and organic. Small size of market could mean that not all production can be absorbed.	
	• Certification process	Contact FLO to begin process, can also get advice and training. Small scale producers feel it is relatively easy to achieve fair trade certification but they have heard of producer associations who were not able to get certified. Cost of certification through FLO-CERT depends on the number of farmers but ranges from € 1200 - € 4000 for the first year.	
	• Benefits and risks for producers of selling to fair trade market	Small market, higher prices paid, more stable relationships with exporting companies.	

Sample Worksheet #4 (*Continued*)

Getting Ready - Organizing Information

Risk Identification and Mitigation: What constraints might Small scale producers face? What support systems need to be in place for Small scale producers? What external events could impact the success of the project?	• Constraints identified by small scale producers and exporters	Cost of inputs for small scale producers to increase quality. Some exporting companies make the sale of fair trade product contingent on the sale of regular coffee.	What constraints might small scale producers face? High cost of inputs to increase quality. Exporting companies that make the sale of fair trade coffee contingent on the sale of regular coffee. Size of market. What support systems need to be in place for small scale producers? Micro-enterprise services. Stronger producer association and cooperatives. What external events could impact the success of the project? Political stability. Prices of coffee on the international market. Climatic events.
	• Systems that can mitigate the risk for small scale producers	Micro-enterprise services, stronger producer associations and cooperatives that can negotiate on behalf of small scale producers. Training.	
	• External factors that could influence the project	International price of coffee. Climatic events that affect Peru or other coffee producing countries. Political stability of Peru.	
Logical Framework / Indicators: Baseline information – What are the current incomes of Small scale producers? What prices are paid for their product? What is the cost of inputs? Environmental assessment of ANP and impact of productive activities.	• Prices small scale producers are paid for their product	Between US$ 100 – 110/quintal Most farmers in the target ANP produce approximately 20 quintals of coffee (resulting in 14 quintals of beans) a year.	Baseline information – What are the current incomes of small scale producers? Approximately $1400/year from coffee production of 20 quintals of coffee. What prices are paid for their product? Between US$ 100 – 110/quintal What is the cost of inputs? About $600 per year for a harvest of 20 quintals. Environmental assessment of ANP and impact of productive activities. Coffee production, when grown among local tree varieties, has minimal impact on local environment.
	• Price fluctuation and seasonality	Some fluctuation on the world market. Predicted that price will remain somewhat stable for the next 2 years.	
	• Cost of inputs for small scale producers	About $600/year	
	• Whether inputs can be purchased by cooperatives at a discount	Producer associations and cooperatives can negotiate with retailers. Could also share machinery.	
	• Environmental assessment of ANP and impact of productive activities	Coffee production done among local tree varieties has minimal negative impact on local environment. Reforestation activities could benefit environment and coffee production.	
	• How environmental impacts can be minimized	Production of organic coffee, shade grown coffee, use of local tree varieties, protection of local flora and fauna in coffee fincas	

Sample Worksheet #4 (*Continued*)

Getting Ready - Organizing Information

Implementation Plan: How many large and medium sized enterprises are buying coffee from the ANP? What prices are these enterprises paying? Who negotiates with the exporting enterprises? How can costs of inputs be reduced?	• Number of large and medium exporting enterprises purchasing from small scale producers in the ANP	20 exporting enterprises are purchasing coffee from the ANP	How many large and medium sized enterprises are buying coffee from the ANP? Approximately 20 exporting companies are currently purchasing coffee from the ANP but a number of enterprises are looking to begin purchasing coffee from this region. What prices are these enterprises paying? Based on international prices with premium for high quality or fair trade. Who negotiates with the exporting enterprises? Generally cooperatives or producer associations. How can costs of inputs be reduced? Collective purchase of inputs and shared use of machinery.
	• Who negotiates price and the current price paid	Price is based on international price but negotiated at time of purchase, based on quality, and paid at time of delivery.	
	• How inputs are purchased and how costs can be minimized	Currently most inputs are purchased by small scale producers on an individual level. Shared resources, bulk purchase of inputs could minimize costs.	
Budget: What are the costs of technical assistance consultancies?	• The market rate for a coffee sub sector expert in Peru	Average of $30 per day	What are the costs of technical assistance consultancies? Average of $30 per day

Choosing and Sequencing Market Research Tools

Choosing and Sequencing Market Research Tools

This chapter offers guidance and tips on choosing and sequencing tools. This knowledge will assist you in yielding accurate information as efficiently as possible, and in a way that is appropriate for your program context. The chapter also provides a brief introduction to preparing for and implementing market research tools, while specific instructions for each tool are provided in the tool chapters.

Market Research Tools:

Secondary Source Research is the gathering of background information from existing documents, journals, studies, reports, databases, websites, etc.

Key Informant Interviews are consultations with value chain entrepreneurs, support service providers or other stakeholders, such as government and NGO staff, who can provide an overview and/or preliminary information on a market system.

Market Observation involves watching actual transactions and other interactions between value chain entrepreneurs, to get a sense of relationships and power dynamics in the value chain.

In-Depth Interviews are semi-structured interviews designed to gather detailed information from SEs and other stakeholders about their experiences and opinions.

Focus Group Discussions are facilitated discussions amongst a group of similar stakeholders designed to investigate specific issues and/or ideas, including potential solutions to shared challenges.

Stakeholder Meetings bring together stakeholders who are involved at various levels in a value chain both for information gathering and to initiate action to improve the vertical functioning of the market channel.

Action Research allows a researcher to try out a specific intervention with the aim of testing its feasibility, impact and suitability for achieving project goals.

Choosing and Sequencing Research Tools

There are two aspects to choosing market research tools. The first is to identify the tool that best matches both the information that you aim to gather and the sources of that information. The second is deciding, incrementally, on the overall sequencing of tools that will provide the information you need to design your program. This section covers these two aspects in turn.

Selecting Appropriate Research Tools

The Getting Ready chapter describes how to develop research questions, outline information needs and determine sources at each stage of market research. The selection of tools should reflect these research questions, information needs and sources.

When choosing research tools, consider first the sources of information. For example, will you gather information from secondary sources, value chain businesses, or government agencies and NGOs? This will help you narrow down the types of tools you could use.

Next, you need to consider the type of information you intend to gather to respond to your research questions. For example, do you aim to compile overview information on a value chain or specific information on various enterprises and characteristics of the value chain? Are you primarily trying to understand what is happening in the value chain now? Or, do you want to explore how the value chain could change and what the role of the enterprises and program might be? This will help you choose between the types of tools appropriate for specific information sources.

Tips on Choosing Appropriate Research Tools

- Secondary Sources vs. Direct Respondents: Usually secondary sources are more useful for collecting broad information and statistics that individual stakeholders may not know, such as the aggregate export sales of a particular product. Look at secondary sources first, since you will have limited time with respondents and you will get a better reception from them if they can see that you have prepared by doing some prior research. Much of the detailed information on a value chain will have to be gathered from respondents as it is not usually available from secondary sources.
- Key Informant Interviews vs. In-depth Interviews: Key informants are respondents who are in a position to have an overview of a particular value chain or issue. For example, the head of a chamber of commerce might be a useful person to interview about the economic situation in that area. In-Depth Interviews are more appropriate when you want to learn about the respondent's particular situation, attitudes and behaviors. So, In-Depth Interviews are generally conducted with businesses in a value chain and those stakeholders who might later be involved in the program.
- One on One vs. Group-based Tools: One-on-one interviews are better for grasping the basics of how a value chain works and for investigating entrepreneurs' and stakeholders' attitudes and behaviors. Group-based tools (FGDs and Stakeholder Meetings) are better for exploring ideas new to the respondents, engaging stakeholders in thinking about issues and problems, and generating and discussing ideas or solutions for developing a value chain. Group-based tools tend to be more effective when the moderator already understands the basics of the respondents' situations.
- Fitting the Tools to the Respondents: Sometimes, there are particular cultural issues which make one tool more appropriate than another. For example, gender issues or power relations in a particular culture may mean that some stakeholders, such as low-income SEs or market women, feel more comfortable with group-based rather than individual interviews. Or, for example, if there is ethnically based animosity among individuals or groups, one-on-one interviews might be more appropriate than risking conflict while using group-based tools.

A worksheet is provided at the end of the chapter to assist you in choosing appropriate research tools.

To fill out the *Choosing Tools Worksheet #5*:

1. Transfer the information sources from your *Getting Ready Worksheet #3* in the first column of the Choosing Tools Worksheet #1.
2. In the second column, fill in the information required from each source (using the "Information Required" column from Getting Ready Worksheet #3)
3. Determine which tool will be most appropriate to gather the information required from each information source.
4. Consolidate your choices into one or a few tools. For example, if you have a range of respondents from whom you want to get broad information, you may decide to implement Key Informant Interviews. If you have a range of stakeholders with whom you want to discuss solutions to value chain constraints, you may decide to implement a Stakeholder Meeting. You may need to make compromises in order to limit your research at a particular stage to a manageable number of tools.

Sequencing Research Tools

There is no fixed order in which research tools must be implemented, no hard rules on how many tools you should use in market research, nor restrictions on which ones to combine with others. However, some tools tend to be most useful in the early stages of market research while others are generally more productive later in the process. Needless to say, there are many ways that tools can be sequenced and combined. Indeed, some organizations use all the tools in their market research. Typical stages of market research and the tools of most value to each stage are outlined below.

First – Getting an Overview:

When information collection starts, researchers usually do not know much about the targeted value chain. In fact, they may still be deciding among several value chains as a focus for their program. At this stage, research questions tend to be broad, and researchers are often looking for overview information on end markets, value chain characteristics, and key trends in the market system. The tools that normally elicit the most relevant information at this stage are:

- Secondary Source Research
- Key Information Interviews

Information collected with these tools helps program designers develop the impact goal and project purpose: identifying the program clients and the tentative end market opportunity that the program will target (including potential value chains). Overview tools also often offer insights into areas or regions where the program will be optimally implemented. Finally, these tools may yield a preliminary understanding of a value chain, helping to shape further, more detailed, research questions.

There is usually not much secondary source information on value chains that are very weak or largely in the informal sector. Therefore, programs focusing on such value chains will have to rely more heavily on direct respondents.

Second – Expanding Understanding:

Once researchers have an overview of a market system, information collection questions tend to become more specific, focusing on the details of program design. The tools that are generally the most productive at this stage include:

- Market Observation[14]
- In-Depth Interviews
- Focus Group Discussions

This group of tools provide information which helps program designers to pinpoint which value chain strengths and constraints the program will target, determine what sustainable solutions the program will promote, define what activities the program will undertake, and outline how the program will manage risks.

While In-Depth Interviews and Focus Group Discussions will yield different information, they can usually be used to explore similar issues. If you are short on time or budget, choose to do one or the other with each type of stakeholder, rather than both.

[14]Note that market observation is also often used while researchers are "Getting an Overview."

Third – Confirming Results and Finalizing Plans:

The research questions in the third stage tend to focus on confirming results from the second stage and adding final details to the program plan. The tools most useful at this stage are:

- Stakeholder Meetings
- Action Research

These tools provide information that can help program designers analyze the feasibility of specific strategies or activities, choose between the strategies and activities, finalize the logical framework, and develop the program implementation plan and budget.

Stakeholder Meetings and Action Research can often be used to explore the extent to which value chain businesses are both capable of and willing to invest in particular types of market solutions. While Action Research tends to give a more thorough understanding of participants' intentions and the potential outcomes, Stakeholder Meetings can also provide insights into such issues with lower resource requirements.

Stakeholder Meetings and Action Research cross the border between "research" and "action," delivering information while galvanizing or beginning activities which develop a value chain. Therefore, both tools often form an on-going component of program implementation.

Generally, the more tools you use, the more time and resources you will spend on market research. Therefore, smaller programs will typically use fewer tools than larger programs.

Tips on Sequencing and Combining Tools

- Choose tools incrementally during the research process, deciding on appropriate tools for each stage in the process based on the research results and program design decisions to that point.
- If the number of information sources and tools you want to use are more than you have time or budget to implement, prioritize your information needs by reviewing your research questions.
- Recognize that you may need to compromise on the best source for each piece of information required in order to limit your sources to a manageable number.
- Plan to verify results by getting the same information from different sources. You can cross check information from multiple sources to arrive at a reasonable understanding of a particular issue.
- Be ready to experiment. If possible, test a tool on a small scale. If it is not yielding useful information, consider modifying how you are using the tool or choosing another tool.

Introduction to Using Market Research Tools

Once the decision to use a particular tool has been made, you need to plan and execute the implementation of that tool. Development practitioners are not typically experts in research. Therefore, we often assume that research tools must be used in a rigid manner prescribed in "how-to" manuals. In fact, experience has shown that creatively adapting the tools to a program's particular research questions and context significantly increases the utility of the results. As the market research proceeds and the research team learns more about the value chain, they can increasingly tailor the research to the specific contexts of respondents.

The steps for planning and implementing a market research tool are briefly described below. More detailed tool-specific guidance is provided in each of the tool chapters.

1. Build a research team for the tool with appropriate skills; this team may be drawn from your in-house staff or you may add to the team by bringing in outside skills or manpower.
2. Finalize the specific research questions that information from that tool will answer, based on your overall research plan. Breaking down broad research questions into more specific questions will help you develop guides for interviews and discussions.
3. Identify information sources and determine how you will get a representative sample of sources or respondents that can most effectively help you answer your research questions.
4. Determine how much research to conduct. It is better to designate a range, leaving some flexibility in case it takes more or less research than expected to get the required information.
5. Prepare a research guide, interview questions or a discussion guide as applicable, based on the research questions and information required. Interview questions and discussion guides are most effective when they are carefully tailored and adapted to your research questions, program context and the particular respondents.
6. Select times and places for the tool implementation that take respondents' schedules and needs into consideration; this approach will enable you to gather more extensive and accurate information.
7. Outline and execute an invitation process for respondents as required. Having a culturally appropriate way to contact respondents and request their participation is critical to getting the cooperation of your respondents and setting the stage for effective information collection.
8. Gather and record information. For many tools, this requires a team of at least 2 people: one who solicits the information and another who records it.
9. Organize resulting information in preparation for analysis. Once information from a specific tool is organized, transfer and consolidate the information on your overall organizing worksheet.

The following worksheet provides a step by step process for choosing the market research tools which you will use. The subsequent tool chapters offer detailed advice and examples to assist you in planning and implementing research tools, and in effectively organizing the resulting information.

Getting Ready Worksheets

Worksheet #5

Choosing Tools – Matching Tools to Information Sources and Requirements

Information Sources	Information Required (per source) (e.g. constraints, solutions)	Research Tools (per source)
Choice of Research Tool(s):		

Examples of Completed Getting Ready Worksheets

Sample Worksheet #5

Choosing Tools – Matching Tools to Information Sources and Requirements

Information Sources	Information Required	Research Tools
Government Ministries, Industry Associations	Coffee production volumes, price trends, number of SEs involved, key exporters and export markets.	Secondary Research
Agro Export Specialists	Primary zones of production, annual volumes, product types, major markets and expected sub-sector trends.	Key-Informant Interview
Coffee Exporters	Characteristics of suppliers, varieties purchased, financing terms.	In-Depth Interview
Producers and Intermediaries	Location and type of transactions, market power, product characteristics.	Market Observation
Coffee Producer Associations	Fair trade requirements for certification and access to markets.	Focus Group Discussion
Small-Scale Producers, Producer Associations, Wholesalers, Exporters	Primary constraints in coffee value chain, possible solutions to those constraints and sustainability mechanisms.	Stakeholder Meetings
Producer Associations	Testing of identified solutions vis-à-vis sustainability, effectiveness, impact on costs and risks.	Action Research.
Choice of Research Tool(s):		

Secondary Source Research

Introduction to Secondary Source Research

What is Secondary Source Research?

As the term suggests, Secondary Source Research does not involve firsthand investigation but is rather based upon a review of previously produced research. This includes information that is available from relevant agencies such as industry associations, in reports, journals, and other documents, and on websites. A more detailed list of potential sources is provided below.

> ***Tip***: In certain countries or for particular value chains, there may be very little secondary information which you can find and market research done by commercial firms may be too costly to purchase. In these cases, identify key government, NGO or private sector informants with expertise in the industry or region. They can often provide referrals to difficult-to-locate information.

When is Secondary Source Research Appropriate?

Secondary Source Research is often a first step in market research for value chain programming. It can provide a researcher with background information on a geographic region, an industry and its international competitive position, and the target population including statistical data on income, literacy, employment and gender equality. It can also be an opportunity to gather quantitative information on a targeted value chain, such as production volumes and export and import trends. This information often provides the basis for what is called an "environmental scan" – a summary of a situation that sets the stage for the overall program goal and objectives. Typically Secondary Source Research helps frame the general areas of investigation and the preliminary research questions. Available research is usually not sufficiently comprehensive to allow the collection of specific qualitative information about market demand, value chain constraints and producer needs. These information requirements will be met by other tools discussed below.

Step-By-Step Guide

Check list of steps for Secondary Source Research:

√ Select a lead researcher
√ Determine scope of research and research questions
√ Identify information resources
√ Plan the timing and duration of research
√ Conduct the Secondary Source Research and organize information
√ Prepare draft report
√ Identify any information gaps and conduct additional Secondary Source Research as required
√ Revise and present final information in a report such as an Environmental Scan document

Step 1: Select a Lead Researcher

The first step in preparing for Secondary Source Research is to identify the lead researcher. Usually Secondary Source Research is conducted by a single individual within an organization who prepares a summary report – the environmental scan – for those who will be involved in later research and program design.

> ***Worksheet #6***: Designate your lead researcher and reviewer.

A lead researcher should have the following skills:

- Computer literacy, with particular strength in web-based searching
- Knowledge of potential high quality resources – both online and offline
- Ability to quickly review large amounts of material and synthesize into a coherent document
- Capacity to discern relevant and accurate information, knowing when to triangulate results or seek back-up sources
- Ability to stay focused on the broad research questions and not get bogged down in unnecessary detail
- Strong organizational skills
- Good writing skills and the ability to prepare a concise and useful resource document

It is also useful to have a key member of the research or program team to review a draft document and provide feedback before it is circulated to the entire team.

Step 2: Determine Scope of Research and Research Questions

While Secondary Source Research can be used for a wide variety of information collection objectives, it tends to provide general information for an environmental scan rather than information for specific programming details. As a result, the scope of research is relatively high level which guides the formulation of research questions.

> ***Worksheet #6*:** Determine the scope of research and outline the high level research questions based on Getting Ready Worksheet #6.

For example, Secondary Source Research usually provides answers to questions such as the following:

- What are characteristics of the region of focus?
  - Example: Is the region mountainous, landlocked, arid, tropical, remote, densely populated, etc.?
- What are the development and poverty issues faced by the target clients?
  - Example: Are clients literate? Do they have access to health care? Are diseases such as HIV/AIDS or malaria prevalent, and do they have an effect on programming decisions? What are the socio-cultural norms vis-à-vis women?
- Which industries involve a large number of SEs that are owned by or employ potential program clients?
  - Example: Are most rural households involved in agriculture? Do they produce commodities, high value crops or subsistence foodstuffs?
- Are there enabling environment issues of which the researcher should be aware?
  - Example: Are there supportive government agencies in place such agricultural extension and export promotion services?
  - Example: What is the condition of electricity, roads, ports, airports and other infrastructure?

Not only is Secondary Source Research useful for setting the stage, it is also cost-effective and can be carried out by organizations with limited budgets.

The scope and questions of Secondary Source Research must be carefully defined so as to avoid wasting a researcher's time on collecting detailed information that is of limited value to the program design. For example, if a researcher is interested in population density, and it is variable across a region, that information should be noted. It is not necessary, however, to understand the changing population density and dynamics over time (unless there is some specific relevance to the proposed program such as ethnic tensions).

Step 3: Identify Information Resources

Information sources for Secondary Source Research are extensive. The following are example categories from which a researcher may draw:

- Government agencies: bureaus of statistics, ministries, donor agencies – a country's Poverty Reduction Strategy Paper is often a key source of information regarding development needs
- Business organizations: chambers of commerce, trade associations, industry associations, marketing companies, consultants
- Multi-national bodies: United Nations agencies, the World Bank, Regional Banks
- Universities: research studies, publications, conferences
- Not-for-profit organizations and networks: conferences, reports, publications, websites, personal communication

Tip: Be aware of unofficial, informal research sources. These can threaten the legitimacy of research and lead to inappropriate conclusions

Worksheet #6: Identify the sources for research – both general and specific sources.

The box below contains some sample market research websites as illustrations.

Sample Market Research Resources

GENERAL

United Nations Human Development Report - hdr.undp.org/en/

Country and industry market information - www.tradeport.org/ts/planning/index.html

General country information - www.odci.gov/cia/publications/factbook/index.html

Sample import / export trends (Canada) - strategis.ic.gc.ca/sc_mrkti/tdst/tdo/tdo.php?lang=30&headFootDir=/sc_mrkti/tdst/headfoot&productType=HS6&cacheTime=962115865#tag

Specific trade and tariff information - dataweb.usitc.gov/

VALUE CHAIN SPECIFIC (AGRICULTURE)

Agricultural market prices and trade regulations - www.agribusinessonline.com/

Food and Agriculture Organization (FAO) Database - www.fao.org/documents/
and newsletter - www.fao.org/WAICENT/faoinfo/economic/giews/english/fo/fotoc.htm

Step 4: Plan Timing and Duration

Secondary Source research generally precedes other research, providing background information to other researchers and program designers. Ensure that the lead researcher can complete this preliminary work and produce a useful document for review and circulation prior to the commencement of more detailed research.

The duration of Secondary Source Research depends upon the overall program budget, the materials that are available and the knowledge of the team members of the area in which they will be working.

If a research program has a small budget, Secondary Source Research will have to be confined to a couple of days to set the stage. In this instance, the lead researcher will need to focus on a few key sources such as UNDP statistics, government documents on the region and selected subsectors, and relevant reports prepared for donor agencies and lead NGOs.

In some cases, there is very little secondary source information. For example, in a post-conflict situation where a subsector has been virtually destroyed, there may be little or no material on how the subsector currently functions. There may however be interesting historical details that can provide clues regarding potential direction, without information on the revitalization of the industry.

Situations arise in research and analysis where a country, selected region, proposed clients and sector are relatively well-known to the research team. In such a case, the lead researcher will summarize known information into a cohesive document and provide additional details about the chosen subsector based on identified gaps in knowledge.

Step 5: Conduct Research and Organize Information

Relevant information should be extracted and organized as research is carried out – this avoids amassing large amounts of material that has not been synthesized for report preparation. The worksheets included in this section will assist you in organizing and consolidating information according to the key research questions.

***Worksheet #7 and #8*:** Collect information onto Worksheet #7 and then consolidate (if necessary) on Worksheet #8.

Step 6: Prepare Final Report

A final report is prepared for use by the research team that offers background information on the country, potential industries and the enabling environment. A sample outline of an Environmental Scan is included below.

Step 7: Identify Any Information Gaps

In the process of preparing the final report or as it is being reviewed by the research team some gaps in information or areas for additional study may be identified. As this happens, rapid follow-up research can be done to quickly address these outstanding issues and add to the final report.

Report Outline

The box that follows outlines a typical Environmental Scan document.

Sample Outline for an Environmental Scan Report

- Country and specific focus areas – brief description
- Overview of recent history: e.g., conflict, natural disasters, depth of poverty, major economic initiatives, economic growth, changes to political and economic structures and systems, overriding disease issues
- Human development facts: e.g., population, demographics, life expectancy, literacy, HIV/AIDS prevalence, unemployment rate, gender rating, GDP rating (according to sector)
- Resources: e.g., arable land, irrigated land, natural resources, environmental issues, natural hazards
- Infrastructure: roads, airports, telephones, radio, television, newspapers
- Identified development needs: agriculture, SME sector, trade capacity, literacy etc.
- Industries that involve a large number of SEs and have market potential
- Enabling environment issues around identified industries

Secondary Source Research Worksheets

Worksheet #6

Secondary Source Research – Planning

<table>
<tr><td>Lead Researcher and Reviewer - Names</td><td colspan="2"></td></tr>
<tr><td colspan="2">Start Date for Research:</td><td>Deadline for Report:</td></tr>
<tr><td colspan="2">Research Questions</td><td>Information Sources</td></tr>
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</table>

Worksheet #7

Secondary Source Research – Collecting and Organizing Information

(You may use one per source if there is a lot of information, or one for all sources if information is very limited)

Source of Information	
Type of Source (e.g., government publication)	
Date reviewed	
Reference Information	
General Comment on Source	
Research Questions	Information Gathered from Source
Other Comments, Observations, Questions Raised and Follow-Up Ideas	

Worksheet #8

Secondary Source Research – Consolidating and Summarizing Information

(If information is limited, it might be possible to skip this step and consolidate in Worksheet #7 as data is collected)

Research Questions	Consolidated Information on Questions
Other Comments, Observations, Questions Raised and Follow-Up Ideas	

Examples of Completed Secondary Source Research Worksheets

Sample Worksheet #6

Secondary Source Research – Planning

Lead Researcher and Reviewer - Names	Fernando Olivera Carlos Tejada
Start Date for Research: 02/15/07	Deadline for Report: 03/01/07
Research Questions	Information Sources
What are recent coffee production volumes?	√ National Institute of Statistics and Informatics (INEI). √ Ministry of Agriculture (MINAG). √ National Coffee Board.
What are the price trends for coffee?	√ National Institute of Statistics and Informatics (INEI). √ Central Reserve Bank of Peru (BCR) √ National Coffee Board.
How many small enterprises are involved?	√ National Institute of Statistics and Informatics (INEI). √ Ministry of Agriculture (MINAG). √ National Coffee Board.
What are the key export markets?	√ National Tax Administration Superintendency of Peru (SUNAT). √ National Customs Superintendency of Peru (SUNAD). √ National Coffee Board.
Who are the major exporters in the sector?	√ National Tax Administration Superintendency (SUNAT). √ National Customs Superintendency (SUNAD). √ National Coffee Board.

Sample Worksheet #7

Secondary Source Research – Collecting and Organizing Information

(You may use one per source if there is a lot of information, or one for all sources if information is very limited)

Source of Information	National Coffee Board
Type of Source (e.g., government publication)	Industry Association
Date reviewed	02/16/07
Reference Information	http://www.juntadelcafe.org.pe
General Comment on Source	Reliable source, comprises the primary actors in the coffee value chain
Research Questions	Information Gathered from Source
What are recent coffee production volumes?	2005: 3,608,398 quintales 2006: 4,700,000 quintales (estimated)
What are the price trends for coffee?	2005: US$ 99.04/quintal (FOB) 2006: US$ 100.49/quintal (FOB)
How many small enterprises are involved?	150,000 families
What are the key export markets?	94% of exports are shipped to 26 countries. Just 5 countries purchase 80% of all exports: Germany, USA, Canada, Japan, and Holland.

Who are the major sector exporters?

COFFEE EXPORTS BY COMPANY – JANUARY TO DECEMBER 2006

		VALOR FOB	NET WEIGHT	PRICE FOB
N°	COMPANY	US$	QQ - 46 Kg.	AVERAGE US$/QQ
1	CENTRAL COCLA	29.305.388	254.821	115.00
2	CECOVASA	10.596.287	81.933	129.33
3	CAC LA FLORIDA	10.360.994	80.098	129.35
4	CEPICAFE	4.992.339	38.612	129.30
5	CAFÉ PERU SAC	4.181.223	31.268	133.72
6	ASOC. R. DE MENDOZA	2.929.971	21.112	138.78
7	CAC SAN JUAN DEL ORO	1.955.332	14.778	132.31
8	CAC BAGUA GRANDE	1.921.143	15.148	126.82
9	CECANOR	1.671.375	12.000	139.28
10	CAC VALLE RIO APURIMAC	1.657.101	13.335	124.26
11	OTHERS	11.040.682	85.803	124.00
	TOTAL	**80.611.834**	**648.910**	**124.23**

Other Comments, Observations, Questions Raised and Follow-Up Ideas

Secondary Source Research Tips

- Identify reputable sources of information.
- Be cautious when using online resources, but keep in mind that many reliable organizations host official websites with valuable information.
- Stay focused on the overarching topics.
- Do not focus on details unless they provide required contextual information for the proposed program.
- If a point is not clear or suspected to be incorrect, seek clarification or validation from other sources.
- If sources are less reliable, or if they disagree, triangulate results.
- Note down reference information of sources as you go along – this can save a lot of work later when you are reviewing information, need more detail, or would like to cite your source.
- Keep a list of "questions raised" and "interesting points" that may feed into more specific research later in the market research process at the end of Worksheet #2.

SNAPSHOT: MEDA's Secondary Source Research for Tajikistan

In late 2002, MEDA began to consider programming in Tajikistan, and to embark on a process of market research and program design. Tools that would be used by MEDA during the research and design included Secondary Source Research, Key Informant Interviews, In-Depth Interviews and Market Observation.

Before in-depth market research could be conducted, MEDA needed to determine if its expertise and core competencies would be a good match for the developmental needs in Tajikistan. The first step was to learn about Tajikistan – the general situation, recent history, human development issues, infrastructure, resources and development needs. A lead researcher was identified to conduct Secondary Source Research and prepare an environmental scan report. The researcher collected information from the Government of Tajikistan, multilateral websites, a review of international organizations currently working in the country, and discussions with individuals with relevant firsthand experience in the region.

Through Secondary Source Research, MEDA learned that Tajikistan is a largely agrarian society that has been undergoing land reform and transition to a market economy since the end of the Soviet era in 1992. During the ten years prior to MEDA's research, Tajikistan had been further beset by a civil war, destruction of infrastructure, increasing poverty, and several years of drought. However, Northern Tajikistan, has a long history of horticulture production and has continued exporting to Russia, Kazakhstan and other countries in the region despite the many challenges.

Given its extensive experience in agricultural development, transition economies, post-conflict societies and disadvantaged communities, MEDA decided that it had the appropriate skills to design and implement a program that would sustainably benefit local institutions and individuals. Following Secondary Source Research, MEDA began more intensive market research combined with program design, and in early 2004 launched a horticulture program for smallholder farmers in Northern Tajikistan.

For more information see www.meda.org or www.bdsknowledge.org (search by MEDA and Tajikistan)

Source: The authors.

Key Informant Interviews

Introduction to Key Informant Interviews

What is a Key Informant Interview?

A Key Informant Interview is a consultation with a entrepreneur or other stakeholder (e.g., government official) that is designed to obtain preliminary information about a value chain. A researcher generally seeks overview information from a few well-informed individuals, but may conduct a series of Key Informant Interviews with selected stakeholders throughout a value chain in order to get an overall perspective of the value chain.

When are Key Informant Interviews Appropriate?

Key Informant Interviews are often used following Secondary Source Research to go from the general information outlined in an environmental scan to an overview of a specific value chain or value chains. Key Informant Interviews can be used for gathering almost any type of information about a value chain: market opportunities, constraints in the system, support services, linkages and relationships. Applied early in the market research process, Key Informant Interviews can also be used to collect preliminary information on leaders within a particular group of entrepreneurs, generate interest in the proposed project, and begin to set the stage for collaboration amongst stakeholders.

Step-By-Step Guide

Check list of steps for Key Informant Interview Planning and Implementation:

√ Build an interview team
√ Determine the research questions
√ Identify respondents
√ Determine the number of interviews
√ Schedule and arrange interviews
√ Prepare interview guides
√ Conduct the Key Informant Interviews and record the resulting information
√ Organize the resulting information in preparation for analysis
√ Identify any information gaps and conduct additional Key Informant Interviews as required

Step 1: Build an Interview Team

> ***Worksheet #9***: Designate your interviewers and describe their roles and the roles of the core research team.

Key Informant Interviews may be less formal than In-Depth Interviews (covered in a later section) and as such are often carried out by a lead researcher or interviewer without other support. In some instances, where the process is more structured, a lead interviewer can be supported by a notetaker or observer. In either case, the lead interviewer should have the following skills:

- Good awareness of the culture and situation of the respondents
- Ability to converse fluently in the local language of the respondents
- Strong skills in communicating with respondents
- Ability to establish rapport with respondents
- Ability to effectively explain the purpose of interviews
- Skills in eliciting objective information using a variety of questioning and probing strategies
- Active listening capacity

- Understanding of how the information will be used so that effective follow-up questions can be formulated during the interview
- Ability to keep the interview on track but also to allow for uncovering unexpected information
- Proficiency in documenting findings and learning

Step 2: Determine the Research Questions

Key Informant Interviews can be used to collect a range of information. Since the researcher is attempting to gain a basic understanding of a value chain, research questions should support this high-level view. In a sense, Key Informant Interviews provide the foundation for more in-depth information gathering that will follow.

Key Informant Interviews can assist a researcher in an initial exploration of, for example:

- Market opportunities and their characteristics
  - Example: Is there a market opportunity in which target enterprises are not participating, or in which they could increase their involvement?
  - Example: Are there market opportunities that seem viable but have a range of constraints that are not sufficiently understood?
- Attitudes of entrepreneurs towards each other
  - Example: Is there an atmosphere of trust or suspicion in the value chain? Are there historic beliefs between entrepreneurs that will have to be overcome in order develop a well-functioning channel?
  - Example: Are there obvious differences in status and power that have led to imbalances and inequitable distribution of profits?
- Support services and their availability
  - Example: Are there support services that appear to be completely missing: finance, transportation, input suppliers?
  - Example: Do available services reach target SEs?
- Socioeconomic issues that might impact a program
  - Example: Are there overriding issues of gender, race, caste, ethnicity or religion that must be taken into consideration when facilitating the development of a market channel?
  - Example: Is inclusive programming possible, or will targeted programming have to be considered?

Step 3: Identify Respondents

> ***Worksheet #9***: Identify who will be best-suited to provide overview information of an industry including constraints and market opportunities.

The potential information sources for Key Informant Interviews are wide-ranging, with an emphasis on individuals that are likely to have an overall view of the value chain and enabling environment. Researchers often begin with stakeholders that are not directly involved in a value chain, but have knowledge of it due to their related work and experience. Small producers and minor input suppliers, for example, are less likely to be aware of the big picture, whereas NGO workers or wholesalers will generally have a broader understanding. However, in some cases, respondents from all levels of a value chain can offer valuable insights into the overall functioning of the value chain.

Respondents are most likely to be:

Value Chain Businesses
- Wholesalers, distributors, exporters

Support Service Providers
- Marketing experts in information, branding, promotion and access

Other Stakeholders
- Industry associations and chambers of commerce
- NGO workers knowledgeable about the industry
- Government representatives of departments such as export promotion bureaus

Worksheet #9: Determine the number of respondents and who will be able to provide overview information.

Step 4: Determine the Number of Interviews

The number of Key Informant Interviews is usually fairly low – ranging from five to ten. Since the purpose is to establish an overview of the system on which to base in-depth research, it is not necessary to collect information from a large sample. It is important, however, to ensure that the viewpoint is not of a single stakeholder or a few like-minded individuals. Thus gathering data from a diverse group of informants will allow information to be tested and verified. That said, key informants themselves can often provide very useful recommendations on others to meet. Therefore flexibility in the number of interviews to be conducted is important. Note that, some facilitating organizations use the term Key Informant Interviews to describe multiple In-Depth Interviews at various levels of the value chain – we describe In-Depth Interviews in greater detail in a subsequent section of this toolkit.

Step 5: Schedule and Arrange Interviews

Worksheet #9: Prepare a schedule for the interviews and list other tasks with responsible persons and deadlines as appropriate.

A Key Informant Interview usually lasts about an hour, but can be longer or shorter depending on what is culturally appropriate and possible for the respondents. Schedule Key Informant Interviews at times that are convenient for respondents and, if appropriate, inform them ahead of time how long you expect the discussion to last. It is often best to hold a Key Informant Interview at the respondent's workplace, during a slow business time. This causes the least disruption to the respondent's business activities and can lead to a more positive outcome. Informal interviews may also be conducted via email or on the phone.

Step 6: Prepare Interview Guides

Key Informant Interviews may be informal or structured. If the respondent is well known to the interviewer, and the purpose is to gain preliminary insights that will be useful to the planning process, then the interview may be casual and wide-ranging. As the information becomes more exact and you wish to verify findings, then it is useful to have more structured interviews with additional respondents.

Having a clear but flexible plan for formal Key Informant Interviews is essential. The following interview guide and worksheets provide a step by step process for collecting, consolidating and organizing information.

Worksheet #10: Write the interview guides.

Generic Key Informant Interview – Session Guide (1 hour and 5 minutes)

Topic	Details	Time
Welcome, Introductions	• Thank the respondent for meeting with you. • Introduce the team. • Be informed about the cultural norms. For example, in some cultures, it is appropriate to engage in informal chat and even to take refreshments before beginning the session.	5 min.
Starting the Session	• Provide a simple explanation of the project. • Explain why the respondent was chosen and the importance of his/her contribution. • Make sure the respondent understands that the session will be confidential. • Explain that you will be taking notes or using a recording device (if appropriate) so that you can remember later what was said. • Start with a relatively general question that you think the respondent would be interested to say something about. The aim is to make the respondent feel comfortable and develop rapport with the team.	5 min.
Interview Questions	• Go through the questions one by one. • Start with a main question and then probe the respondent to elicit more information, clarifications and specific examples. Do not badger if the respondent is hesitant but be polite and consider approaching a question differently if information is not forthcoming.	45 min.
Conclude Interview	• Reiterate the respondent's main points. • Solicit any final comments from respondent related to the interview.	5 min.
Wrap-Up	• Thank the respondent for his/her time and contributions. • Explain what will happen with the information he/she has provided. • Explain any other next steps he/she can expect from the project and what next steps or support he/she should not expect from the project (to avoid building unrealistic expectations). • Thank the respondent again.	5 min.

Key Informant Interview Worksheets

Worksheet #9

Key Informant Interviews – Planning

(One per type of entrepreneur/stakeholder to be interviewed)

Interviewers: Names and Roles				
Type of Respondents				
Research Questions	Detailed Questions			
Schedule of In-Depth Interviews	Place	# of Interviews	Date	Time
Tasks to be Completed			Person Responsible	Deadline
	Task#1 - Select specific respondents			
	Task #2 - Communicate with respondent and schedule interview			
	Task #3 - Interview guide			
	Task #4 - Preparation of logistics: recording device, transportation, etc.			
	Other			

Worksheet #10

Key Informant Interviews – Developing an Interview Guide

(One per interviewee)

Name and Role of Respondent	
Welcome, Introductions	
Starting the Session	
Detailed Research Questions	Interview Questions
Concluding the Interview	
Wrap-Up	

Worksheet #11

Key Informant Interviews – Data Collection Sheet

(One per interview)

Name of Respondent	
Role of Respondent	
Interview Date/Time	
Contact Information	
General Comment	
Follow-up Required	
Research Questions	Information Gathered from Respondent
Other Comments, Observations, Questions Raised and Follow-Up Ideas	

Worksheet #12

Key Informant Interviews – Consolidating Information

Number of Respondents Interviewed	
Dates of Interviews	
Research Questions	Consolidated Information on Questions
Other Comments, Observations, Questions Raised and Follow-Up Ideas	

Examples of Completed Key Informant Interview Worksheets

Sample Worksheet #9

Key Informant Interviews – Planning

(One per type of entrepreneur/stakeholder to be interviewed)

<table>
<tr><td>Interviewers:
Names and Roles</td><td colspan="4">Fernando Olivera: responsible for identifying interviewees and carrying out the interviews
Carlos Tejada: responsible for managing all interview-related logistics coordination</td></tr>
<tr><td>Research Questions</td><td colspan="4">Detailed Questions</td></tr>
<tr><td>What are the Characteristics of National Production?</td><td colspan="4">What are the primary production zones, their volumes, and product types?</td></tr>
<tr><td>What are the Primary Markets?</td><td colspan="4">Who are the major purchasing countries? What types of coffee do they purchase? At what prices? How has this evolved?</td></tr>
<tr><td>What are the Characteristics of the Primary Exporters?</td><td colspan="4">What are the characteristics of the major exporting firms? What is their ownership structure? Where are they located? How do they operate?</td></tr>
<tr><td>Expected Coffee Sector Trends Over the Next 2 Years</td><td colspan="4">What is predicted over the next 2 years for sales volumes, primary production zones, and improvements (if any) in quality?</td></tr>
<tr><td>Type of Respondents</td><td colspan="4">Public sector and private sector specialists in the coffee value chain</td></tr>
<tr><td rowspan="5">Schedule of In-Depth Interviews</td><td>Place</td><td># of Interviews</td><td>Date</td><td>Time</td></tr>
<tr><td>Lima</td><td>2</td><td>03/10/07</td><td>1 p.m. & 3:00 p.m.</td></tr>
<tr><td>Lima</td><td>2</td><td>03/11/07</td><td>9:00 a.m. & 12 p.m.</td></tr>
<tr><td>Lima</td><td>2</td><td>03/12/07</td><td>9:00 a.m. & 2 p.m.</td></tr>
<tr><td>Lima</td><td>2</td><td>03/13/07</td><td>11:00 a.m. & 3 p.m.</td></tr>
<tr><td rowspan="5">Tasks to be Completed</td><td colspan="2"></td><td>Person Responsible</td><td>Deadline</td></tr>
<tr><td colspan="2">Task#1 - Select specific respondents</td><td>Fernando Olivera</td><td>03/01/07</td></tr>
<tr><td colspan="2">Task #2 - Communicate with respondent and schedule interview</td><td>Carlos Tejada</td><td>03/02/07</td></tr>
<tr><td colspan="2">Task #3 - Interview guide</td><td>Fernando Olivera</td><td>03/07/07</td></tr>
<tr><td colspan="2">Task #4 - Preparation of logistics: recording device, transportation, etc.</td><td>Carlos Tejada</td><td>03/09/07</td></tr>
</table>

Sample Worksheet #10

Key Informant Interviews – Developing an Interview Guide

(One per interviewee)

Name and Role of Respondent	Eduardo Talavera - Specialist in Agro-enterprises
Welcome, Introductions	• Greet the Respondent with a handshake (if between men) or a cheek-to-cheek kiss (if between women and people of the opposite sex). • Introduce the team, explain their roles and thank the respondent for meeting with you. • Begin with informal conversation that permits the interviewers and respondent to become acquainted. Appropriate conversations include family, jobs, the weather, and do not include either international or national politics. • Offer the respondent water, coffee or tea and provide a light snack.
Starting the Session	• Provide a brief introduction to the project and be sure to use visuals in explaining the project where possible • Describe the goals of the project and how the respondent can contribute to their realization. • Explain why the respondent was chosen and the importance of his/her contribution. • Make sure the respondent understands that the session will be confidential. • Explain that you will be taking notes so that you can remember later what was said. • To develop rapport with the interviewee, ask about the current state of the agriculture sector and of expected crop or harvest conditions.
Detailed Research Questions	Interview Questions
What are the primary production zones, their volumes, and product types?	What are the primary coffee-producing areas?
	What is the volume of national production?
	What product types are available?
Who are the major purchasing countries? What types of coffee do they purchase? At what prices? How has this evolved?	Which countries import the largest volume of Peruvian coffee?
	What types of coffee do they demand?
	At what prices?
	Is the location of the importing countries correlated with the type of coffee they demand?
	How has the international market for coffee evolved in the past few years?
What are the characteristics of the major exporting firms? What is their ownership and financing structure?	How many Exporters operate?
	What is their ownership structure?
	What financing do they access?
	How do they interact with producers?
What is predicted over the next 2 years for sales volumes, primary production zones, and improvements (if any) in quality?	What production volume is expected for Peruvian coffee over the next 2 years?
	In which zones do you believe production rates will increase? Why?
	How do you think producers and exporters could improve product quality?

Sample Worksheet #10 (*Continued*)

Key Informant Interviews – Developing an Interview Guide
(One per interviewee)

Concluding the Interview	• Reiterate the respondent's main points. • Solicit any final comments from respondent related to the interview.
Wrap-Up	• Thank the respondent for his/her time and contributions. • Explain what will happen with the information he/she has provided and emphasize how the information will contribute to the project. • Explain the next steps he can expect from the project and what next steps or support he should not expect from the project (to avoid building unrealistic expectations). • Allow time for informal conversation and do not rush the respondent to leave. • Thank the respondent again. • Walk the respondent out and say goodbye with a handshake (if between men) or a cheek-to-cheek kiss (if between women and people of the opposite sex).

Sample Worksheet #11

Key Informant Interviews – Data Collection Sheet

(One per interview)

Name of Respondent	Eduardo Lopez
Role of Respondent	Specialist in AgroEnterprises
Interview Date/Time	03/10/07 3:00 pm
Contact Information	Prompex, Tel:
General Comment	
Follow-up Required	
Research Questions	Information Gathered from Respondent
What are the primary production zones, aggregate volumes, and the product types?	*What are the primary coffee-producing areas?* The major coffee production zones are located in the northern and southern rainforest areas, between 1000 and 1800 meters above sea level. *What is the volume of national production?* National production levels average 5 million quintales of coffee Arabica. *What product types are available?* Both conventional and speciality coffees (organic and fair trade) are grown.
Who are the major purchasing countries? What types of coffee do they purchase? At what prices? How has this evolved?	*Which countries import the largest volume of Peruvian coffee?* The primary purchasing countries are Germany, the USA, Belgium and Holland, respectively. *What types of coffee do they demand?* They purchase conventional and specialty coffee. *At what prices?* The price paid for coffee is set by the rates quoted on the New York Stock Exchange. Currently this price fluctuates between USD100 – 110 per quintal. Peruvian coffee trades at a price discount of USD5 per quintal. *Is the location of the importing countries correlated with the type of coffee they demand?* All purchasing countries demand similar types of coffee, given that Peruvian coffee is typically mixed after import and not sold as a differentiated product. *How has the international market for coffee evolved in the past few years?* International demand for coffee has increased, given growing consumption per capita. This has raised prices and prompted increased coffee cultivation.
What are the characteristics of the major exporting firms? What is their ownership and financing structure? Where are they located?	*How many exporters operate?* There are approximately 40 exporting firms. *What is their ownership structure?* The firms can be clustered in 2 distinct groups: producer cooperatives and corporations. Both are generally functioning well, though a primary determinant of the success of producer cooperatives is that they have quality, professional managers who are not necessarily producers. *What financing do they access?* Unknown.

Sample Worksheet #11 (*Continued*)

Key Informant Interviews – Data Collection Sheet

What is predicted over the next 2 years for sales volumes, primary production zones, and improvements (if any) in quality?	*What production volume is expected for Peruvian coffee over the next 2 years?* It is expected that national production volumes will increase over the next two years. *In which zones do you believe production rates will increase? Why?* Increases in national production levels are likely to rise evenly throughout the various zones of cultivation. This is being driven by high current prices. It is expected that the current price of coffee will be stable for the next two years. *How do you think producers and exporters could improve product quality?* It is felt that producers need to continue improving the quality of their production in order to increase their profit margins.
Other Comments, Observations, Questions Raised and Follow-Up Ideas	

Sample Worksheet #12

Key Informant Interviews – Consolidating Information

Number of Respondents Interviewed	7
Dates of Interviews	20, 21, 23 and 25 of February 2007
Research Questions	Consolidated Information on Questions
What are the primary production zones, aggregate volumes, and the product types?	The major coffee production zones are located in the northern and southern rainforest areas, between 1000 and 1800 meters above sea level. *What is the volume of national production?* National production levels average 5 million quintales of coffee Arabica. *What product types are available?* Both conventional and speciality coffees (organic and fair trade) are grown.
	Which countries import the largest volume of Peruvian coffee? The primary purchasing countries are Germany, the USA, Belgium and Holland, respectively. *What types of coffee do they demand?* They purchase both conventional and specialty coffee. *At what prices?* The price paid for coffee is set by the rates quoted on the New York Stock Exchange. Currently this price fluctuates between USD100 – 110 per quintal. Peruvian coffee trades at a price discount of USD5 per quintal. *Is the location of the importing countries correlated with the type of coffee they demand?* All purchasing countries demand similar types of coffee, given that Peruvian coffee is typically mixed after import and not sold as a differentiated product. *How has the international market for coffee evolved in the past few years?* International demand for coffee has increased, given growing consumption per capita. This has raised prices and prompted increased coffee cultivation.
What are the characteristics of the major exporting firms? What is their ownership and financing structure? Where are they located?	*How many exporters operate?* There are approximately 50 exporting firms. *What is their ownership structure?* The firms can be clustered in 2 distinct groups: producer cooperatives and corporations. Both are generally functioning well, though a primary determinant of the success of producer cooperatives is that they have quality, professional managers who are not necessarily producers. *What financing do they access?* These enterprises have a strong capacity to access the formal financial system.

Key Informant Interviews – Consolidating Information

What is predicted over the next 2 years for sales volumes, primary production zones, and improvements (if any) in quality?	*What production volume is expected for Peruvian coffee over the next 2 years?* It is expected that national production volumes will increase over the next two years. *In which zones do you believe production rates will increase? Why?* Increases in national production levels are likely to rise evenly throughout the various zones of cultivation. This is being driven by high current prices. It is expected that the current price of coffee will be stable for the next two years. *How do you think producers and exporters could improve product quality?* It is felt that producers need to continue improving the quality of their production in order to increase their profit margins. Exporters also concede that they must do more in their own operations to encourage improved quality product.
Other Comments, Observations, Questions Raised and Follow-Up Ideas The price discount which Peruvian coffee receives is related in part to the quality of the coffee itself (which is currently relatively high) but also to the past behaviour of exporting firms, who would not comply with the quality standards of the purchasers. The export of very low quality coffee with defects and high humidity severely hurt the reputation of the country's product and has reduced prices paid to this day.	

Key Informant Interview Tips

- Not all Key Informant Interviews are structured – sometimes it is possible to informally connect with a colleague and learn a good deal about the context and potential opportunities
- Even information from close colleagues needs to be verified by supplementary interviews and data collection
- Introduce the research team and explain your purpose upfront – particularly if this is not a planned interview.
- Be friendly, relaxed and courteous according to the socio-cultural norms of your target respondents.
- Do not waste the respondent's time or disrupt his or her business.
- If there are business interruptions, do not behave impatiently but determine if you have selected an unsuitable time for future reference.
- Ask your questions clearly and explain as needed.
- Use local terms – update your terms as you go along as necessary.
- Be an active listener.
- Ask for clarification as required.
- Do not badger a respondent – if information is not forthcoming, consider approaching the question differently or move on to another question.
- Keep things on track but do not dismiss comments that are important to the respondent.
- In case of recording device failure, be prepared with a backup – either a second device, or a pen and paper.

SNAPSHOT: GTZ's and SDCAsia's Key Informant Interviews in the Philippines

In 2004, The GTZ /GFA Small and Medium Enterprise Development for Sustainable Employment Program (SMEDSEP) contracted SDCAsia to carry out research on the tourism industry in the Philippines in preparation for intervention design. The research and program focused on Negros Occidental in the Western Visayas region of the Philippines. The study included Secondary Source Research, Key Informant Interviews, In-Depth Interviews and a Stakeholder Meeting.

SDCAsia conducted the Key Informant Interviews early in the research both to get an overview of the tourism industry as well as to understand the opportunities, constraints and business relationships in the industry. SDCAsia chose 10 representatives from government and business associations for Key Informant Interviews. From government, SDCAsia interviewed officials from the Technical Education & Skills Development Authority, the Provincial and Local Tourism Offices and the provincial office of the Department of Trade & Industry. From the private sector, SDCAsia interviewed representatives of the largest Chamber of Commerce and Industry, the Association of Negros Producers, the Hotel & Restaurant Association of Negros Occidental and the Airport Drivers Association.

The research enabled SDCAsia to outline the tourism resources and identify tourism businesses in the province. SDCAsia identified key constraints in the industry including a declining average expenditure per visitor, significant seasonality in tourism, ineffective marketing, wide variance in quality, weak demand and supply of support services and poor environmental management. With the help of the Stakeholder Meeting, SDCAsia recommended interventions that involved improving marketing of tourism in Negros Occidental; generating new tourism products, such as special events; improving services supporting the tourism industry; building links between local, national and international tourism businesses; upgrading human resource capacity in tourism; and improving environmental management.

For more information, see www.smedsep.ph

Source: Boquiren, Marian et al., SDCAsia (2005) "Subsector Analysis of the Tourism Industry in Negros Occidental" SMEDSEP, Makati City, Philippines.

In-Depth Interviews

Introduction to In-Depth Interviews

What is an In-Depth Interview?

An In-Depth Interview is a semi-structured interview designed both to gather specific information and to uncover unexpected details. 'Semi-structured' means the interviewer has prepared some areas of inquiry and questions in advance but halso formulates follow up questions during the interview. An In-Depth Interview can be conducted with any type of value chain enterprise or other stakeholder.

When are In-Depth Interviews Appropriate?

In-Depth Interviews are generally used once the research team has gained a basic overview of the value chain and aims to gather a more detailed understanding. Having basic information on the value chain helps the research team formulate appropriate questions. In-Depth Interviews are a useful tool for gathering information both on how a value chain works and why it works that way. The tool allows a researcher to probe into not only what each value chain entrepreneur does but also his/her motivations, incentives and feelings. In-Depth Interviews are most useful for understanding the current situation in a value chain and identifying trends and outliers – unusual cases which may present opportunities for replication. They are less useful and efficient than group-based tools for exploring the overall potential of the value chain and generating program ideas. Nevertheless, they can also be used later in the research to discuss specific program ideas with potential partner enterprises.

In order to build an understanding of the whole value chain, practitioners often start by interviewing respondents in the program target group (SEs) and then go on to interview other value chain entrepreneurs and support service providers. However, some organizations choose to conduct In-Depth Interviews with enterprises at one level of the value chain – for example, the program target group or support service providers - and use different tools for investigating other parts of the value chain.

In-Depth Interviews are usually used to gather information helpful to refining or revising the project purpose, identifying and prioritizing strengths and constraints in the value chain, identifying risks for enterprises and starting to develop sustainable solutions and interventions. In-Depth Interviews can also help researchers identify potential program partners.

Step-By-Step Guide

Check list of steps for In-Depth Interview Planning and Implementation:

√ Build an interview team
√ Determine the research questions
√ Identify respondents
√ Determine the number of interviews
√ Schedule and arrange interviews
√ Prepare interview guides
√ Conduct the In-Depth Interviews and record the resulting information
√ Organize the resulting information in preparation for analysis
√ Identify any information gaps and conduct additional In-Depth Interviews as required

Step 1: Build an Interview Team

You may choose to have a core research team of 2-4 people conduct all the interviews. Or you may choose to have a core research team of 2-3 people who are directing the research and a team of 4-10 interviewers. If you choose to have a bigger team of interviewers, make sure they are well-trained and very clear on the purpose of the research so that they can effectively probe the respondents.

Worksheet #13: Designate your interviewers and describe their roles and the roles of the core research team.

Interviewers need to have the following skills:

- Good awareness of the culture and situation of the respondents
- Ability to converse fluently in the local language of the respondents
- Strong skills in communicating with respondents
- Ability to establish rapport with respondents
- Ability to effectively explain the purpose of interviews
- Skills in eliciting objective information using a variety of questioning and probing strategies
- Active listening capacity
- Understanding of how the information will be used so that effective follow-up questions can be formulated during the interview
- Ability to keep the interview on track but also allow for uncovering unexpected information
- Proficiency in documenting findings and learning.

It is recommended to conduct the interviews in pairs with an interviewer and an observer. The interviewer focuses on developing rapport with the respondent, creating a relaxed environment, explaining questions adequately, and being an active listener. The observer keeps time, records the discussion, and adds questions or comments when necessary to keep the discussion on track. The interviewer and observer must be able to communicate comfortably and effectively with respondents, particularly if there are socioeconomic issues affecting status. Together the interviewer and observer organize and synthesize the resulting information.

Step 2: Determine the Research Questions

Worksheet #13: Identify research questions to explore from Getting Ready Worksheet #3 and break them down into more detailed questions.

It is often possible to gather a wide range of information in a single In-Depth Interview. The information, however, will usually focus on the specific type of enterprise being interviewed. Therefore, interviews with different types of enterprises will be helpful in answering different research questions. An individual In-Depth Interview can generally cover 5-6 broad research questions. It is often helpful to break down broad research questions from Getting Ready Worksheet #3 into more detailed questions. This will help you clarify the information you aim to gather and develop your interview guides. The following table provides some examples.

Respondents	Broad Research Questions	Detailed Research Questions
Target SEs, input suppliers, producers, wholesalers, retailers, exporters	What are functions of enterprises in the value chain and current business practices?	• What specific functions does each type of value chain enterprise perform? What variation is there? Why? • What types of technology, skills, knowledge and other business assets does each type of value chain enterprise have? Is there any variation in this? If so, what difference does it make?
	How do business relationships in the value chain work?	• What sort of relationships does each type of value chain enterprise have with their input suppliers and buyers? What information, advice or other support and services flow through those relationships? How? Why? • What other relationships does each type of value chain enterprise have? (e.g. with external support product/service providers) What products/services do they get? How?
	What are value chain enterprises' key business constraints?	• What are each type of value chain enterprise's constraints to reaching a specific market opportunity? Which constraints do the value chain enterprises consider most severe? Which do they consider the most important to overcome?
Support product / service providers	What is the capacity of current support product / service providers?	• What is the ownership structure of each support product/service provider? How does the structure influence their business/institution? • What is each support product/service provider's strengths and weaknesses vis-à-vis meeting the needs of the value chain enterprises?

Step 3: Identify Respondents

The potential respondents for In-Depth Interviews are wide-ranging, cutting across all levels of a value chain and its environment. Some organizations choose to conduct In-Depth Interviews with enterprises at only one or a few levels of the value chain, while others choose to use this tool with many different kinds of enterprises and other stakeholders.

Respondents may include:

Value Chain Enterprises

> ***Worksheet #13***: Identify which types of enterprises and stakeholders you will interview.

- Target SEs
- Wholesalers, distributors, exporters
- Shopkeepers, boutiques owners and other retailers
- Consumers

Support Service Providers

- Designers, product developers, quality control services
- Suppliers of raw materials, tools and equipment
- Marketing experts in information, branding, promotion and access
- Cross-cutting service representatives of companies that provide transportation, warehousing, communications

Other Stakeholders

- Industry associations and chambers of commerce
- NGO workers knowledgeable about the industry
- Government representatives of departments such as export promotion bureaus

Choose your respondents based on your information needs identified in *Choosing Tools Worksheet #5*.

Step 4: Determine the Number of Interviews

The number of respondents will depend on the number and diversity of enterprises within each category that you plan to interview. Generally, researchers do more interviews with the program target group, usually 10-100. Enterprises may be represented at various levels in the value chain such as small scale producers, traders and retailers. Often there are many enterprises at each of these levels, so researchers may conduct anywhere from 3-50 interviews for each type of enterprise they decide to interview. There tend to be fewer large companies in a value chain, particularly in the development context. So, researchers may only do 1-5 interviews with large companies depending on how many there are in the value chain. Researchers tend to conduct fewer interviews with support providers than with value chain businesses, often around 10-50 for all types. However, the final number depends on how many support providers there are.

> ***Worksheet #13***: Determine the approximate number of respondents for each type of enterprise or stakeholder you plan to interview

For each type of enterprise or other stakeholder you plan to interview, try to get a variety of respondents that represent different situations within that category. It is not necessary to decide the exact number of interviews you will carry out in advance. Instead, designate a range and then stop interviewing when you feel that you are learning little that is new to you.

Step 5: Schedule and Arrange Interviews

In-Depth Interviews usually last 1-3 hours. The length will depend on the depth of information gathered, the type of respondent and the cultural norms which govern how long respondents will be willing to be interviewed. Often initial interviews are longer when researchers are just learning how the value chain works. Later interviews get shorter as researchers reduce questions designed to elicit basic information on the value chain, and focus increasingly on those questions that appear to be more critical to program design.

For some types of stakeholders, particularly institutions and larger businesses, it will be necessary to schedule the interview with the respondent in advance. For other types of enterprises, often informal and/or small businesses, the interviewer can ask if the respondent has time to have the interview right away. It is often useful to inform a value chain or community leader prior to visiting an area for interviews so that s/he can inform potential respondents. That way, respondents are prepared and understand the reasons for the interviews in advance.

***Worksheet #13*:** Prepare a schedule for the interviews with the locations designated and list other tasks with responsible persons and deadlines.

It is usually best to hold In-Depth Interviews at the respondent's workplace, during a slow business time. This causes the least disruption to the respondent's business activities and allows him/her to give the interviewers more time and attention.

Step 6: Prepare Interview Guides

***Worksheet #14*:** Write the interview guides.

An interview guide may have 20-60 questions to explore within 4-5 broad research questions. Asking and following up with probing questions is essential. Often, entrepreneurs themselves may not have thought much about particular aspects of their businesses before interviews. Their first responses to questions may reflect the superficial symptoms of problems rather than the underlying causes, or respondents may miss identifying key business relationships and factors that could be useful in project design. Probing questions can help reveal deeper causes of problems, highlight business relationships worth building on, or indicate potential solutions to market constraints.

The following table exemplifies questions that might be asked in In-Depth Interviews with small-scale producers of horticulture crops:

Respondents:	Small-Scale Producers of Horticulture Crops	
Broad Research Questions	Detailed Research Questions	Interview Questions
What are value chain enterprises' functions in the value chain and what are their current business practices?	• What specific functions do small producers perform? What variation is there? Why? • What types of technology, skills, knowledge and other business assets do small producers have? Is there any variation in this? If so, what difference does it make?	1. Please explain to me how your business works. What do you grow, and how do you grow it? 2. What types of machines or equipment do you use? Do all producers have the same equipment? What is the best type of equipment for small-scale horticulture production? Why? 3. How did you learn to grow these crops? When you hire someone to help you, what kinds of skills do you look for? What do you have to teach your hired help?
How do business relationships in the value chain work?	• What sort of business relationships do small producers have? What information, advice or other support and services flow through those relationships? How? Why?	• What types of inputs do you need to produce these crops? Who do you buy that from (for each input)? Where? How often? How much does it cost? Do you pay it all up front or do you sometimes get it on credit? • Do seed and fertilizer suppliers give you any advice or information when you buy inputs from them? How does that help you? Does he help you with anything else in your business? • To whom do you sell your products? Where? How often? For how much? Do you get paid right away or do you offer credit? Why? • Does the local trader give you any advice or information for your business decisions? Does s/he help you in your business in any other ways? How? Why? • When you need advice or help for your enterprise, who do you ask? What help do they provide? Why? How?

Having a clear but flexible plan for In-Depth Interviews as well as a guide for each type of In-Depth Interview is essential. The following page provides a generic In-Depth Interview guide. This is followed by a general planning worksheet and a worksheet for developing a specific interview guide appropriate to your needs. An information gathering worksheet (one per interview) and data consolidation worksheet are also provided. Fill out a different set of worksheets for each type of value chain enterprise or stakeholder you plan to interview. These are followed by completed worksheets using the Peru case study. Finally there is a generic In-Depth Interview guide and additional tips on conducting In-Depth Interviews

Generic In-Depth Interview – Session Guide (2 hours)

Topic	Detail	Time
Welcome, Introductions	• Thank the respondent for meeting with you. • Introduce the team.	5 min.
Starting the Session	• Provide a simple explanation of the project. • Make sure the respondent understands that the session will be confidential. • Explain that you will be taking notes or using a recording device (if appropriate) so that you can later remember what was said. • Start with a relatively general question that you think the respondent would be interested in saying something about.	10 min.
Interview Questions	• Go through the questions one by one. • Start with a main question and then probe the respondent to elicit more information, clarifications and specific examples.	1 hour 30 min.
Conclude Interview	• Reiterate the respondent's main points. • Solicit any final comments from the respondent related to the interview.	10 min.
Wrap-up	• Thank the respondent for his/her time and contributions. • Explain what will happen with the information he/she has provided. • Explain any other next steps he/she can expect from the project and what next steps or support he/she should not expect from the project (to avoid building unrealistic expectations). • Thank the respondent again.	5 min.

In-Depth Interview Worksheets

Worksheet #13

In-Depth Interviews – Planning

(One per type of enterprise / stakeholder to be interviewed)

Research Team: Names and Roles				
Interviewers: Names and Roles				
Type of Respondants				
Research Questions	Detailed Questions			
Schedule of In-Depth Interviews	Place	Name or # of Interviews	Date	Time
Tasks to be Completed		Person Responsible	Deadline	
	Task #1 - Selecting locations and specific respondents (if applicable)			
	Task #2 - Informing communities or arranging appointments as appropriate			
	Task #3 - Interview guide			
	Task #4 - Recording device, transportation			

Worksheet #14

In-Depth Interviews – Developing an Interview Guide

(One per type of enterprise/stakeolder to be interviewed)

Type of Respondents	Coffee Exporters
Welcome, Introductions	
Starting the Session	
Detailed Research Questions	
Concluding the Interview	
Wrap-Up	

Worksheet #15

In-Depth Interviews – Collecting Information

(One per interview)

Name of Respondent	
Type of Respondent	
Interview Date/Time	
Contact Information	
General Comment	
Follow-up Required	
Research Questions	Information Gathered from Respondent
Other Comments, Observations, Questions Raised and Follow-Up Ideas	

Worksheet #16

In-Depth Interviews – Consolidating Information

(One for all interviews with a particular type of enterprise/stakeholder)

Type of Respondents	
Dates	
Research Questions	Consolidated Information on Questions
Other Comments, Observations, Questions Raised and Follow-Up Ideas	

Respondents with Potential as Program Partners				
Name	Enterprise Name/Type	Contact Info	Notes	Follow-Up

Examples of Completed In-Depth Interview Worksheets

Sample Worksheet #13

In-Depth Interviews – Planning

(One per type of enterprise / stakeholder to be interviewed)

<table>
<tr><td>Research Team:
Names and Roles</td><td colspan="4">Fernando Olivera: responsible for identifying interviewees and carrying out the interviews
Carlos Tejada: responsible for managing all interview-related logistics coordination</td></tr>
<tr><td>Interviewers:
Names and Roles</td><td colspan="4">Fernando Olivera</td></tr>
<tr><td>Type of Respondants</td><td colspan="4">Coffee Exporters</td></tr>
<tr><td>Research Questions</td><td colspan="4">Detailed Questions</td></tr>
<tr><td>What Type of Providers Are Operating?</td><td colspan="4">What are the characteristics of your suppliers and their location?</td></tr>
<tr><td>What are the Characteristics of Products Purchased?</td><td colspan="4">What are the varieties of coffee which are purchased, their quality, and classification (e.g. conventional, organic, fair trade)?</td></tr>
<tr><td>What are the Predominant Purchasing Systems?</td><td colspan="4">What type of financing, form of payment, and place of purchase are common?</td></tr>
<tr><td>What are the Anticipated Purchase Volumes?</td><td colspan="4">What are the projected volumes of different grades of coffee over the next two years?</td></tr>
<tr><td rowspan="5">Schedule of In-Depth Interviews</td><td>Place</td><td>Name or # of Interviews</td><td>Date</td><td>Time</td></tr>
<tr><td>Lima</td><td>2</td><td>02/20/07</td><td>3:00 p.m.</td></tr>
<tr><td>Lima</td><td>2</td><td>02/21/07</td><td>9:00 a.m.</td></tr>
<tr><td>Cuzco</td><td>1</td><td>02/23/07</td><td>9:00 a.m.</td></tr>
<tr><td>Puno</td><td>2</td><td>02/25/07</td><td>11:00 a.m.</td></tr>
<tr><td rowspan="6">Tasks to be Completed</td><td></td><td>Person Responsible</td><td colspan="2">Deadline</td></tr>
<tr><td>Task #1 - Selecting locations and specific respondents (if applicable)</td><td>Fernando Olivera</td><td colspan="2">02/10/07</td></tr>
<tr><td>Task #2 - Informing communities or arranging appointments as appropriate</td><td>Carlos Tejada</td><td colspan="2">02/13/07</td></tr>
<tr><td>Task #3 - Interview guide</td><td>Fernando Olivera</td><td colspan="2">02/15/07</td></tr>
<tr><td>Task #4 - Recording device, transportation</td><td>Carlos Tejada</td><td colspan="2">02/15/07</td></tr>
<tr><td>Other</td><td></td><td colspan="2"></td></tr>
</table>

Sample Worksheet #14

In-Depth Interviews – Developing an Interview Guide

(One per type of enterprise/stakeholder to be interviewed)

Type of Respondents	Coffee Exporters
Welcome, Introductions	• Greet the Respondent with a handshake (if between men) or a cheek-to-cheek kiss (if between women and people of the opposite sex). • Introduce the team, explain their roles and thank the respondent for meeting with you. • Begin with informal conversation that permits the interviewers and respondent to become acquainted. Appropriate conversations include family, jobs, the weather, and do not include either international or national politics. • Offer the respondent water, coffee or tea and provide a light snack.
Starting the Session	• Provide a brief introduction to the project and be sure to use visuals in explaining the project where possible • Describe the goals of the project and how the respondent can contribute to their realization. • Explain why the respondent was chosen and the importance of his/her contribution. • Make sure the respondent understands that the session will be confidential. • Explain that you will be taking notes so that you can remember later what was said. • To develop confidence and rapport with the interviewee, open with a general question about the current state of the agriculture sector and of expected crop or harvest conditions.
Detailed Research Questions	Interview Questions
What are the characteristics of your suppliers and their location?	What type of suppliers do you work with: independent producers, producer associations, intermediaries, or marketing companies?
	What are their characteristics? How large are the volumes which they manage? How reliable are they? Do they require advance payments?
	What zones are they located in? At what altitude are their farmers? What is the transport time required from farm to processing plant?
	Where do you feel the highest quality coffee is produced?
What are the varieties of coffee which are purchased, their quality, and classification (e.g. conventional, organic, fair trade)?	What variety of coffee do you purchase?
	What qualities of coffee do you purchase?
	Which of the following do you buy: organic coffee? Fair trade coffee? What percentages of your purchases are of conventional and of specialty coffees?
What type of financing, form of payment, and place of purchase are common? What type of financing, form of payment, and place of purchase are common?	Do you provide financing (advance payments) to your suppliers? At what interest rate? What percentage of the overall amount? What requirements do you have in order to receive these advance payments?
	What is the timing of payment? Prior to purchase? Upon delivery? Following delivery?
	Where is the product delivered? At the site of production? At a collection centre? At the processing plant?

Sample Worksheet #14 (*Continued*)

In-Depth Interviews – Developing an Interview Guide

(One per type of enterprise/stakeholder to be interviewed)

What are the projected volumes of different grades of coffee over the next two years?	What volume of coffee do you expect to purchase over the next two years?
	What portion of this amount is conventional, organic, and fair trade coffee?
	In which zones of Peru do you expect to purchase this coffee?
Concluding the Interview	• Reiterate the respondent's main points. • Solicit any final comments from respondent related to the interview.
Wrap-Up	• Thank the respondent for his/her time and contributions. • Explain what will happen with the information he/she has provided and emphasize how the information will contribute to the project. • Explain the next steps he can expect from the project and what next steps or support he should not expect from the project (to avoid building unrealistic expectations). • Allow time for informal conversation and do not rush the respondent to leave. • Thank the respondent again. • Walk the respondent out and say goodbye with a handshake (if between men) or a cheek-to-cheek kiss (if between women and people of the opposite sex).

Sample Worksheet #15

In-Depth Interviews – Collecting Information

(One per interview)

Name of Respondent	Juan Gomez
Type of Respondent	Marketing Manager
Interview Date/Time	02/20/07 3:00 pm
Contact Information	Empresa SOSAC, Tel:
General Comment	
Follow-up Required	
Research Questions	Information Gathered from Respondent
What are the characteristics of your suppliers and their location?	*What are their characteristics? How large are the volumes which they manage?* He works with producer associations, which typically group together some 300 producers handling 20,000 quintales of coffee. *Do they require advance payments? How reliable are they?* They always want advance payments, and are trust-worthy. *What zones are they located in?* These producers are located in southern Peru, in the rainforest. *At what altitude are their farmers?* Most farms are located at 1300 to 1800 metres above sea level. *What is the transport time required from farm to processing plant?* Product typically requires 20 days to arrive after an agreement is reached. *Where do you feel the highest quality coffee is produced?* He believes the best quality coffee is produced in Puno region, located in the south of the country.
What are the varieties of coffee which are purchased, their quality, and classification (e.g. conventional, organic, fair trade)?	*What variety of coffee do you purchase?* He only purchases Arabica coffee, and buys conventional, organic and fair trade. *What qualities of coffee do you purchase?* His quality requirement is SHB (strict hard bean) with a maximum of 20 defects per 300 grams of conventional coffee, SHB with 15 defects for organic coffee, and SHB with 5 defects for Fair Trade coffee respectively. *Which of the following do you buy: organic coffee? Fair trade coffee? What percentages of your purchases are of conventional and of specialty coffees?* 95% of his purchases are of organic and fair trade coffee; the rest is conventional.

In-Depth Interviews – Collecting Information

What type of financing, form of payment, and place of purchase are common?	*Do you provide financing (advance payments) to your suppliers? At what interest rate? What percentage of the overall amount? What requirements do you have in order to receive these advance payments?* Yes. When he provides financing, he charges 10% annual interest and will finance a maximum of 60% of the value of the load. The collateral required is the purchasing agreement. *What is the timing of payment? Prior to purchase? Upon delivery? Following delivery?* Payment is made once product reaches the processing plant in Lima. *Where is the product delivered? At the site of production? At a collection centre? At the processing plant?* Product is always delivered to the processing plant.
What are the projected volumes of different grades of coffee which you will purchase over the next two years?	*What volume of coffee do you expect to purchase over the next two years? What portion of this amount is conventional, organic, and fair trade coffee?* He projects 2007 – 40,000 quintales will be purchased, of which 38,000 qq will be organic and fair trade and 2000 qq will be conventional. 2008 – 50,000 qq purchased, of which 57,500 qq will be special and 2500qq will be conventional. *In which zones of Peru do you expect to purchase this coffee?* He expects to purchase all his coffee in the Puno region.
Other Comments, Observations, Questions Raised and Follow-Up Ideas He is searching for new suppliers in other production zones that can offer high quality coffee, which he wants to market as gourmet coffee.	

Sample Worksheet #16

In-Depth Interviews – Consolidating Information

(One for all interviews with a particular type of enterprise/stakeholder)

Type of Respondents	7
Dates	20, 21, 23 and 25 of February 2007
Research Questions	Consolidated Information on Questions
What are the characteristics of your suppliers and their location?	Most purchasers deal with producer associations (average 150 producers) cultivating an annual average 10,000 qq of coffee. All require advance payments, and are considered trustworthy. Less commonly, some purchasers work with intermediaries. These intermediaries are not given finance as they are felt to be less trustworthy. The producer association members are located throughout the Peruvian rainforest at altitudes of 1100 to 1800 metres. It takes an average of 30 days for product to arrive following agreement to purchase. The majority think that the best coffee is from the Villarrica region in the central zone, but many do not purchase from there as prices are higher.
What are the varieties of coffee which are purchased, their quality, and classification (e.g. conventional, organic, fair trade)?	Only Arabica beans are purchased. Conventional, organic and fair trade coffee are all purchased. Standard quality requirements are SHB (strict hard bean) with a maximum of 20 defects per 300 grams of conventional coffee, SHB with 15 defects for organic coffee, and SHB with 5 defects for Fair Trade coffee respectively. Approximately 40% of all coffee purchased is special (organic or fair trade), while the rest is conventional.
What type of financing, form of payment, and place of purchase are common?	Those who offer financing expect an average of 12.5% annual interest, financing up to 60% of the value of the load. Financing is provided following the signing of the purchasing agreement. Payment is always made once product has reached the processing plant.
What are the projected volumes of different grades of coffee which you will purchase over the next two years?	The average purchasing projections are: 2007 – 60,000qq, of which 24,000qq are special and 36,000 conventional. 2008 – 80,000qq, of which 36,000qq are special and 44,000 conventional. This will be sourced from all the productive coffee zones in Peru.
Other Comments, Observations, Questions Raised and Follow-Up Ideas Many businesses are looking for new suppliers across Peru that offer coffee with unique characteristics for which they can obtain higher prices and sell as gourmet.	

In-Depth Interview Tips

- Introduce the research team and explain your purpose upfront – particularly if this is not a planned interview.
- Be friendly, relaxed and courteous according to the socio-cultural norms of your target respondents.
- Be informed about the cultural norms. For example, in some cultures, it is appropriate to engage in informal chat and even to take refreshments before beginning the session.
- If the interview is not planned, ask if this is an appropriate time and if not, when would be better.
- Start with a relatively general question that you think the respondent would be interested in saying something about. The aim is to make the respondent feel comfortable and develop rapport with the interview team.
- Do not waste the respondent's time or disrupt his or her business.
- If there are business interruptions, do not behave impatiently but determine if you have selected an unsuitable time for future reference.
- Ask your questions clearly and explain as needed.
- Make questions specific to the respondent's context and situation.
- Use local terms – update your terms as you go along as necessary.
- Be an active listener.
- Ask for clarification as required.
- Do not pester a respondent – if information is not forthcoming, consider approaching the question differently or move on to another question.
- Elicit specific examples to illustrate key points.
- Keep things on track but stay open to unexpected information and do not dismiss comments that are important to the respondent.
- In case of recording device failure, be prepared with a backup – either a second device, or a pen and paper.

SNAPSHOT: In-Depth Interviews with Small-Scale Producers

International Development Enterprise, Nepal

In 2004, IDE participated in market research in four districts of Nepal (Banke, Bardiya, Kailali and Surkhet) as part of a consortium that had the goal of increasing income opportunities for 22,000 smallholder farmers and gatherers. The market research focused on non-timber forest products (NTFPs) and examined ways to boost production, improve quality and increase demand for NTFPs. Research tools included Secondary Source Research, Focus Group Discussions and In-Depth Interviews with various enterprises.

Small-scale producers were interviewed along with other enterprises to create a comprehensive picture of the value chain. The specific focus of interviews with producers / gatherers was to understand the constraints that they face in terms of production and marketing. For example, information was collected on availability of raw materials, knowledge of sustainable practices, dealings with traders and wholesalers, pricing information, and so on. Information collected from SEs in different districts was consolidated and synthesized to contribute to general findings and a ranking process that would prioritize constraints and be fed into market development program design.

The research identified the major NTFPs in each district including those with the most potential to increase rural income for the greatest number of SEs—those involved in cultivating or gathering ginger, yarsagumba, guchhichyau, satabari, turmeric, garlic, and shibakthorn. After analyzing 43 constraints in the NTFP industry, IDE and its partners decided upon nine key interventions: 1) establish/enhance capacity of laboratory testing facilities, 2) establish processing plants, 3) create Nepal NTFP standards, 4) build capacity of mediators, 5) improve the policy and regulatory environment, 6) promote awareness of commercially viable NTFPs, 7) promote sustainable harvesting, 8) create an NTFP database, 9) enhance managerial and marketing competence of participants.

For more information see www.ideorg.org or www.bdsknowledge.org (search by IDE and Nepal)

Source: IDE and Lotus Intellect PVT Ltd. (2004) "BDS MaPS Analysis of Non Timber Forest Products in Nepal" IDE, Kathmandu.

SNAPSHOT: In-Depth Interviews with Support Service Providers

KATALYST, Bangladesh

KATALYST, a project of Swisscontact and GTZ International Services, works in a variety of sectors in Bangladesh including the pond fishery sector in Faridpur. In preparation for a program in this sector, KATALYST, in conjunction with International Development Enterprises (IDE), conducted market research on the pond fishery industry and supporting products and services. The market research included Secondary Source Research, Key Informant Interviews, Market Observation, In-Depth Interviews and Stakeholder Meetings.

One of the constraints in the sector that KATALYST found and prioritized was the lack of good quality brood fish. Hatcheries use low quality, immature or inbred brood fish from their own stock or from traders. To investigate this problem further, KATALYST studied the demand and supply of brood fish. As part of this study, KATALYST conducted In-Depth Interviews with 14 fish hatcheries who purchase brood fish and 14 brood fish traders. KATALYST found that brood banks are available in some parts of the country but not in Faridpur. KATALYST then visited and conducted In-Depth Interviews with several public and private brood banks in other parts of the country.

As a result of this research, KATALYST designed an intervention to stimulate private investment in brood banks in Faridpur. Together with IDE and the local pond fishery association, KATALYST conducted a feasibility study on brood fish cultivation for Faridpur and disseminated the results in a workshop. KATALYST then helped potential investors get additional information and technical training to help them start brood fish cultivation. Five service enterprises are now setting up private brood fish cultivation businesses in Faridpur.

For more information, see www.katalystbd.com

Sources: IDE and KATALYST (2003) “Business Service Assessment: Provision for Good Quality Brood Fish Available in the Market” KATALYST, Dhaka; KATALYT (N.D.) “Sector Brief: Pond Fish – Faridpur” KATALYST, Dhaka; KATALYST (2005) “Intervention Report: Promoting Market For Quality Brood Fish” KATALYST, Dhaka.

Market Observation

Introduction to Market Observation

What is Market Observation?

Market Observation is a research tool that is primarily used to study and document actual transactions in the marketplace. The tool does not detail what a researcher is told by SEs and other stakeholders, but rather what is independently witnessed. It is important to note that 'the marketplace' is anywhere that buying and selling occurs, and is not limited to obvious locations such as wholesale and consumer markets.

When is Market Observation Appropriate?

Market Observation is usually used while investigating how a value chain works, in order to gain an understanding of transactions between enterprises in the market channel. It can assist a researcher to determine areas of potential conflict or weak performance, as well as opportunities for win-win linkages. As such, Market Observation complements In-Depth Interviews and Focus Group Discussions and enables a researcher to drill down in the information collection process. Market Observation can also be used to validate information, such as pricing, which has been gathered from In-Depth Interviews and other sources.

Step-By-Step Guide

Check list of steps for Market Observation planning and implementation:

- √ Build an observation team
- √ Determine the research questions
- √ Identify target enterprises and situations to be observed
- √ Determine the number of market observations
- √ Determine location and timing of observations
- √ Conduct the Market Observations and record the resulting information
- √ Organize the resulting information in preparation for analysis
- √ Identify any information gaps and do additional Market Observations as required

Step 1: Build a Market Observation Team

Worksheet #17: Select the observers and describe their roles.

Decide upon a research team. It is usual to have a team of two observers, and one or more teams carrying out the research. The members of a team observe the same transaction and, if possible, immediately discuss their observations to ensure that facts and perceptions are not at odds. The results of the observation are then recorded prior to continuing with the next transaction. Although ideal, this is not always possible – for example in a shop or market setting – so researchers may watch several transactions prior to meeting. The researchers can then get together in a convenient nearby location, discuss their findings, and then continue with further observations. Although both researchers on a team will have overall responsibility for observation, there can be a division of tasks within the team that relate to specific and detailed information collection; e.g., body language of buyer and seller, the terms they use to address each other, and other direct or indirect social indicators.

Researchers need to have the following skills:

- Good awareness of the culture and market situations that are being observed
- Ability to understand the local language, including nuances related to social status and power
- Strong observational skills with attention to detail
- A reliable memory since it will likely not be possible to take notes during the actual observation
- Understanding of how the information will be used so that observation is appropriately focused
- Excellent analytical skills to gauge the usefulness of observing one situation over another
- Proficiency in documenting findings and learning

Step 2: Determine the Research Questions

Worksheet #17: Identify research questions to explore from Getting Ready Worksheet 3 and break them down into more detailed questions.

Research questions for Market Observation are guides for the researcher(s) as they note down significant points from their observations. The questions relate to 'transactions' and therefore to the interaction between various enterprises in a value chain. For example, Market Observation may provide information on questions such as:

- What is the basic nature of buying and selling?
    - Example: Do producers sell directly to consumers?
    - Example: Do transactions appear to be based on price, quality or a combination of the two?
- What are the power dynamics in buying and selling?
    - Example: Do buyers and sellers demonstrate respectful behavior towards one another?
    - Example: Do traders have to go to stall after stall of retailers and haggle for a reasonable price for their wares?
    - Example: Do producers negotiate with traders as a group?
- Does the buying and selling transaction involve other exchanges?
    - Example: Is information shared on consumer demand or standard pricing?
    - Example: Do buyers offer 'embedded' services to sellers such as advice on designs, feedback on quality or input supplies?
- Do transactions appear to be complicated by overriding regulatory or socio-economic issues?
    - Example: Are producers prevented from formally entering a marketplace to sell their wares to retailers and other buyers?
    - Example: Are women buyers and sellers excluded from public markets?

Like Secondary Source Research, Market Observation is very cost-effective and can be carried out by organizations even with very limited budgets.

Step 3: Identify Enterprises and Situations

Information sources and locations for Market Observation center around the transactions that take place in the functioning of a value chain. As such, Market Observation may occur at many locales and involve the range of buyers and sellers encompassed in a value chain. For example:

Worksheet #17: Determine the critical enterprises and their locations.

- Producers (including smallholder farmers) and traders at the site of production
- SEs and consumers at the site of production
- SEs and retailers in a market setting
- Retailers and consumers in a market setting
- Retailers and consumers in a shop or other retail outlet
- Wholesalers and buyers (distributors, retailers, exporters) in wholesale markets
- Producers and input suppliers at the supplier's outlet

Step 4: Determine the Number of Market Observations

Market Observation is not as predictable and controllable as many other forms of research: in particular, if transactions tend to take place in private, it may not be possible to observe a range of market transactions. Typically, a research team identifies specific transactions (e.g., between traders and wholesalers) that they would like to observe, and know are observable in the given context. Then, observations are made of multiple transactions at several locations, if possible, to determine general behaviors and issues / opportunities. In order to ensure accurate results, you will have to watch several instances of any type of transaction (not just one) before you will have a feel for how they tend to work.

As a rule of thumb, keep observing until you feel you can confidently answer the research questions and you are not uncovering new information.

Step 5: Determine Timing and Locations

Market Observation can occur anonymously – by being present at a transaction without the buyer and seller realizing they are being observed – or by prearrangement with one or both parties. In the latter case, interesting information can be collected, but a researcher must bear in mind that results can be skewed when value chain entrepreneurs know that their behavior is being scrutinized.

If Market Observation is anonymous, decide where such observations will be possible and the best days/times for implementation. Anonymous observation will be somewhat unpredictable, including the length of each observation and the number of useful observations per session. If Market Observation is agreed upon by one or both parties, then book and confirm appointments beforehand. The duration of the observation will vary greatly, and be directly related to the time that the transaction normally takes in any given setting for the specific value chain enterprises involved. Flexibility is important here; often subsequent Market Observations will be needed after collecting information in initial observations.

By definition, Market Observation will occur in the location at which the transaction normally occurs. If an alternative site is recommended, then the results of the research will be more suspect and require further validation.

To help you in conducting successful Market Observation, the following pages include: worksheets for planning, information collection and organization of data, and useful tips for Market Observation.

Market Observation Worksheets

Worksheet #17

Market Observation – Planning

(One planning worksheet for each type of proposed observation)

Observers: Names and Roles	
Type of Enterprises and Situations	
General Research Question	Detailed Research Questions

Schedule of Market Observations	Place	Roles of Entrepreneurs	Situation to be Observed	Date and Time

Worksheet #18

Market Observation – Data Collection Sheet

(One per situation observed)

Type of Enterprise	
Situation Observed	
Date/Time	
General Comment	
Follow-up Required	
Research Questions	Information Gathered from Observation
Other Comments, Observations, Questions Raised and Follow-Up Ideas	

Worksheet #19

Market Observation – Consolidating Information

(One for all observations of a particular type of enterprise and situation)

Type of Respondents	
Dates	
Research Questions	Consolidated Information on Questions
Other Comments, Observations, Questions Raised and Follow-Up Ideas	

Examples of Completed Market Observation Worksheets

Sample Worksheet #17

Market Observation – Planning

(One planning worksheet for each type of proposed observation)

<table>
<tr><td>Observers:
Names and Roles</td><td colspan="4">Carlos Tejada
Jenniffer Mc Gregor</td></tr>
<tr><td>General Research Question</td><td colspan="4">Detailed Research Questions</td></tr>
<tr><td>Location of the Transaction</td><td colspan="4">Where does the transaction occur? Who is responsible for product transportation costs?</td></tr>
<tr><td>Type of Transaction</td><td colspan="4">How is payment made? How does the transaction occur? Who is responsible for quality assessment?</td></tr>
<tr><td>Market Power</td><td colspan="4">How is the price determined? By international prices? By one or both of the participants?</td></tr>
<tr><td>Product Characteristics</td><td colspan="4">What are the product characteristics which are considered during purchase?</td></tr>
<tr><td></td><td colspan="4"></td></tr>
<tr><td>Type of Entrepreneurs and Situations</td><td colspan="4">Intermediary purchasers and coffee producers. Located in production areas.</td></tr>
<tr><td rowspan="7">Schedule of Market Observations</td><td>Place</td><td>Roles of Entrepreneurs</td><td>Situation to be Observed</td><td>Date and Time</td></tr>
<tr><td>Naranjos</td><td>Producers and intermediaries</td><td>Purchase of raw product</td><td>03/02/07 9:00am</td></tr>
<tr><td>Soritor</td><td>Producers</td><td>Purchase of raw product</td><td>03/03/07 9:00am</td></tr>
<tr><td>Moyobamba</td><td>Producers</td><td>Purchase of raw product</td><td>03/04/07 9:00am</td></tr>
<tr><td>Jaen</td><td>Producers</td><td>Purchase of raw product</td><td>03/05/07 9:00am</td></tr>
<tr><td>San Ignacio</td><td>Producers</td><td>Purchase of raw product</td><td>03/06/07 9:00am</td></tr>
<tr><td>Bagua</td><td>Producers</td><td>Purchase of raw product</td><td>03/07/07 9:00am</td></tr>
</table>

Sample Worksheet #18

Market Observation – Data Collection Sheet

(One per situation observed)

Type of Enterprise	Producers and Intermediaries
Situation Observed	Sale of Pergamino coffee to intermediary purchasers in their collection centers
Date/Time	03/02/07 9:00am
General Comment	
Follow-up Required	
Research Questions	Information Gathered from Observation
Where does the transaction occur? Who is responsible for product transportation costs?	The transaction was done in facilities owned by intermediary purchasers. The producer paid for the transport costs to bring his coffee from his farm to the collection center.
How is payment made? How does the transaction occur? Who is responsible for quality assessment?	The payment occurred when the product is delivered. The transaction was between an individual seller and a mid-scale intermediary purchaser. The intermediary took responsibility for assessing the quality of the product through physical indicators such as weight, humidity levels and appearance.
How is the price determined? By international prices? By one or both of the participants?	The intermediary determined the price. Producers did not have the ability to negotiate on the price which is set given the low quantities which they are selling (one to two quintales of coffee).
What are the product characteristics which are considered during purchase?	The humidity level of the product and its physical appearance were the two most important factors in determining the price which is paid.
Other Comments, Observations, Questions Raised and Follow-Up Ideas	

Sample Worksheet #19

Market Observation – Consolidating Information

(One for all observations of a particular type of enterprise and situation)

Type of Respondents	Intermediaries Purchasers and Producers
Dates	March 2 – 7, 2007
Research Questions	Consolidated Information on Questions
Where does the transaction occur? Who is responsible for product transportation costs?	Transactions always occur in facilities owned by intermediary purchasers. The producer is responsible for paying product transport costs from farm to the collection center, which can range from 5 to 50 kilometres.
How is payment made? How does the transaction occur? Who is responsible for quality assessment?	Payment is always made when the product is delivered. The transaction normally occurs between an individual seller and a mid-scale intermediary purchaser. The intermediary takes responsibility for assessing the quality of the product through physical indicators such as weight, humidity levels and appearance.
How is the price determined? By international prices? By one or both of the participants?	The intermediary always determines the price. Small-scale producers do not have the ability to negotiate on the price which is set given the low quantities which they are selling (one to two quintales of coffee). Generally, purchasers have dominant market power, given a lack of independent price information available to small-scale farmers and that they perform quality assessment.
What are the product characteristics which are considered during purchase?	The humidity level of the product and its physical appearance are the two most important factors in determining the price which is paid.
Other Comments, Observations, Questions Raised and Follow-Up Ideas Producers typically harvest their production and bring it to a centralized collection centre, often carrying it on their shoulders. Intermediaries tend to have more power to set prices than producers, given that most producers need cash immediately and cannot afford to delay the sale of their crop. Intermediaries typically aggregate and then their purchased coffee to brokers.	

Market Observation Tips

- Be as unobtrusive as possible.
- Do not get involved in the transaction.
- Do not interrupt.
- If your presence appears to be disturbing the entrepreneurs, move on.
- If people question you, be open and polite.
- Do not take notes when you are conducting an anonymous Market Observation.
- When carrying out Market Observation by agreement with one or both parties, take notes judiciously, or not at all,
- When you cannot take notes during an observation, write up notes as soon after the observation as possible – so you don't forget details of your observations.
- Try to observe a range of market transactions for each category in order to draw meaningful conclusions rather than being misled by the specific issues between two particular individuals.

SNAPSHOT: EDA Rural Systems Inc. Market Observation in India

In 2002, EDA Rural Systems Inc. conducted market research in the leather footwear industry in Rajasthan, India to develop a program that would enable rural artisan microentrepreneurs to reach new markets and increase their incomes. The research included Secondary Source Research, Key Informant Interviews, Market Observation, In-Depth Interviews and Focus Group Discussions. Utilizing these tools, EDA investigated both leather products value chains and key supporting services for leather enterprises.

While carrying out In-Depth Interviews, the EDA research team also made several visits to weekly markets where leather artisans, traders of raw materials and accessories, and buyers for finished goods gather and carry out their business transactions. During the visits, EDA looked around at the variety of materials and products sold in the markets. They closely observed the transactions and exchange of information between wholesalers and leather artisans, and between raw materials suppliers and leather artisans. These observations provided good insights into the dynamics of the relationships between enterprises, and the kinds of advice and information that are offered within those business relationships. The observations also helped in cross checking some of the information obtained from In-Depth Interviews, such as prices of raw materials and accessories, and the sale price of finished goods.

EDA used the insights from these observations and other market research tools to develop pilot strategies for linking leather artisans to more lucrative middle and upper income consumer markets. For example, EDA facilitated links between leather artisans – who also acted as traders – and wholesalers in urban markets. EDA encouraged wholesalers to share market information and advice with the artisan traders who then shared it with other leather artisans.

For more information, see www.edarural.com and www.bdsknowledge.org (search by EDA and India).

Sources: Englemann, Ralph and Richard Isiaho (2005) "An Inventory of BDS Market Assessment

Methods for Programs Targeting Microenterprises" SEEP Network, Washington D.C.; Kumar, Ashok (2003) "Market Assessment of Business Development Services amongst Leather Artisans in the Jaipur Region of India" EDA Rural Systems, Inc. Gurgaon, India.; author's personal experience

Focus Group Discussions

Introduction to Focus Group Discussions

What is a Focus Group Discussion?

A Focus Group Discussion (FGD) is a facilitated discussion amongst a group of similar enterprises (e.g., a group of small-scale producers, low volume traders or exporters). The moderator leads a discussion on selected questions that the researchers want to explore and/or key issues that the researchers and enterprises need to address.

When are Focus Group Discussions Appropriate?

While FGDs can be used to gather almost any type of information from enterprises and other stakeholders, they are generally most effective when the research team has gained a basic understanding of the value chain, and is expanding and deepening that understanding. FGDs are usually conducted in the second or third round of research after the design team has refined the project purpose, identified, although perhaps not yet prioritized, strengths and weaknesses and outlined some tentative sustainable solutions. FGDs are then used to gather information helpful to developing further details of program design: prioritizing strengths and weaknesses on which to focus, developing and refining sustainable solutions, outlining program interventions, elaborating risk mitigation strategies, and choosing initial program partners.

FGDs are often used in combination with, or instead of, In-Depth Interviews to gather detailed information on a value chain. They are a useful substitute for In-Depth Interviews when the target respondents might find individual interviews too threatening or the research budget is limited. FGDs are particularly useful when the researchers:

- Aim to explore the "how's" and "why's" of a value chain with the intention of understanding incentives for change
- Want participants to go beyond their current situation and imagine new possibilities or generate new ideas
- Plan to introduce new information or ideas to participants and then get feedback

Beyond information collection, FGDs can help a facilitator to identify leaders within a particular group of stakeholders and generate enthusiasm for solutions that require cooperation among similar businesses or organizations.

Step-By-Step Guide

Check list of steps for FGD planning and implementation:

√ Build a facilitation team
√ Determine the focus and research questions
√ Identify participants
√ Determine the number of FGDs
√ Select a time and place for each FGD
√ Invite participants and arrange logistics
√ Prepare a discussion guide
√ Conduct the FGDs and record the resulting information
√ Organize resulting information in preparation for analysis

Step 1: Build a Facilitation Team

Usually an FGD is run by a moderator and an observer. The moderator and observer must be able to communicate comfortably and effectively with stakeholders, successfully manage a discussion to utilize group dynamics and elicit contributions from all participants, and guide a discussion to collect the desired information. It is helpful to have an assistant who registers the participants, manages snacks, handles any participant requests and performs other activities needed for smooth implementation of the FGD.

> ***Worksheet #20***: Designate your moderator(s), observer(s) and assistant(s) and describe their roles.

FGD moderators need to have the following skills:

- Good awareness of the culture and situation of the participants
- Ability to converse fluently in the local language of the participants
- Strong skills in communicating with participants
- Ability to establish rapport with participants
- Ability to effectively explain the purpose of the FGDs
- Skills in eliciting objective information using a variety of questioning and probing strategies
- Strong skills in managing group dynamics
- Active listening capacity
- Understanding of how the information will be used so that effective follow-up questions can be formulated during the FGDs
- Ability to keep the meeting on track but also allow for uncovering unexpected information
- FGD observers need to have the following skills:
- Good awareness of the culture and situation of the participants
- Ability to converse fluently in the local language of the participants
- Understanding of how the information will be used so that effective follow-up questions can be formulated during the FGDs
- Ability to keep track of what the meeting has covered and intervene to keep the discussion on track and ensure all required information is gathered as necessary
- Proficiency in documenting findings and learning.

FGD moderators should have training and/or experience in conducting group discussions for research purposes.

It is important for the roles of the facilitation team to be clearly established before starting an FGD. The moderator asks the questions and manages the discussion. The observer keeps time, takes notes, operates a recording device, and adds questions or comments when necessary to keep the discussion on track. The observer, or an assistant if available, also makes a list of the respondents. Together the moderator and observer organize and synthesize the resulting information.

Step 2: Determine the Focus and Research Questions

While FGDs can be used to answer a wide variety of research questions, it is important to

concentrate an FGD on an overall topic and 3-6 supporting research questions. If the FGD covers too many research questions, participants will get confused and the research questions will not be addressed in any depth.

> ***Worksheet #20***: Determine the focus of your FGDs and identify 3-6 research questions to explore from Getting Ready Worksheet #3.

An FGD tends to address one or several related design decisions which the program designers aim to make, such as developing sustainable solutions and supporting interventions. Researchers then choose 3-6 research questions related to the FGD theme. If several topics will be explored within each research question, then limit the scope to 3-4 questions. If each research question is more narrow, then 5-6 questions can be covered.

Step 3: Identify Participants

> ***Worksheet #20***: Describe the participants for the FGDs –what type of enterprise and any characteristics or experiences they should have.

FGDs can be conducted with any type of value chain enterprise. It is possible, but rare, to conduct FGDs with stakeholders not in the value chain. You will have decided which types of enterprises you will gather information from using Choosing Tools Worksheet #5. Within an individual FGD, the participants should be relatively homogenous. In other words: they should be the same type of stakeholder; their enterprises should be of similar size; and they should be similar in income levels, social status and other factors which affect how comfortable they will feel with each other. Participants may include:

Value Chain Enterprises

- Producers
- Wholesalers, distributors, exporters
- Shopkeepers, boutiques owners and other retailers
- Consumers

Support Service Providers

- Designers, product developers, quality control services
- Suppliers of raw materials, tools and equipment
- Marketing experts in information, branding, promotion and access
- Cross-cutting service representatives of companies that provide transportation, warehousing, communications

Other Stakeholders (less often)

- NGO workers
- Government agents
- Extension officers

When planning an FGD with a particular type of stakeholder, you may want to pick participants with specific characteristics relating to the research questions. For example, if the researchers aim to generate new ideas for solving a previously identified constraint, participants should be selected from those who have experienced that constraint.
Generally, more information will be gathered by choosing participants who are open and talkative. However, it is important not to exclude more reserved owners/managers – who may be quite thoughtful and analytical – if the reason they are reserved relates to social status, income or cultural constraints, and not to a lack of knowledge or interest.

Step 4: Determine the Number of FGDs

> ***Worksheet #20***: Determine the approximate number of FGDs you will conduct.

An FGD should have 8-12 participants. This range maximizes the potential both for useful group dynamics and remaining focused.

The number of FGDs to conduct will depend on the area and number of enterprises that the program plans to cover, the diversity of the potential participants and the research questions. For example, for target SEs, programs often conduct one FGD per village they plan to cover. Even for a small area and a relatively homogenous target group, it is important to conduct more than one FGD as sometimes a particular group will not function effectively, will be dominated by a few participants, or will have opinions that don't represent the majority. For a small area, a minimum of 4 FGDs is a good rule of thumb. It is not necessary to fix the number of FGDs exactly before starting. Rather, it is helpful to keep track of the findings and stop when you are not uncovering new information.

Step 5: Select a Time and Place for each FGD

> ***Worksheet #20***: Prepare a schedule of the FGDs with the locations designated.

FGDs usually last about 2 hours, but can be longer or shorter depending on what is culturally appropriate and possible for the participants. Schedule FGDs at times that are convenient for participants and inform the participants ahead of time how long you expect the discussion to last.

It is best to hold an FGD at a place that is close and convenient for participants but where interruptions can be minimized: a small restaurant, school or public building in the participants' community is ideal. If possible, avoid outside meeting areas where a crowd is likely to gather and participants might be interrupted or affected by those watching.

Step 6: Invite Participants and Arrange Logistics

> ***Worksheet #20***: Prepare a list of tasks and designate the responsible persons and deadlines.

Although it is possible to set up an FGD at short notice, advance planning usually leads to a more appropriately selected and focused group of participants. Many organizations recruit FGD participants through In-Depth Interviews. They decide by the end of each In-Depth Interview if the respondent would be an appropriate FGD participant and if so, invite him/her at the end of the interview. Alternatively, participants can be invited by visiting them at their houses or places of business, through phone calls or written invitations as appropriate. It may be necessary to find out a bit about each potential participant before inviting him/her. This can be done by asking each potential participant a few questions before inviting him or her or by getting recommendations on appropriate participants from a key informant or community leader.

In order for the FGD to run smoothly, all logistics should be planned in advance. This might include, for example, arranging the venue, seating, snacks, transportation and recording device.

Step 7: Prepare a Discussion Guide

> ***Worksheet #21***: Write the FGD discussion guide.

A clear discussion guide will help the moderator and observer make participants feel comfortable, and efficiently and effectively cover all the research questions. The guide outlines how the discussion will be conducted from start to finish including the introduction and wrap-up, and provides an approximate time for each part of the discussion. The body of the guide incorporates the detailed questions which the moderator will ask the participants in order to explore each main research theme. The guide includes not only the questions that the moderator will use to start off the discussion on each research question, but also examples of appropriate probing questions. The following table provides some examples of themes and questions.

Themes	Research Questions	Focus Group Discussion Questions
Project Purpose: What markets will the program help target SEs reach?	What are viable market opportunities?	Do FGD participants see a market opportunity from which they think they could earn more? If so, what? Have they tried to reach this market? If so, how and what were the results? If not, why not?
Constraints: Which constraints will the program focus on? **Sustainable Solutions:** How will the problems be solved on a commercially sustainable basis?	What constraints do SEs or other enterprises face and what solutions have been tried?	What problems do the FGD participants face? How have they tried to solve these problems and what have been the results? How do culture, accepted business practices, gender roles and government regulations affect the FGD participants? For those that affect them negatively, have they tried to address them? If so, how and what were the results?
	What are viable sustainable solutions to identified constraints?	What ideas do the FGD participants have for solving particular problems? What external support would be required to make those solutions happen? Which enterprises and other stakeholders would be involved?
Sustainable Solutions: Is an identified solution appropriate and viable? **Intervention Design:** What will the program do to support a particular solution?	Are SEs or other enterprises interested in a particular solution to an identified problem?	Are the FGD participants interested in a particular solution (described by the moderator) to a common constraint? If not, why not? If so, what would the participants be willing to pay or contribute?
	What project support would be needed to make the solution happen?	What external support would it take to make that solution happen? What resources are available in the value chain to support the solution? What resources would need to come from outside the value chain?

The following pages provide an FGD planning worksheet and FGD discussion guide worksheet. Fill out one of each worksheet for each type of stakeholder with whom you plan to conduct FGDs. These planning worksheets are followed by two information collection worksheets, one focused on the information respondents provide and the other focused on the respondents themselves. Complete one for each FGD. The one on respondents may be helpful in identifying potential program partners for Action Research or program pilots. Finally there is a worksheet to consolidate information gathered and ideas on potential program partners from several FGDs. Fill out one for each type of stakeholder with whom you have conducted FGDs. The worksheets are followed by additional tips on conducting FGDs.

Focus Group Discussion Worksheets

Worksheet #20

Focus Group Discussions – Planning

(One per type of stakeholder with whom FGDs will be conducted)

<table>
<tr><td colspan="5">Facilitation Team</td></tr>
<tr><td>Moderator:
Name and Roles</td><td colspan="4"></td></tr>
<tr><td>Observer:
Name and Roles</td><td colspan="4"></td></tr>
<tr><td>Assistant:
Name and Roles</td><td colspan="4"></td></tr>
<tr><td>Type of Participants and Qualifying Characteristics</td><td colspan="4"></td></tr>
<tr><td colspan="5">Main Focus of Discussion:</td></tr>
<tr><td>Research Questions</td><td colspan="4"></td></tr>
<tr><td rowspan="11">Schedule of FGDs</td><td>FGD #</td><td>Place</td><td>Date</td><td>Time</td></tr>
<tr><td>1</td><td></td><td></td><td></td></tr>
<tr><td>2</td><td></td><td></td><td></td></tr>
<tr><td>3</td><td></td><td></td><td></td></tr>
<tr><td>4</td><td></td><td></td><td></td></tr>
<tr><td>5</td><td></td><td></td><td></td></tr>
<tr><td>6</td><td></td><td></td><td></td></tr>
<tr><td>7</td><td></td><td></td><td></td></tr>
<tr><td>8</td><td></td><td></td><td></td></tr>
<tr><td>9</td><td></td><td></td><td></td></tr>
<tr><td>10</td><td></td><td></td><td></td></tr>
</table>

FGD Place and Time			
	Person Responsible / Deadline		
Task#1 Invitations / confirmations			
Task#2 Arranging venues including seating and snacks			
Task#3 Discussion guide			
Task#4 Recording device, transportation			

Worksheet #21

Focus Group Discussions – Discussion Guide

(One for all FGDs with a particular type of stakeholder)

Topic	Details	Time
Welcome, Introductions		
Getting Ready for the Session		
Starting the Session		
Research Questions	FGD Questions	
Synthesize Discussion		
Wrap-Up		

Worksheet #22

Focus Group Discussions – Collecting Information

(One per FGD)

FGD Place and Time	
Research Questions	Information Gathered from Participants
Other Comments, Observations, Questions Raised and Follow-Up Ideas	

Worksheet #23

Focus Group Discussions – Participants

(One per FGD)

FGD Place and Time				
Name	Enterprise Name	Contact Info	Your Comments	Follow-Up (if any)

Worksheet #24

Focus Group Discussions – Consolidating Information

(One for all FGDs with a particular type of stakeholder)

Type of Participants	
Dates	
Research Questions	Consolidated Information Gathered from Participants of Multiple FGDs
Other Comments, Observations, Questions Raised and Follow-Up Ideas	

Participants with Potential as Program Partners				
Name	Enterprise Name	Contact Info	Your comments	Follow-Up

Examples of Completed Focus Group Discussion Worksheets

Sample Worksheet #20

Focus Group Discussions – Planning

(One per type of stakeholder with whom FGDs will be conducted)

<table>
<tr><td colspan="5">Facilitation Team</td></tr>
<tr><td>Moderator:
Name and Roles</td><td colspan="4">Fernando Olivera - Asks the questions and manages the discussion</td></tr>
<tr><td>Observer:
Name and Roles</td><td colspan="4">Carlos Tejada - Keeps time, takes notes, operates a recording device, and adds questions or comments when necessary to keep the discussion on track</td></tr>
<tr><td>Assistant:
Name and Roles</td><td colspan="4">Carmen Valdez - Registers the participants, manages snacks, handles any participant requests</td></tr>
<tr><td>Type of Participants and Qualifying Characteristics</td><td colspan="4">Managers of small-scale coffee producer associations with experience with fair trade markets.</td></tr>
<tr><td colspan="5">Main Focus of Discussion: How much fair trade markets contribute to the incomes of small-scale coffee producers.</td></tr>
<tr><td>Research Questions</td><td colspan="4">a. Is it difficult to obtain fair trade certification?
b. Do you know clients who buy coffee for fair trade markets?
c. How easy or difficult is it to sell to these markets? Why?
d. What percentage of your production is sold to fair trade markets? Why?
e. Is fair trade beneficial or harmful for producers? Why?</td></tr>
<tr><td rowspan="11">Schedule of FGDs</td><td>FGD #</td><td>Place</td><td>Date</td><td>Time</td></tr>
<tr><td>1</td><td>Tarapoto</td><td>03/01/07</td><td>9 – 11 am</td></tr>
<tr><td>2</td><td>Jaen</td><td>03/03/07</td><td>9 – 11 am</td></tr>
<tr><td>3</td><td>La Merced</td><td>03/07/07</td><td>9 – 11 am</td></tr>
<tr><td>4</td><td>Cuzco</td><td>03/10/07</td><td>9 – 11 am</td></tr>
<tr><td>5</td><td>Puno</td><td>03/13/07</td><td>9 – 11 am</td></tr>
<tr><td>6</td><td></td><td></td><td></td></tr>
<tr><td>7</td><td></td><td></td><td></td></tr>
<tr><td>8</td><td></td><td></td><td></td></tr>
<tr><td>9</td><td></td><td></td><td></td></tr>
<tr><td>10</td><td></td><td></td><td></td></tr>
</table>

FGD Place and Time	Tarapoto 03/01/07 9 – 11 am		
	Person Responsible / Deadline		
Task#1 Invitations / confirmations	Moderator extends formal invitation – Feb 20 Assistant follows up – Feb 25 and 29/30		
Task#2 Arranging venues including seating and snacks	Observer Feb 28		
Task#3 Discussion guide	Moderator with input from Observer; Feb 24 draft, Feb 29 final		
Task#4 Recording device, transportation	Assistant; Feb 27-28		

Sample Worksheet #21

Focus Group Discussions – Discussion Guide

(One for all FGDs with a particular type of stakeholder)

Topic	Details	Time
Welcome, Introductions		
Getting Ready for the Session		
Starting the Session		
Research Questions	FGD Questions	
Is it difficult to obtain fair trade certification?	Do you know who to contact? What are the requirements? How long does the certification process take? What is the cost? Do you know anyone who has not been able to become certified? What were the reasons?	20 min
Do clients buy coffee for fair trade markets?	Do you know clients who buy coffee for fair trade markets?e Tienes clientes que compren café para este mercado? Como los contactaron?	15 min
How easy or difficult is it to sell to these markets? Why?	In your opinion, is it easy or difficult to sell coffee to fair trade markets? Are there requirements or conditions imposed by buyers? How are these determined?	20 min
What percentage of production is sold to fair trade markets? Why?	What percentage of your production is sold to fair trade markets? Why this amount? Could it be more?	15 min
Is fair trade beneficial or harmful for producers? Why?	Do you think fair trade beneficial or harmful for producers? Why? What is the comparison with organic certification? Which is preferred?	25 min
Synthesize Discussion		
Wrap-Up		

Sample Worksheet #22

Focus Group Discussions – Collecting Information

(One per FGD)

FGD Place and Time	Tarapoto 03/01/07 9 – 11 am
Research Questions	Information Gathered from Participants
Is it difficult to obtain fair trade certification?	Producers must contact the FLO. Almost all understand the requirements; generally their buyers are the ones who contact the FLO and have the conditions explained. They signalled that it takes an average of one year to become certified, and while it has a cost they were not aware of the amount. They generally feel it is easy to obtain certification, but know of producer associations which have not been able to because they lacked a key requirement to do so.
Do clients buy coffee for fair trade markets?	Almost all international buyers who purchase Peruvian coffee buy at least some that is fair trade certified. Contacts to these purchasers are arranged by local brokers.
How easy or difficult is it to sell to these markets? Why?	The majority feel that it is complicated to sell to this market because the majority of brokers and roasters make the sale of fair trade coffee conditional on the sale of conventional coffee. The rule of some is to purchase one container of fair trade for every 5 containers of conventional coffee.
What percentage of production is sold to fair trade markets? Why?	Approximately 20% of production is sold under fair trade certification. For the majority of associations it is difficult to certify more production given the problem of identifying interested purchasers. This leads to conflict within associations over respective individual quotas to supply fair trade coffee.
Is fair trade beneficial or harmful for producers? Why?	The consensus is that it is beneficial for small-scale coffee producers, because a floor price is offered when international prices are poor, and a premium price is offered when international prices are good.
Other Comments, Observations, Questions Raised and Follow-Up Ideas Participants concluded that fair trade is beneficial, though the size of the market is very small and is unlikely to absorb a larger portion of the total market.	

Sample Worksheet #23

Focus Group Discussions – Participants

(One per FGD)

FGD Place and Time				
Name	Enterprise Name	Contact Info	Your Comments	Follow-Up (if any)
Juan Diaz	APROCASS	Phone Number	Young association with a lot of potential	Keep up to date on project process – could be a good link for interested purchasers
Pelagio Rodríguez	ADISA	Phone Number	Has a strong presence in the region, with a good reputation	To send information on additional purchasers not used by others
Emilio Cortés	APAVAN	Phone Number	Has sold fair trade coffee since the beginning of the decade	Would need support but eager and capable – keep updated on project.
Filomeno Comperito	AHISE	Phone Number	Weak association, with few sales	No follow-up likely
Celestino Cimbrón	Lamas Coffee	Phone Number	Very strong association with great internal monitoring capability	Assess potential to replicate monitoring system more broadly
Rofilio Cárdenas	Café Oro verde	Phone Number	Great experience with fair trade	Very interested in participating in a potential project. To be kept informed.

Sample Worksheet #24

Focus Group Discussions – Consolidating Information

(One for all FGDs with a particular type of stakeholder)

Type of Participants	
Dates	
Research Questions	Consolidated Information Gathered from Participants of Multiple FGDs
Is it difficult to obtain fair trade certification?	The FLO is the necessary contact point for fair trade certification. Almost all understand the requirements; generally their buyers are the ones who contact the FLO and have the conditions explained. Producers signalled that it takes an average of one to two years to become certified, and the total cost of certification is relatively modest but highly variable among producers. They generally feel it is easy to obtain certification, but know of producer associations which have not been able to because they lacked a key requirement to do so – an agreement by a purchaser to purchase a minimum of one container of fair trade coffee.
Do clients buy coffee for fair trade markets?	Almost all international buyers who purchase Peruvian coffee buy at least some that is fair trade certified. Contacts to these purchasers are usually arranged by local brokers, though some larger producer associations do also arrange such linkages.
How easy or difficult is it to sell to these markets? Why?	The majority feel that it is complicated to sell to this market because the majority of brokers and roasters make the sale of fair trade coffee conditional on the sale of conventional coffee. The rule in some cases is that one container of fair trade will be purchased after every 5 containers of conventional coffee. The overall size is limited and many producers report that their greatest difficulty is finding purchasers.
What percentage of production is sold to fair trade markets? Why?	Approximately 20% of production is sold under fair trade certification. For the majority of associations it is difficult to certify more production given the problem of identifying interested purchasers. This leads to conflict within associations over respective individual quotas to supply fair trade coffee.
Is fair trade beneficial or harmful for producers? Why?	The consensus is that it is beneficial for small-scale coffee producers, because a floor price is offered when international prices are poor, and a premium price is offered when international prices are good. A lot of difference is noted with organic certified coffee. Many participants consider it to not be profitable to produce organic coffee given lowered yields that are not sufficiently compensated by higher prices.
Other Comments, Observations, Questions Raised and Follow-Up Ideas Participants concluded that fair trade is beneficial, though the size of the market is very small and is not likely to absorb a very large portion of the total market.	

Participants with Potential as Program Partners				
Name	Enterprise Name	Contact Info	Your comments	Follow-Up
Juan Diaz	APROCASS	Phone Number	Young association with a lot of potential	Keep up to date on project process – could be a good link for interested purchasers
Pelagio Rodríguez	ADISA	Phone Number	Has a strong presence in the region, with a good reputation	To send information on additional purchasers not used by others
Emilio Cortés	APAVAN	Phone Number	Has sold fair trade coffee since the beginning of the decade	Would need support but eager and capable – keep updated on project.
Celestino Cimbrón	Lamas Coffee	Phone Number	Very strong association with great internal monitoring capability	Assess potential to replicate monitoring system more broadly
Rofilio Cárdenas	Café Oro verde	Phone Number	Great experience with fair trade	Very interested in participating in a potential project. To be kept informed.
Rene Quispe	San Juan del Oro	Phone Number	Solid organization with strong rural linkages to extremely remote producers	Explore approaches for cost minimization.
Felipe Mamani	Bagua Grande	Phone Number	A leader in production of speciality coffees	Interesting model for working with niche purchasers
Evo Corrales	CAC Pangoa	Phone Number	Quality of production is excellent	Keep informed and look for market linkages.

Focus Group Discussion Tips

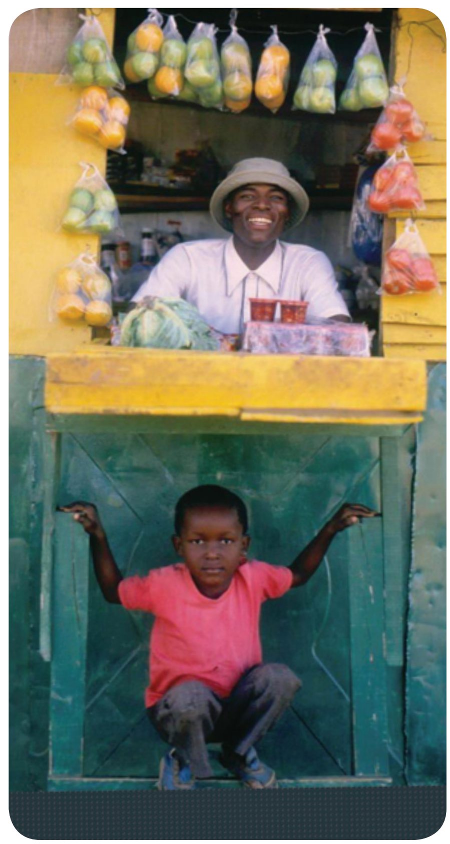
- Set out the rules of engagement at the start of the discussion.
- Do not allow participants to interrupt each other.
- Do not allow one participant to dominate the session.
- Encourage participation from everyone.
- Stop conflicts between participants quickly.
- Ask for clarification as it is needed.
- Elicit specific examples to illustrate key points.
- Reinforce the value of each contributor throughout with non-verbal cues such as eye contact and equal attention.
- Focus first on making participants feel comfortable and building group dynamics; it is often helpful to focus on commonalities among participants.
- Start the session with a relatively general question that you think most participants would be interested to say something about.
- If vague statements are made by participants, ask for further clarification in a reinforcing way "that's an interesting topic to explore further, can you tell us more about…."
- Tailor your language and terms to those that the participants use themselves.
- If you need to illustrate a point for illiterate respondents (such as buy/sell relationships), draw pictures.
- In case of recording device failure, be prepared with a backup – either a second device, or a pen and paper.
- Circulate or have available at sign up a list of names and contact information that participants can check for accuracy.

SNAPSHOT: Triple Trust Organization's FGDs with Spaza Shop Customers in South Africa

In 2002-3, Triple Trust Organization (TTO) carried out research to design a market development project in the consumer retail market of Cape Town, South Africa. The project aims to help "spaza shops," tiny, family-owned convenience stores in poor urban areas, compete more effectively. TTO's research drew from secondary sources, consumer and spaza shop surveys, Focus Group Discussions (FGDs) and In-Depth Interviews with various value chainenterprises. TTO conducted FGDs with two different types ofenterprises – spaza shop customers and spaza shop owners.

The FGDs with spaza shop customers were early in the research. They helped TTO learn what spaza shops could do to capture a greater share of customers' grocery budgets – i.e., to identify opportunities for spazas to sell more.

The FGDs with spaza shop owners were conducted towards the end of the research when constraints and potential solutions had been identified. In these FGDs, TTO acknowledged spaza's typical business problems (based on previous research) and asked respondents about their past attempts to solve these problems. Respondents were then asked "what if" there were a service or solution that could help them solve this problem. TTO described the proposed service or solution and then gathered feedback on the idea from the spaza owners. TTO tested 5 different solutions to identified constraints: an automated payment mechanism for purchasing and selling stock, a business collaboration network to negotiate deals with wholesalers, pest control services to minimize stock losses and improve sanitation, transport services to safely and reliably transport stock from wholesalers to spaza shops, and promoting local wholesalers to minimize costs in purchasing stock.



Based on these FGDs, TTO eliminated some project ideas and adopted others. For example they chose to help a spaza association advocate for measures to reduce crime rates and improve sanitation services rather than promoting security and pest control services.

For more information, see www.tto.org.za and www.bdsknowledge.org (search by TTO and South Africa).

Source: Bear, Marshall et al. (2004) "The 'What if…' Service Concept Test: Triple Trust Organisation's Market Research Tool to Test Microenterprise Interest in New Business Service Ideas" SEEP Network, Washington D.C.

SNAPSHOT: Mercy Corps' FGDs with Service Providers in Azerbaijan

In 2001, Mercy Corps conducted market research in the livestock industry to inform the design of a project that aimed to increase the incomes of small livestock farmers in the remote rural areas of Lenkoran and Massali. The market research built on a previous study of business services in these two regions that had indicated that veterinary services for the small livestock farmers were critical to increasing their incomes. The market research consisted of Secondary Source Research, Key Informant Interviews, In-Depth Interviews with various stakeholders, and Focus Group Discussions with farmers and veterinary service providers.

Mercy Corps used the FGDs with veterinary service providers to investigate veterinarians' capacities, attitudes towards expanding business to more small farmers, and constraints to serving small farmers in remote areas. Mercy Corps conducted 4 FGDs with a total of approximately 25 veterinarians. The FGDs showed that veterinarians have poor promotion and marketing strategies, and lack the business skills to develop and market attractive service products. They also revealed that veterinarians were reluctant to travel long distances to serve one or two clients.

As a result of the findings, Mercy Corps designed a program that would help veterinarians form a network to exchange market information, best practices and effective veterinary techniques. Mercy Corps offered veterinarians in the network training in business planning and marketing, and assistance with developing appropriate service products. Mercy Corps also linked the network with the Ganje Agricultural Academy and State Animal Disease Board for information and referral purposes. Finally, Mercy Corps' program helped small livestock farmers form groups to coordinate scheduling of visits from veterinarians so that they could visit many farmers at one time.

For more information, see www.mercycorps.org and www.bdsknowledge.org (search by Mercy Corps and Azerbaijan).

Source: Abdullayev, Kamran (2002) "Mercy Corps South Azerbaijan – Case Study Summary" for the SEEP Network Practitioner Learning Program.

Stakeholder Meetings

Introduction to Stakeholder Meetings

What is a Stakeholder Meeting?

A Stakeholder Meeting brings together entrepreneurs who are involved at various levels in a value chain with the general aims of:

- expanding the researchers' and / or participants' understanding of the value chain
- advancing the functioning of the value chain

More so than other tools, the Stakeholder Meeting incorporates a clear 'action' purpose above and beyond its usefulness in research.

When is a Stakeholder Meeting Appropriate?

Stakeholder Meetings are most successful when the facilitating organization has already gathered substantial information on the value chain. This enables the researchers to guide the discussion towards common challenges and areas of mutual interest among the participants. Stakeholder Meetings are usually conducted in the second or third round of research after the design team has refined the project purpose, determined and tentatively prioritized strengths and constraints, identified tentative sustainable solutions and begun to elaborate interventions. Stakeholder Meetings are then used to gather information helpful to developing further details of program design: validating prioritized strengths and constraints on which to focus, refining sustainable solutions, refining interventions, elaborating risk mitigation strategies and choosing initial program partners. The meetings are particularly useful for refining and generating new ideas for sustainable solutions and interventions. The group format helps participants think through how the value chain could evolve in order to benefit all the enterprises involved in it.

Beyond information collection, Stakeholder Meetings are useful for identifying value chain leaders who might make appropriate program partners. They also often have the aim of resulting in concrete actions to develop a value chain. As such, Stakeholder Meetings are not only part of market research but also often part of program implementation.

Note that there is potential for conflict in Stakeholder Meetings. They should only be held if the benefits and risks have been adequately assessed. If good workshop facilitation cannot be provided in cases with a high risk of conflict between the different groups, it is better to look for other options to achieve the same results.

Step-By-Step Guide

Check list of steps for Stakeholder Meeting planning and implementation:

√ Build a facilitation team
√ Determine the focus and research questions
√ Identify participants
√ Determine the number of Stakeholder Meetings
√ Select a time and place for each Stakeholder Meeting
√ Invite participants and arrange logistics
√ Prepare a discussion guide
√ Conduct the Stakeholder Meetings and record the resulting information
√ Organize resulting information in preparation for analysis
√ Identify any information gaps and conduct additional Stakeholder Meetings as required

Step 1: Build a Facilitation Team

Worksheet #26: Designate your moderator, observer and assistant and describe their roles.

At minimum, a Stakeholder Meeting is run by a moderator and an observer. Ideally, an assistant is also present. The moderator and observer work together to manage the meeting, elicit useful contributions from all participants, gather the required information and, often, galvanize enthusiasm and action plans among the value chain enterprises present. A Stakeholder Meeting brings together entrepreneurs who may view others in the chain with suspicion or even hostility. Therefore, the facilitation team must have excellent interpersonal and meeting management skills. In order to collect information and promote the development of a viable and improved value chain system, the team must be able to manage participants, mediate conflict (without stifling discussion of constraints), and achieve research goals through effective communication.

Stakeholder Meeting moderators need to have the following skills:

- Good awareness of the culture and situation of the participants
- Ability to converse fluently in the local language of the participants
- Strong skills in communicating with participants from varied backgrounds
- Ability to establish rapport with participants from varied backgrounds
- Ability to effectively explain the purpose of the Stakeholder Meeting
- Capacity to mediate between entrepreneurs who may have different status within the value chain and society as a whole
- Skills in eliciting objective information using a variety of questioning and probing strategies, keeping in mind the differences amongst participants
- Active listening capacity
- Understanding of how the information will be used so that effective follow-up questions can be formulated during the meeting
- Ability to keep the meeting on track but also allow for uncovering unexpected information

Stakeholder Meeting observers need to have the following skills:

- Good awareness of the culture and situation of the participants
- Ability to converse fluently in the local language of the participants
- Understanding of how the information will be used so that effective follow-up questions can be formulated during the meeting
- Ability to keep track of what the meeting has covered, and to intervene to keep the discussion focused ensuring all required information is gathered
- Proficiency in documenting findings and learnings

Stakeholder Meeting moderators should have training and/or experience in conducting group meeting for both research and project implementation purposes.

It is important for the roles of the facilitation team to be clearly established before starting a Stakeholder Meeting. The moderator asks the questions and manages the discussion. The observer keeps time, takes notes, operates a recording device and adds questions or comments when necessary to keep the discussion on track. The observer, or an assistant if available, handles logistics (seating, sign-in, water, directions) so that the moderator and observer can concentrate on their respective roles. If appropriate, the assistant can also support information collection by taking notes and observing the interaction of stakeholders. Together the facilitation team organizes and synthesizes the resulting information.

Step 2: Determine the Focus and Research Questions

Since Stakeholder Meetings serve action-oriented as well as information objectives, it is important for the researchers to be aware of the range of results that can be realized and to be selective in session design. Generally a meeting is focused on one or several related program design decisions, such as developing sustainable solutions and supporting interventions, or identifying risks to previously agreed upon solutions and developing risk mitigation strategies. Researchers choose 3-6 research questions that support these decisions to explore in the Stakeholder Meeting. The meeting may also have other objectives such as building trust among participants and generating enthusiasm and/or specific plans for initiating value chain development activities.

> ***Worksheet #25*:** Determine the focus of your Stakeholder Meeting(s) and identify 3-6 research questions to explore from Getting Ready Worksheet #3. Outline any action-oriented meeting objectives as well.

Some examples of research questions include:

- Is previously gathered information about value chain linkages and relationships correct and complete?
  - Example: How do SEs connect to markets (through which links)?
  - Example: Is there trust and mutual benefit in these relationships?
- What are potential solutions to value chain constraints and ideas for project interventions to support those solutions?
  - Example: How can entrepreneurs collaborate to improve product quality?
  - Example: What outside support would value chain enterprises need to advocate for more appropriate regulations concerning the value chain?
- Who will do what to implement previously agreed upon solutions and interventions?
  - Example: What will specific entrepreneurs and the facilitating organization do to increase the flow of market information throughout the value chain? When will they start? How will feedback on the success of the activities be gathered and shared?
- Some examples of Stakeholder Meeting objectives beyond information collection include:
- Encourage discussion, build trust and promote collaboration among entrepreneurs and stakeholders in a value chain.
- Enable participants to arrive at a common approach or action plan to solving specific market problems.

Step 3: Identify Participants

A typical Stakeholder Meeting involves 12 – 20 participants that represent a cross-section of the enterprises in the value chain. If fewer than 12, the value chain may not be well-represented or include enterprises with varying viewpoints. If more than 20, it is more likely that a few participants will dominate, and it becomes more difficult to keep the meeting focused on the objectives.

The potential participants for a Stakeholders Meeting are wide-ranging, cutting across all levels of a value chain and its environment. The selection of actual participants is based on the goals of the meeting and which combination of entrepreneurs and other stakeholders will best serve research and action-oriented objectives. Generally, researchers try to invite at least one representative from each of the main types of enterprises in the value chain as well as support providers and other stakeholders with experience relevant to the topics that will be discussed in the meeting. Bear in mind that it is helpful to have several participants from those enterprise groups that are of lower socio-economic status so that they will be less likely to feel intimidated. It is also useful to invite leaders of the various groups in the value chain who will be able to galvanize action among similar enterprises as the program is implemented.

Participants may include:

Value Chain Enterprises

- Producers
- Wholesalers, distributors, exporters
- Shopkeepers, boutiques owners and other retailers
- Consumers

Support Service Providers

- Designers, product developers, quality control services
- Suppliers of raw materials, tools and equipment
- Marketing experts in information, branding, promotion and access
- Cross-cutting service representatives of companies that provide transportation, warehousing, communications

Other Stakeholders

- Industry associations and chambers of commerce
- NGO workers knowledgeable about the industry
- Government representatives of departments such as export promotion bureaus

Step 4: Determine the Number of Stakeholder Meetings

Generally, organizations only conduct one or a few Stakeholder Meetings. If the value chain can be adequately represented in one meeting, there is no need to conduct more. However, more than one meeting may be necessary to get the viewpoints of a wide enough range of value chain enterprises and other stakeholders if the value chain is large or spans a large geographical area. Some organizations conduct more than one meeting with the same participants in order to cover more topics or, more often, follow-up on action plans. Some Stakeholder Meetings lead to the creation of on-going groups that work with the facilitating organization to develop the value chain.

> ***Worksheet #25*****:** Determine the number of Stakeholder Meetings you will conduct.

Step 5: Select a Time and Place for each Stakeholder Meeting

Stakeholder Meetings generally last from 2 hours to several days. The length depends on what you aim to accomplish, cultural norms and for how long participants will want to meet. If participants are all nearby, a shorter meeting of 2-4 hours is usually appropriate. If participants have come a long way, they may want to meet for a full day to accomplish more and justify the trip. Inform participants in advance of how long you expect the meeting to last.

It is best to host a Stakeholder Meeting in neutral territory where all participants feel comfortable: a seminar room at a hotel, a private room in a restaurant, a school hall or other public building, or a conventional meeting place in the community in which you are working.

> ***Worksheet #25*****:** Prepare a schedule of the Stakeholder Meeting(s) with the location(s) designated.

Step 6: Invite Participants and Arrange Logistics

It is essential to invite participants to a Stakeholder Meeting in advance and to inform them of the nature and objectives of the meeting before they arrive. Participants can be invited by visiting them at their houses or places of business, through phone calls or written invitations as

> ***Worksheet #25*****:** Prepare a list of tasks and designate the responsible persons and deadlines.

appropriate. Generally, researchers invite participants with whom they have already had some contact, often through another research tool. That way, researchers are reasonably sure that the participant is an appropriate representative of a particular type of enterprise and is willing to share ideas on how to develop the value chain.

In order for the Stakeholder Meeting to run smoothly, all logistics should be planned in advance. This might include, for example, arranging the venue, seating, snacks, transportation and recording device.

Step 7: Prepare a Discussion Guide

Worksheet #26: Write the Stakeholder Meeting discussion guide.

A clear discussion guide will enable the facilitation team to help participants feel comfortable, and efficiently and effectively cover all the research questions. A guide will also assist the moderator and observer to direct discussion towards areas of common interest, avoid conflicts among the participants, and achieve action-oriented objectives for the meeting. The guide outlines how the discussion will be conducted from start to finish, including the introduction and wrap-up, and provides an approximate time for each part of the discussion. The body of the guide is made up of the Stakeholder Meeting questions which the moderator will ask the participants to explore. It includes not only the questions that the moderator will use to start off the discussion on each research jssue, but also examples of appropriate probing questions. The guide might also include a specific session during the meeting to pursue action-oriented objectives such as group planning on specific future activities for value chain development.

The table below provides some examples of Stakeholder Meeting program design decision themes, research questions and discussion questions.

<table>
<tr><th>Themes</th><th>Research Questions</th><th>Stakeholder Meeting Discussion Questions</th></tr>
<tr><td rowspan="2">Constraints: Are the prioritized constraints the right ones?

Sustainable Solutions: How will the constraints be solved on a commercially sustainable basis?</td><td>Are the constraints identified the most important ones?</td><td>What are participants' most pressing constraints? Why? How have they tried to address these constraints? What have been the results?</td></tr>
<tr><td>What are viable, sustainable solutions to identified constraints?</td><td>What ideas do the Stakeholder Meeting participants have for solving particular problems? How could Stakeholder Meeting participants cooperate to solve the identified constraints? What resources do they have to build on? What challenges do they anticipate and how could they be overcome?</td></tr>
<tr><td rowspan="2">Sustainable Solutions: Are identified solutions viable?

Intervention Design: What will the program do to support particular solutions?</td><td>Will value chain enterprises participate in making solutions happen? What will each do?</td><td>What are participants' opinions of solutions identified to date (and described by the moderator)? How do they think they could contribute to accomplishing the solution? What challenges do they anticipate and how could they be overcome?</td></tr>
<tr><td>What project support would be needed to make particular solutions happen?</td><td>What external support would it take to make a particular solution happen? What resources are available within the value chain to support the solution? What resources would need to come from outside the value chain?</td></tr>
</table>

The following pages provide a Stakeholder Meeting guide, planning worksheet and Stakeholder Meeting discussion guide worksheet. These planning worksheets are followed by two information collection worksheets, one focused on the information participants provide and the other focused on the participants themselves. Fill out one for each Stakeholder Meeting. The one on participants may be helpful in identifying program partners. Finally there is a worksheet to consolidate information gathered and ideas on potential program partners from several Stakeholder Meetings. There is no need to fill this out if only one Stakeholder Meeting was conducted. The worksheets are followed by additional tips on conducting Stakeholder Meetings.

Generic Stakeholder Meeting Session Guide (3 hours)[15]

Topic	Details	Time
Welcome, introductions	• Welcome and thank the participants. • Introduce the team and explain roles. • Provide a simple explanation of the project. • Ask participants to introduce themselves in turn. • Explain why the participants were chosen and the importance of their contribution. • Tell participants you would like to hear from ALL of them, and that all ideas and feelings are important. • Because there is much information to get through, explain you may need to move onto the next question before the group has really explored one area. • Make sure people understand that the session will be confidential. • Explain that you will be taking notes or using a recording device (if appropriate) to remember later what was said.	10 min.

Getting ready for the session	• Explain how the Stakeholder Meeting works and the "ground rules" for the session:
	  ○ A group discussion that is built around certain questions;
	  ○ Session lasts for around 3 hours;
	  ○ Everyone's contribution is welcome and valuable;
	  ○ Please only one person talks at a time;
	  ○ It is fine to disagree, but criticize the idea, not the person;
	  ○ Keep the conversation "in the group" as other conversations going on between a couple of group members may distract the flow of discussion;
	  ○ Cell phone ringers should be turned off.
		5 min.

Starting the session	• Start with a relatively general question that you think most participants would be interested to say something about. The aim is to make participants comfortable and build group dynamics. It is often helpful to focus on commonalities among participants such as the ultimate goal of working in the selected value chain.	15 min.

Discussion topics	• Go through the questions or topics of discussion one by one.
	• Some useful topics are:
	  ○ Presentation of the information gathered to date
	  ○ Validation of the info to date from the participants
	  ○ Generation of ideas for solving constraints in the VC
	  ○ Discussion of ideas for solving constraints in the VC.
	• Start with a main question and then probe participants to elicit more information, clarifications and specific examples.
	• Ideally, the Stakeholder Meeting will lead to consensus on some key activities that will benefit all value chain enterprises and will help with program design and launch.
		2 hrs.

Synthesize discussion	• Reiterate participants' main points and ideas, with an emphasis on solutions that were supported by all or the majority of the participants. • Solicit any final comments from participants related to the synthesis.	15 min.
Wrap-up	• Thank the participants for their time and contributions. • Explain what will happen with the information they have provided. • Explain any other next steps they can expect from the project and what next steps or support they should not expect from the project (to avoid building unrealistic expectations). • Thank the participants again.	15 min.

[15] Lusby and Panliburton, undated.

Stakeholder Meeting Worksheets

Worksheet #25

Stakeholder Meetings – Planning

Facilitation Team	
Moderator: Name and Roles	
Observer: Name and Roles	
Assistant: Name and Roles	

Main Focus of Discussion:	
Research Questions	
Action-Oriented Objectives	

Participants		

Schedule of Stakeholder Meeting(s)	SM No.	Place	Date	Time

Worksheet #25 (*Continued*)

Stakeholder Meetings – Planning

Tasks to be Completed		Person Responsible	Deadline
	Task #1 - Invitations / confirmations		
	Task #2 - Arranging venues including seating and snacks		
	Task #3 - Discussion guide		
	Task #4 - Recording device, transportation		
	Other		

Worksheet #26

Stakeholder Meetings – Discussion Guide

Topic	Details	Time
Welcome, Introductions		
Getting Ready for the Session		
Starting the Session		
Research Questions/ Session Objective	Stakeholder Discussion Questions:	
Synthesize Discussion		
Wrap-Up		

Worksheet #27

Stakeholder Meetings – Collecting Information

Stakeholder Meeting Place and Time	
Research Questions	Information Gathered from Participants
Results on Action-Oriented Objectives	
Other Comments, Observations and Follow-Up Ideas	

Worksheet #28

Stakeholder Meetings – Participants

(One per Stakeholder Meeting)

FGD Place and Time				
Name	Enterprise Name	Contact Info	Your Comments	Follow-Up (if any)

Worksheet #29

Stakeholder Meetings – Consolidating Information

(One for all Stakeholder Meetings conducted)

Stakeholder Meeting Dates	
Research Questions	Consolidated Information Gathered from Participants of Multiple Stakeholder Meetings
Results on Action-Oriented Objectives	
Other Comments, Observations and Follow-Up Ideas	

Participants with Potential as Program Partners				
Name	Enterprise Name	Contact Info	Your comments	Follow-Up

Examples of Completed Stakeholder Meeting Worksheets

Sample Worksheet #25

Stakeholder Meetings – Planning

<table>
<tr><td colspan="5">Facilitation Team</td></tr>
<tr><td>Moderator:
Name and Roles</td><td colspan="4">Fernando Olivera - Asks the questions and manages the discussion. Creates rapport with stakeholder group.</td></tr>
<tr><td>Observer:
Name and Roles</td><td colspan="4">Carlos Tejada - Keeps time, takes notes, operates a recording device, and adds questions or comments when necessary to keep the discussion on track</td></tr>
<tr><td>Assistant:
Name and Roles</td><td colspan="4">Carmen Valdez - Registers the participants, manages snacks, handles any participant requests</td></tr>
<tr><td colspan="5">Main Focus of Discussion: The fair-trade coffee value chain that links small producers through wholesalers to the international market. Stakeholders from all levels of value chain will be represented.</td></tr>
<tr><td>Research Questions</td><td colspan="4">1. What are common constraints in the fair trade coffee value chain?
2. What kinds of solutions can address these identified constraints?
3. Can these solutions be sustainable?
4. What mechanisms need to be put in place so that changes are sustained?
5. What could interfere with the success and sustainability of the intervention?</td></tr>
<tr><td>Action-Oriented Objectives</td><td colspan="4">To reconfirm the constraints previously determined through other research methods.
To strengthen the understanding of participants and researchers about potential solutions to address constraints.
To discuss and increase understanding of potential solutions and/or the viability of a specific intervention.
To establish potential mechanisms and areas of intervention.
To strengthen understanding among participants and researchers of potential obstacles or problems to consider.</td></tr>
<tr><td rowspan="6">Participants</td><td colspan="2">Small scale farmers (5)</td><td colspan="2"></td></tr>
<tr><td colspan="2">Wholesalers (4)</td><td colspan="2"></td></tr>
<tr><td colspan="2">Producer association members (4)</td><td colspan="2"></td></tr>
<tr><td colspan="2">Exporters (4)</td><td colspan="2"></td></tr>
<tr><td colspan="2"></td><td colspan="2"></td></tr>
<tr><td colspan="2"></td><td colspan="2"></td></tr>
<tr><td rowspan="4">Schedule of Stakeholder Meeting(s)</td><td>SM No.</td><td>Place</td><td>Date</td><td>Time</td></tr>
<tr><td>1</td><td>La Merced</td><td>August 20</td><td>6pm</td></tr>
<tr><td>2</td><td></td><td></td><td></td></tr>
<tr><td>3</td><td></td><td></td><td></td></tr>
</table>

Tasks to be Completed		Person Responsible	Deadline
	Task #1 - Invitations / confirmations	Moderator – official invitation Assistant – follow-up	August 10 August 15
	Task #2 - Arranging venues including seating and snacks	Assistant and Observer	August 19
	Task #3 - Discussion guide	Moderator with input from Observer	August 10 – Draft August 15 - Final
	Task #4 - Recording device, transportation	Observer and Assistance (advance)	August 20
	Other		

Worksheet #26

Stakeholder Meetings – Discussion Guide

Topic	Details	Time
Welcome, Introductions	Moderator thanks stakeholders for attending and welcomes them to the meeting.	10 min
Getting Ready for the Session	Moderator describes the process to the participants and ensures that they understand how the information will be used. Observer clarifies that the session will be recorded but that responses are confidential. Refreshments and food are provided before the session begins.	20 min
Starting the Session	Each participant introduces themselves.	5 min
Research Questions/ Session Objective	Stakeholder Discussion Questions:	
What are common constraints in the value chain?	What issues do you encounter in reaching buyers or sellers? How do you communicate with each other? What interrupts or slows down your operations? What factors lead to efficient and easy transactions? What would an efficient transaction look like?	30 min
What kinds of solutions can address these identified constraints?	How can these constraints be minimized? How can producers work together to improve the quality of the coffee sold? What kind of information would be useful? Can one solution address numerous constraints? What can producers do to increase the flow of information about quality and quantity to associations and wholesalers?	30 min
Can these solutions be sustainable?	Will the changes permanently address the issues you encounter? How can the changes be sustainable? What kind of outside support is needed? What can be achieved without outside support?	15 min
What mechanisms need to be put in place?	What types of mechanisms or systems would be needed for the changes to be permanent? What does each member of the value chain need to do? How will the success of the intervention be measured and information shared?	15 min
What could interfere with the sustainability of the change?	What obstacles could you encounter while making these changes? What is needed for sustainability to be achieved?	15 min
Wrap-Up	Participants are again thanked for their time and contributions and reminded that they will be informed about the follow-up from the meeting. Next steps are explained, including what should and should not be expected. Respondents are accompanied out and goodbye is said with a handshake (if between men) or a cheek-to-cheek kiss (if between women and people of the opposite sex).	5 min

Worksheet #27

Stakeholder Meetings – Collecting Information

Stakeholder Meeting Place and Time	La Merced - August 20 – 6pm
Research Questions	Information Gathered from Participants
What are common constraints in the value chain?	• Coffee which is sold has often not been completely dried and is of poor quality. This is in part because the weight-based payment system does not provide incentives for high quality product. • The machines used to grind the seeds are old and of poor quality. • Payment takes over a month to pass from wholesalers to producers in fair trade markets, whereas within the regular coffee market payment transfers are made in one week. • Bad weather (rain), worker strikes, problems with trade infrastructure (shipping scheduling) and lack of cash flow disrupt the supply chain. • From the moment the producer goes to sell the coffee to the time the coffee reaches international markets should ideally take about 90 days.
What kinds of solutions can address these identified constraints?	• Provide producers with better equipment to ferment, dry, and grind the coffee. • Pay producers the world price for coffee within the first week and then pay the fair trade premium within the month. • Encourage producers to invest the premium paid by fair trade purchasers to jointly purchase the machines needed to improve production quality. • Make known where higher and lower quality coffee is grown so that coffee beans of different qualities are not mixed together. • Improving the quality of the coffee will resolve multiple constraints in the value chain. • Misunderstandings between producers and buyers can be somewhat avoided through the delivery of samples to buyers for inspection.
Can these solutions be sustainable?	• Purchased machinery will need to be maintained by producers on a continuous basis for the higher quality to be sustainable. Producers will sustain the changes if they make more money from higher quality coffee. • Outside knowledge and money is needed for sustainable change. • The quality of the coffee can be improved by the producers through improving how and where the coffee ferments and dries, without additional investment.
What mechanisms need to be put in place?	• Increased investments to improve production quality – paid for by the fair trade premium paid to producers – are needed to allow access to higher value markets • The wholesalers and associations need to pay the producers the market rate immediately (within 8 days). • Information needs to be shared between stakeholders more quickly through mobile phone and email
What could interfere with the sustainability of the change?	Enterprises not following through on their agreements. The difficulty of setting up payment schedules between producers and buyers.
Results on Action-Oriented Objectives	• Increased understanding of constraints and potential solutions in the value chain. • Increased clarity regarding potential interventions. • Improved dialogue between members of the value chain. • Strengthened understanding of common goals among stakeholders.
Other Comments, Observations and Follow-Up Ideas	• Through discussion stakeholders are better able to understand how the value chain functions and the importance of their role within it. Producers better understand the economic benefits of producing higher quality coffee. • The fair trade value chain could function more effectively through the establishment of a tiered payment system so that producers receive the market price a week after sale and the fair trade premium within a month.

Worksheet #28

Stakeholder Meetings – Participants

(One per Stakeholder Meeting)

FGD Place and Time				
Name	Enterprise Name	Contact Info	Your Comments	Follow-Up (if any)
Adriana Salatino	Small Producer	Telephone Number	Is eager to make changes and earn more income to support his family.	Keep informed of project activities. Potential for leadership role in producer organization.
Ricardo Chavez	Small Producer	Address No telephone	Very small production. Has little capacity or interest in organization.	
Jose Luis Villaneuve	Fair Trade Coffee International - Exporter	Phone Number	Fair Trade buyer. Very interested in paying a higher price for high quality coffee.	Keep updated as to project activities. Potential to be involved in Action Research.
Miguel Santana	ASMAL - Association	Phone Number	Has the potential to assist in organization of small producers to purchase machinery.	Keep updated as to project activities. Potential coordination duties.
Hector Gonzales	Gourmet Blends - Exporter	Phone Number	Interested in higher quality coffee.	Keep updated with new information. May be potential to improve transportation.

Worksheet #29

Stakeholder Meetings –Consolidating Information

(One for all Stakeholder Meetings conducted)

Stakeholder Meeting Dates	
Research Questions	Consolidated Information Gathered from Participants of Multiple Stakeholder Meetings
What are common constraints in the value chain?	• There is agreement that coffee is not of high quality and that improved quality is desired. • Producers strongly support a change in the payment system, although buyers are not as eager. • Generally there are a number of internal constraints that disrupt the value chain, as well as a few external. • There is agreement among stakeholders that shortening the transfer time from producer to consumer would be advantageous.
What kinds of solutions can address these identified constraints?	• Most producers agree that purchasing machinery together could improve their incomes. • The majority of wholesalers would support receiving specific information about the quality of coffee in different locations.
Can these solutions be sustainable?	• The majority of stakeholders agree that outside knowledge is needed for sustainable change. Visible increases in income are also needed, especially on the part of producers.
What mechanisms need to be put in place?	• A split payment system and producer pooling of premium received for fair trade coffee need to be established.
What could interfere with the sustainability of the change?	• Generally buyers do not support the split payment system and there may be some resistance to this type of agreement. Inadequate transfer of knowledge could reduce the likelihood of sustainability.
Results on Action-Oriented Objectives	• Further dialogue among producers and between producers and buyers is needed. • These members of the value chain want to see changes in the functioning of the value chain.
Other Comments, Observations and Follow-Up Ideas	• Encouragement of buyers to apply the split payment system may be needed. Follow up with producers regarding the purchase of shared machinery.

Participants with Potential as Program Partners				
Name	Enterprise Name	Contact Info	Your Comments	Follow-Up (if any)
	Producer	Telephone Number	Is eager to make changes and earn more income to support his family.	Keep informed of project activities. Potential for leadership role in producer organization.
	Producer	Address No telephone	Very small production. Has little capacity or interest in organization.	
	Wholesaler	Phone Number	Fair Trade buyer. Very interested in paying a higher price for high quality coffee.	Keep updated as to project activities. Potential to be involved in Action Research.
	Producer Association	Phone Number	Has the potential to assist in organization of small producers to purchase machinery.	Keep updated as to project activities. Potential coordination duties.
	Exporter	Phone Number	Interested in higher quality coffee.	Keep updated with new information. May be potential to improve transportation.

Stakeholder Meeting Tips

- Set out the rules of engagement at the start of the meeting.
- Do not allow participants to interrupt each other.
- Do not allow one participant to dominate the session.
- Encourage participation from everyone.
- Stop conflicts between participants quickly.
- Ask for clarification as it is needed.
- Elicit specific examples to illustrate key points.
- Reinforce the value of each contributor throughout with non-verbal clues such as eye contact and equal attention.
- If stakeholders seem distrustful or insecure, use methods such as roundtable discussions to give everyone a voice in a supportive environment.
- If vague statements are made by participants, ask for further clarification in a reinforcing way "that's an interesting topic to explore further, can you tell us more about…"
- Although having a guide is important, remember that Stakeholder Meetings can provide unplanned opportunities for identifying leverage points, developing relationships and advancing the creation of a value chain 'team.'
- In case of recording device failure, be prepared with a backup – either a second device, or a pen and paper.
- Circulate or have available at sign up a list of names and contact information that participants can check for accuracy.

SNAPSHOT: USAID and ACDI/VOCA's Stakeholder Meeting in Indonesia

Under the Accelerated Microenterprise Advancement Project (AMAP), USAID contracted ACDI/VOCA to conduct a value chain analysis of the Cocoa industry in Indonesia, primarily in Sulawesi. The objectives of the analysis were to determine major opportunities and constraints to the growth of the Cocoa industry, propose strategies to alleviate the constraints, and assess current investments to promote Cocoa in Indonesia. The market research included a review of available secondary source information, Key Informant Interviews with donors and government, In-Depth Interviews with entrepreneurs and 2 Stakeholder Meetings.

The research team conducted the Stakeholder Meetings towards the end of the research, after the review of secondary source information and almost a month of interviewing. The Stakeholder Meetings were conducted in Palu, Central Sulawesi and Makassar, South Sulawesi – the key study areas. Each Stakeholder Meeting had 16 participants. The participants represented exporters, traders, farmers, input supply companies, farmers' groups, local government offices and the local chapters of the Indonesia Cocoa Association. At the meetings, the research team asked participants to validate and add to information from the research to date on the cocoa sector and support products and services. The research team gathered feedback and additional ideas from participants on possible commercial solutions to the identified constraints and potential initiatives to support implementation of those solutions.

The research team found that the three priority areas for the Indonesian cocoa industry are raising productivity, improving quality and increasing opportunities for local value addition. Based partly on ideas and feedback from the Stakeholder Meetings, the research team generated potential commercial solutions and support service strategies for these priority areas. For example, the team recommended that smallholders should have access to up-country buying stations where they could bring large volumes of cocoa beans for direct sale to exporters and processors. The team recommended strategies for promoting private investment in up-country buying stations by reducing risks and encouraging replication of other buying stations.

For more information, see http://www.microlinks.org/ev_en.php?ID=7097_201&ID2=DO_TOPIC

Source: Panlibuton, Henry and Maggie Meyer (2004) "Value Chain Assessment: Indonesia Cocoa," ACDI/VOCA, USAID AMAP, Washington D.C www.microLINKS.org

Action Research

Introduction to Action Research

What is Action Research?

Action Research is a tool tailored to test a specific aspect of a program design, in order to gauge its feasibility and appropriateness. Its aim is to determine whether to include a specific intervention in the program design and, if so, how to improve it. Action Research may also be used to choose between several possible interventions or activities within interventions. It is similar to a pilot in its pre-implementation test function, but different because it focuses on a particular aspect of a program design and aims to answer specific questions that will help program designers make decisions about that aspect of the program. In practice, it is not always possible to decide where Action Research ends, and a program pilot begins. Because this research is conducted under actual conditions, it provides the opportunity for additional observation and learning beyond other information collection tools.

Some examples of Action Research:

- A supplier of mobile phone systems offers a limited number of producers the opportunity to purchase phones on a monthly installment plan with no deposit upfront to ascertain if this is a viable method of communication between producers and buyers.
- A select group of traders is given subsidized training in quality control to determine if they have the capacity to pass this information along to producers.
- A buying house is engaged on a commission basis to manage a large order that a wholesaler has earmarked for completion by rural producers to understand if a buying house is an appropriate mechanism for order management, and if it results in benefits for target SEs.

When is Action Research Appropriate?

When program designers have outlined most of the program design, there may still be questions about the feasibility or appropriateness of specific interventions. In order to test the design, some organizations pilot the entire program and use the experience to refine the design. Other agencies choose to conduct Action Research at this stage.

Action Research can help answer specific questions about an aspect of program design. Usually Action Research focuses on the viability or appropriateness of a particular intervention. It may also help program designers choose between two interventions or activities aimed at achieving the same objective. Within the overall program design, Action Research helps program designers fine tune the details of decisions such as how sustainable solutions will work on a commercial basis, what activities the facilitating organization will conduct to support the sustainable solutions to value chain constraints, how the program will help SEs mitigate risks and what level of funding is needed for specific aspects of the program. At the end of Action Research, program designers will be able to improve program plans so that they are more efficient and have greater likelihood of resulting in sustainable solutions to value chain constraints with increased positive impact on SEs.

Action Research should only be conducted for a limited time period, where SEs and other participants are fully informed of its purpose, and the risks of negative outcomes are understood and accepted. Action Research also requires more time to implement than most other types of market research, and thus can only be used when sufficient time is available.

Action Research is a bridge to implementation. It promotes the development of relationships amongst the facilitating organization, value chain enterprises and other stakeholders, and may help program managers identify leaders among enterprises who would make good program partners. Action Research also often forms an on-going component of program implementation, used periodically to test out new strategies or activities for wider application.

Step-By-Step Guide

Check list of steps for Action Research planning and implementation:

√ Build a facilitation team
√ Describe the intervention and expected results
√ Outline research questions
√ Identify and invite participants
√ Plan the scope and duration of the action research
√ Select the location(s) for the action research
√ Prepare the action research guide
√ Conduct the action research and record information and experiences
√ Organize information and experiences in preparation for analysis

Step 1: Build a facilitation team

> ***Worksheet #30***: Designate your facilitation team and describe their roles.

Action Research is always conducted in partnership with value chain enterprises and, often, with other partner organizations. The facilitation team consist of staff from both the facilitating organization and the implementing partner organizations who will be working closely with value chain enterprises to plan, implement and analyze the Action Research. Generally, the team will have a research leader who will be involved in the project rollout or who works closely with the project management. The number of others involved in the team will depend upon the nature and extent of the research, but is unlikely to involve more than a few members in total. The team must be skilled not only in research but also in implementing activities and working with businesses.

The research team needs to have the following skills:

- Ability to implement a limited intervention in partnership with business partners
- Good awareness of the culture and situation of the participants
- Ability to converse fluently in the local language of the participants
- Capacity to establish rapport with participants
- Strong communication skills that enable effective planning, implementation and analysis of the Action Research in partnership with participating value chain enterprises
- Ability to keep the intervention on track but also allow for flexibility if new opportunities arise during the course of research
- Excellent observational and analytical skills to assess the impact of the intervention and extrapolate to scaling up
- Proficiency in documenting findings and learning

It is helpful for the facilitation team to discuss their roles vis a vis the Action Research before meeting with project clients. However, the final plan for the Action Research should be developed in partnership with participating enterprises. Therefore, these roles may evolve somewhat before the Action Research begins. At this stage, prepare general descriptions of each researcher's roles in the Action Research (including those in partner organizations); add detail and finalize these roles once the Action Research guide has been prepared in partnership with participating enterprises.

Step 2: Describe the Intervention and Expected Results

> ***Worksheet #30***: Describe the intervention to be tested and expected results.

Action Research tests a specific intervention within the overall program design. The aim of this research is to understand if and to what extent the intervention results in the desired impact. This allows program designers to remove, augment or adjust the intervention within the overall program design. Therefore, it is important to have a clear understanding of the intervention to be tested and the results expected. While impacting positively upon the target SEs is the goal of the program, the intervention may also have intermediate objectives that will affect the target clients. These might have to do with, for example, reducing or eliminating a specific value chain constraint, improving relationships among value chain enterprises, increasing the amount or changing the types of transactions among businesses and boosting efficiency in the value chain. These expected results, as well as expected impact on the target SEs, should be clearly outlined before the Action Research begins so that researchers can effectively assess the intervention.

> ***Tip***: Involving participating enterprises in the design of the intervention will increase their ownership of the intervention and the likelihood that they will adopt the intervention. Their ideas often contribute to developing an effective intervention design.

Because Action Research involves target SEs and other value chain enterprises, the research team must manage expectations, ensuring that all involved have a realistic understanding of the Action Research and where it might lead. Otherwise misunderstandings can create setbacks for program implementation.

Step 3: Outline Research Questions

The questions associated with Action Research are based on implementation issues and therefore results. The value chain has been analyzed, constraints and opportunities have been understood, and interventions have been devised. Action Research tests an aspect of a program to determine: will the intervention work in the given context and have the desired impact? How can the intervention be improved to be more appropriate or have more impact?

The table below provides examples of key research questions for Action Research. These key research questions can be broken down into detailed questions in order to aid in information collection and analysis as shown in the following examples.

> ***Worksheet #30***: Identify 4-6 research questions to explore through the Action Research. Outline the key objectives as well.

Key Research Questions	Detailed Questions
Is the proposed intervention accepted and adopted by value chain enterprises? Is so, how? If not, why not?	• To what extent do SEs and other value chain enterprises willingly participate in the intervention? Why? • Do enterprises respond positively to the implementation activities? How? • What reasons do enterprises give for not participating in the Action Research?
Does the intervention have the desired results (vis a vis relationships, transactions, impact on target SEs, etc.)?	• Does the intervention support and/or encourage positive interaction amongst value chain enterprises? How? • Are there increased sales, or better transactions, for target SEs as a result of the intervention? • Are overall costs in the value chain reduced as a result of the intervention? By how much?
What are the difficulties with the intervention? Can the design be adjusted to overcome the flaws?	• What issues arise that prevent completion of successful transactions or project activities? • How can the activities be changed to increase participation by SEs, improve efficiency or generate greater impact?
What evidence is there that this intervention may / may not be scalable?	• Are there other enterprises that want to be involved as a result of seeing the Action Research? How many? • Is the intervention appropriate to the circumstances of a large number of target SEs? • Can the costs of the intervention be reduced over time?
What evidence is there that this intervention may / may not be sustainable?	• To what extent do enterprises continue activities without assistance at the end of the Action Research? • Are their incentives for participants to stay involved over the long term? Why or why not?
What are the potential risks associated with the intervention? How can they be mitigated?	• What are enterprises' concerns about participating in the Action Research? How are these concerns addressed? • What are the negative outcomes of the Action Research? How can these be minimized?

The research questions for Action Research should not be determined by the research team in isolation. Instead, it is more effective if the research team involves project management and participating enterprises in determining the research questions. This way, the Action Research may be able to address the questions and concerns not only of the researchers but also of project managers and potential program partners. It is useful to prepare preliminary research questions at this stage but refine and/or add to them with input from project management and participating SEs.

Research/project management teams often aim for Action Research to achieve aims beyond helping them to make decisions. Action Research can also help lay the foundation for beginning implementation. For example, pre-implementation objectives might include:

- Build trust and promote collaboration between the facilitating organization and value chain enterprises, and amongst SEs and other enterprises in a value chain
- Generate enthusiasm for project implementation among specific enterprises in a value chain.

Step 4: Identify and Invite Participants

> ***Worksheet #30***: Describe the types and characteristics of potential Action Research participants. Identify participants by name when possible.

Action Research can be conducted in relation to any aspect of a program design, and therefore could involve SEs and other enterprises throughout the value chain. However, since Action Research focuses on a specific intervention, it will not generally involve more than two or three categories of enterprises in any one test run.

The specific participants for Action Research should be chosen with particular care. Because the Action Research is trying to test an intervention in as realistic a situation as possible, it is important that the value chain enterprises invest in the Action Research in a similar way that they would in actual implementation. By the same token, because the intervention is untested, the risks for participants are generally higher than they will be during implementation. The participants should be both aware of and able to cope with the risks involved. Participants in Action Research are also often early leaders in program implementation. Therefore, the research team should choose participants who are likely program partners. It is helpful to outline the type and characteristics of potential Action Research participants and then look for possible participants among past respondents or others who have been involved in the research.

The participating value chain enterprises will be partners in the Action Research. Therefore, it is important that they understand and be involved in the Action Research planning and that they choose to participate because they see the potential of the intervention benefiting them as well as others. The process of inviting potential participants is longer and more complex than for other research techniques. It involves a series of individual or group meetings between the facilitation team and potential participants during which the aims and plans for the Action Research are discussed. The process should be as much about the participants choosing to be involved in the Action Research as the research team choosing to involve specific participants.

Once partner enterprises have been identified, they should be involved in the planning of the Action Research. The facilitation team conducts meetings with them to explain the proposed program and get their input on the Action Research idea and questions. The enterprises may have their own questions and objectives that should be integrated into the Action Research.

Step 5: Plan the Scope and Duration of the Action Research

> ***Worksheet #30***: Describe the scope of the action research and note the expected duration.

Once questions and objectives have been determined, the research team and partner enterprises can jointly determine the scope and duration of the Action Research. The scope summarizes the activities of the Action Research and how many trial runs will be conducted. Details of the Action Research activities will be elaborated in the Action Research guide.

Action Research should be used judiciously and with a clear program-related objective in mind. Enterprises, particularly SEs, do not have the time, resources or desire to be used as guinea pigs for testing out casual ideas. Therefore, a researcher should only conduct Action Research in the context of a full program that will begin in the near future (in some cases, in fact, the program may already be up and running). Further, Action Research should be of a limited scope and time duration – from four weeks to three months is often sufficient to test an idea and collect results. The research team and participating enterprises should keep the scope manageable and narrow, including only those activities needed to explore the research questions. If the scope needs to be relatively broad or the time longer, the facilitating organization should consider integrating the activities into pilot implementation.

Step 6: Select the Place(s) for the Action Research

Action Research takes place at existing or proposed project sites. The input of the research team and the participating enterprises should be equally considered during the choice of location(s). The research team may prioritize criteria such as accessibility, representative of common circumstances in the project areas, and ability of the facilitating organization to effectively implement and monitor results. The enterprise partners will consider their own locations, and where they think the Action Research activities will be most successful and beneficial to them. The discussion and decision making process itself will provide information to the research team on the appropriateness of the intervention design.

> ***Worksheet #30***: Designate the location(s) for the action research.

Step 7: Prepare the Action Research Guide

The Action Research guide is developed by the facilitation team and participating enterprises in a collaborative process. The guide details the activities that will be conducted as well as the information that will be gathered to answer the research questions. It clearly outlines who will do what and when so that each team member understands his/her responsibilities. The guide includes both the implementation of the Action Research activities, and the recording of information and experiences from the activities. The Action Research guide will steer the activities of both the facilitation team and the participating enterprises. Therefore everyone involved in the Action Research should agree on the details of the guide before the Action Research begins.

> ***Worksheet #31***: Prepare the Action Research Guide in cooperation with participating enterprises.

The next pages provide an Action Research planning worksheet and Action Research Guide worksheet. These planning worksheets are followed by an information collection worksheet where information, findings and experiences from each trial can be recorded. Finally there is a worksheet to consolidate information and ideas gathered from several trial runs. There is no need to fill this out if only one trial was conducted. The consolidation worksheet includes a section on the Action Research participants which may be helpful in assessing potential program partners. This section should be filled out even if there was just one trial run. The worksheets are followed by additional tips on conducting Action Research.

Worksheet #30

Action Research – Planning

<table>
<tr><td colspan="4">Facilitation Team</td></tr>
<tr><td>Lead Researcher:
Name and Roles</td><td colspan="3"></td></tr>
<tr><td>Team Members:
Name and Roles</td><td colspan="3"></td></tr>
<tr><td>Partner
Organizations:
Name and Roles</td><td colspan="3"></td></tr>
<tr><td colspan="4">Program Intervention to be Tested:</td></tr>
<tr><td colspan="4">Expected Results (vis a vis relationships, transactions, impact on target SEs etc):</td></tr>
<tr><td>Research Questions</td><td colspan="3"></td></tr>
<tr><td>Action-Oriented
Objectives</td><td colspan="3"></td></tr>
<tr><td>Participants
Types and
Characteristics</td><td colspan="3"></td></tr>
<tr><td rowspan="6">Participant Names
and Contacts</td><td>Name</td><td>Enterprise Name</td><td>Contact Info</td></tr>
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<tr><td></td><td></td><td></td></tr>
<tr><td>Scope of the Research
(Summary of
Activities)</td><td colspan="3"></td></tr>
<tr><td>Duration</td><td colspan="3"></td></tr>
<tr><td>Location(s)</td><td colspan="3"></td></tr>
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Worksheet #31

Action Research – Activity Guide

Activities

Activity	People Involved	Tasks	Deadline

Information to Collect

Research Questions	Who Collects?	How?

How will risks be managed?

How will results be assessed?

Other Comments, Observations, Questions Raised and Follow-Up Ideas

Worksheet #32

Action Research – Information Collection

(Fill out one for each trial)

Action Research Location & Dates	
Participants' Names	
Information Needed	Summary of Information Gathered
Research Questions	Findings, Experiences, Observations and Issues
Results of Action Research Objectives	
Ideas for Adjusting the Intervention	
Other Comments, Observations, Questions Raised and Follow-Up Ideas	

Worksheet #33

Action Research – Consolidating Information

(One for all trials conducted)

Action Research Locations & Dates	
Research Questions	Consolidated Summary of Findings and Issues
Results of Action-Oriented Objectives	
Ideas for Adjusting the Intervention	
Other Comments, Observations, Questions Raised and Follow-Up Ideas	

Participants with Potential as Program Partners				
Name	Enterprise Name	Contact Info	Your Comments	Follow-Up (if any)

Examples of Completed Action Research Worksheets

Sample Worksheet #30

Action Research – Planning

Facilitation Team			
Lead Researcher: Name and Roles	Fernando Olivera – Manager of action research and responsible for communication with project management.		
Team Members: Name and Roles	Carlos Tejada – Training of producer association members in coffee quality improvement techniques. Carmen Valdez – Preparation of materials and logistics for training.		
Partner Organizations: Name and Roles	Producer Association - 3 members trained in methods to improve the quality of coffee, in order to assess the feasibility of sustainable knowledge transfer to small scale producers		
Program Intervention to be Tested: Farmer to farmer training on methods to improve the quality of coffee beans and secure higher market prices for small scale producers.			
Expected Results (vis a vis relationships, transactions, impact on target SEs etc): Increased income of target producers resulting from higher prices paid for higher quality coffee. Increased willingness of buyers to purchase from small producers due to higher quality.			
Research Questions	1. Are small scale coffee producers able to adopt methods to improve the quality of their crops without increasing costs? How do cost structures change? 2. Does the farmer to farmer training have the desired results? Does training on relationship building achieve the desired results? 3. What issues did the trainers and producers encounter? How can the design be adjusted? 4. Are there indications that the training is scalable? 5. What evidence indicates that intervention is / is not sustainable? 6. What are the risks to small scale producers? How can these risks be mitigated?		
Action-Oriented Objectives	1. To build trust among facilitation team, producer association, and small scale producers. 2. To increase knowledge of target participants. 3. To demonstrate to other small scale producers the economic benefits of increasing the quality of their product. 4. To obtain detailed information about needed adjustments and viability of intervention.		
Participants Types and Characteristics	Small scale coffee producers in the San Martin region. Producers with entrepreneurial attitudes who are interested in increasing the quality of their product and their income.		
Participant Names and Contacts	Name	Enterprise Name	Contact Info
	Jose Cortés	Small Scale Farmer	*Phone Number*
	Alberto Dominguez	Small Scale Farmer	*Phone Number*
	Carlos Vera	Association Member	*Phone Number*
	Rofilio Rodríguez	Association Member	*Phone Number*
	Arturo Cárdenas	Association Member	*Phone Number*
Scope of the Research (Summary of Activities)	1. Train members of producer association in training methods and means of increasing quality of coffee produced. 2. Ensure trainers are able to successfully pass on knowledge and methods to small scale producers. 3. Monitor the ability of small scale farmers to adopt techniques needed to increase quality. 4. 4. Monitor income of small scale producers and compare relative to past results.		
Duration	1. 1 Year (September – September)		
Location(s)	San Martin		

Sample Worksheet #31

Action Research – Activity Guide

Activities

Activity	People Involved	Tasks	Deadline
1. Train members of Producer Association in training methods and means of increasing quality of coffee produced.	Carmen Valdez	Prepare training materials and determine location for sessions.	September 10
	Carlos Tejada	Lead training session for Producer Association members.	September 20-25
	Fernando Olivera	Monitor and evaluate transfer of knowledge to trainers (Producer Association members)	September 20 - 25
2. Ensure trainers are able to successfully pass on knowledge and methods to small scale producers.	Carmen Valdez	Assist trainers in preparation of materials for training of small scale producers.	October 1-5
	Carlos Tejada	Observe small scale producer training sessions and assist trainers if needed.	October
	Fernando Olivera	Monitor transfer of knowledge to small scale farmers.	October
3. Monitor the ability of small scale farmers to adopt techniques needed to increase quality.	Fernando Olivera	Site visits to small scale farmers throughout cultivation of coffee to monitor changes in methods used.	October - February
	Carlos Tejada	Provide additional training to trainers as needed.	October - February
4. Monitor income of small scale producers and compare to incomes received previously.	Fernando Olivera	Site visits and interviews with small scale producers.	October - February
	Carlos Tejada	Make adjustments to methodology as needed.	October - February

Information to Collect

Research Questions	Who Collects?	How?
Baseline information (coffee quality, trainer and small producer knowledge, small producer incomes)	Fernando Olivera	Market Observation, In-Depth Interviews and Participant Surveys
Knowledge level of trainers and small producers	Fernando Olivera and Carlos Tejada	Participant Surveys
Effective training methodology	Carlos Tejada	Interviews with trainers and small scale producers, Observations
Quantitative data on changes in small producers income	Fernando Olivera	Surveys
Qualitative data on buyer's satisfaction with change in quality	Fernando Olivera	In-Depth Interviews

How will risks be managed?

Before agreeing to participate in the Action Research, participants will be informed of potential risks. Producer association members and small scale producers will be selected based on willingness to participate.

How will results be assessed?

Results will be measured in three stages: prior to, during and following implementation. Quantitative results will be measured by use of surveys. Qualitative results including satisfaction with interventions and any non-planned outcomes will be assessed using Focus Group Discussions and In-Depth Interviews.

Other Comments, Observations, Questions Raised and Follow-Up Ideas

Sample Worksheet #32

Action Research – Information Collection

(Fill out one for each trial)

Action Research Location & Dates	San Martin. September - September
Participants' Names	Jose Cortés, Ricardo Garcia, Juan Diaz, Jorge Martin, Alberto Dominguez, Alberto Dominguez, Luis Cabrero, Carlos Vera, Rofilio Rodríguez, and Arturo Cárdenas
Information Needed	Summary of Information Gathered
Baseline information (coffee quality, trainer and small producer knowledge, small producer incomes)	Previous market research indicates that coffee grown in the San Martin region is of low quality. This is due primarily to a lack of knowledge by small producers of methods to improve quality, as well as by the use of inefficient, old machinery and techniques.
Knowledge level of trainers and small producers	The majority of small producers and trainers have increased knowledge after training sessions. However, illiteracy is a constraint and different methods of training (such as practical, in the field training) are needed for some.
Effective training methodology	While the training used did have positive impacts, even more practical methods of training need to be developed, especially for illiterate small producers.
Quantitative data on changes in small producers income	The incomes of the majority of small producers increased by approximately 20 percent within the first year. Farmers who adopted the majority of the techniques taught were more successful than those who only changed some of their methods.
Qualitative data on buyer's satisfaction with change in quality	Some buyers are satisfied with the higher quality coffee and willing to pay higher prices. However, a number of buyers are not willing to pay for better quality.
Research Questions	Findings, Experiences, Observations and Issues
1. Are small scale coffee producers able to adopt methods to improve the quality of their crops without increasing costs? How do costs change?	Small producers are able to increase the quality of their crops without increasing costs because the methodologies taught require only changes in growing techniques. The inputs and amount of labor required remain the same. A small investment on the part of the farmer results in larger outputs of coffee and higher quality.
2. Does the farmer to farmer training have the desired results? Does training on relationship building achieve the desired results?	Knowledge was effectively transferred to 75% of farmers, who subsequently changed their practices. Often small scale producers do not believe the promised results will occur. Positive results need to be demonstrated to producers so that they will believe the new methodology is worth applying.
3. Monitor the ability of small scale farmers to adopt techniques needed to increase quality.	In the majority of cases, small scale farmers are able to adopt the techniques needed to increase the quality of coffee produced if the results are first proven to them. The changes in methodology needed are generally small and require other changing practices used.
4. Monitor income of small scale producers and compare to incomes received previously.	Small producers' incomes were increased by 20 percent during the trial period. It is expected that incomes will increase by another 20 percent in the subsequent planting cycle once new buyers for the higher quality coffee are found.
Results of Action Research Objectives	Relationships were built among small scale producers and trust was created between the facilitation team, producer association, and small scale producers. By demonstrating that higher incomes could result from producing higher quality coffee, a relationship was established between the facilitation team and target participants.

Sample Worksheet #32 (*Continued*)

Action Research – Information Collection

Ideas for Adjusting the Intervention	More practical training techniques need to be established in conjunction with in-class sessions. Small producers need to be targeted based on their willingness and ability to adapt to changes.
Other Comments, Observations, Questions Raised and Follow-Up Ideas	

Sample Worksheet #33

Action Research – Consolidating Information

(One for all trials conducted)

Action Research Locations & Dates	San Martin. September – September
Research Questions	Consolidated Summary of Findings and Issues
1. Are small scale coffee producers able to adopt methods to improve the quality of their crops without increasing costs? How do costs change?	In general, the majority of small scale producers are able to adopt the new methods and see a positive change in the quality of their coffee. Costs for farmers usually does not change, however, if there is a small increase, farmers are able to recover the costs through increased income.
2. Does the farmer to farmer training have the desired results? Does training relationship achieve desired results?	The training alone is not enough for farmers to change their practices. It is necessary to demonstrate the positive results so that small producers will take the risk necessary to increase the quality of their product. Better relationships are established between the Producer Association and Small scale producers through the training sessions.
3. Monitor the ability of small scale farmers to adopt techniques needed to increase quality.	Small scale producers are generally able to adapt their techniques through the training sessions and in the field demonstrations. The quality of coffee produced among the target small scale producers was evident to buyers.
4. Monitor income of small scale producers and compare to incomes received previously.	The incomes of the majority of targeted small scale producers increased by at least 20 percent due to the production of higher quality and quantity of coffee. Through finding new buyers who are willing to pay a premium for quality these incomes are expected to increase within year 2.
Results of Action-Oriented Objectives	Demonstrating that higher incomes could result from producing higher quality coffee, assisted in establishing a relationship between facilitation team and target participants. The increased incomes earned by target small producers acted as a demonstration to other small producers about the benefits of acquiring knowledge regarding new methods of cultivation. Detailed information about needed adjustments and viability of intervention was obtained through the Action Research.
Ideas for Adjusting the Intervention	Training techniques need to be adjusted to include field portions in conjunction with in class sessions. More creative methods are needed to train illiterate small producers. Small producers need to be targeted based on their willingness and ability to adapt to changes. Trainers from the producer association must be targeted based on their ability to earn the trust of small producers as well as their communication abilities.
Other Comments, Observations, Questions Raised and Follow-Up Ideas	

Participants with Potential as Program Partners				
Name	Enterprise Name	Contact Info	Your Comments	Follow-Up (if any)
Jose Cortés	Small Scale Farmer	Phone Number	Limited literacy but committed and willing to participate. Had success increasing the quality in production.	Keep updated as to future project activities. Potential for continued monitoring of implementation.
Ricardo Garcia	Small Scale Farmer	Phone Number	Marginality of land limited ability to increase quality of production.	Determine if other factors, other than land quality affected success.
Juan Diaz	Small Scale Farmer	Phone Number	Was very successful in increasing quality of coffee and income.	Keep updated and monitor continued quality of product.
Jorge Martin	Small Scale Farmer	Phone Number	Moderate success in increasing income through better relationship with buyers and increased quality.	In-Depth Interview regarding success building a better relationship with buyers. Potential to share experience with other producers.
Alberto Dominguez	Small Scale Farmer	Phone Number	Limited success because of lack of willingness to adopt new methods due to risk.	Discuss ways to mitigate risk to small producer.
Luis Cabrero	Small Scale Farmer	Phone Number	Success in increasing quality and building a relationship with the buyer.	Keep updated and monitor continued quality of product.
Carlos Vera	Association Member	Phone Number	Able to transfer knowledge but reluctant to travel to visit producers. Not willing to commit time needed.	Thank for participation but little potential for future involvement.
Rofilio Rodríguez	Association Member	Phone Number	Is able to clearly transfer knowledge to farmers and spends sufficient time on location with producers. Good leadership qualities.	Keep updated. Potential for role as trainer of trainers.
Arturo Cárdenas	Association Member	Phone Number	Excellent and committed trainer. Very interested in continuing partnership.	Keep updated as to future implementation and scaling of project.

Action Research Tips

- Stay focused on a specific intervention.
- Clearly define the learning goals of the Action Research.
- Manage expectations of participants.
- Involve a limited number of enterprises who understand the research goals and the potential outcomes, including risks.
- Plan Action Research in collaboration with participating enterprises.
- Keep Action Research to a limited timeframe.
- Plan the intervention so that it can be effectively managed and monitored.
- Do not ask participating enterprises to invest resources in schemes with inordinate and/or undefined risks.
- Coordinate with implementing partners and project management to avoid conflict and ensure smooth implementation.
- Observe the intervention closely to ensure that useful information about implementation and results is collected.
- Watch for value chain enterprises' adjustments to the intervention – these may provide important clues to what does and does not work well.

SNAPSHOT: Practical Action Conducts Action Research in Sudan

Practical Action began to work with hibiscus farmers in remote western Sudan in 2003. Hibiscus is a minor cash crop in arid areas of Sudan, traditionally consumed as a sweet-flavored drink popular during Ramadan but also of growing interest to European herbal tea manufacturers. Over the past ten years, Sudanese annual exports have doubled, but are threatened by competition from China as Sudan faces persistent difficulties in meeting export quality standards. Building on previous experience in the region, Practical Action conducted Focus Group Discussions, In-Depth Interviews and Action Research leading to a market development program to promote Hibiscus exports.

Action Research was used to test a few hypotheses at the end of the research and during initial stages of program rollout. In some cases, Action Research demonstrated that the proposed intervention was not useful, while in others it has led to success and scale-up. For example, initially farm plots were trialed to demonstrate better varieties and harvesting techniques. It soon became clear, however, that the major problems in the value chain concerned poor relationships and communication among enterprises, and that extensive efforts should not be focused on cultivation techniques before market relationships could be repaired. A second Action Research activity involved stimulating collaboration between farmers and traders in implementing standards for higher value produce. To this end, Practical Action supported the formation of a rural marketing network comprising farmers from different villages. The group met initially in Practical Action's office, but because of the intervention's success, it is now building a producers' integration centre where activities such as order consolidation and quality control will be undertaken.

Because of Practical Action's participatory methods of market research and program design, Action Research was particularly appropriate, encouraging community and SEs' involvement and ownership. Action Research also enabled Practical Action to determine where best to expend limited time and money resources in program implementation.

For more information see www.practicalaction.org.uk or email Alison.Griffith@practicalaction.org.uk

Source: Personal Communication

Next Steps

Next Steps

From Organizing Information to Analysis and Decision Making

As the information from each round of research is organized, the research team needs to analyze the information in order to reach program design decisions. Figure IV illustrates the tools provided in the companion toolkit – Program Design for Value Chain Initiatives – that help the design team analyze available information and use it to make sound project design decisions[16].

As your research and project design team becomes familiar with the analytical tools, the team will begin to use the tools even as information is gathered and organized. While it is important to be systematic in analyzing all available information, it is also helpful to collect, organize and analyze in an integrated process. Some of the best program ideas and most useful inspirations come out of such an integrated process.

Figure IV: Program Design Tools and Decisions

Market Research in the Program Life Cycle

Market research does not stop with design. In fact, practitioners are finding that market research can be useful in making management and implementation decisions throughout projects. For example, when a project team plans to expand to a new area, the project team could conduct Key Informant Interviews and Focus Group Discussions with value chain enterprises and support service providers to determine how to adapt project activities to fit the circumstances in the new

[16] McVay and Snelgrove, 2007

area. When a project team wants to determine if and how it should address additional constraints in a value chain, Stakeholder Meetings could gather feedback from enterprises on the severity of the constraints and ideas on how to address them. When a project team finds that a strategy is not working, it could conduct Action Research to test one or several other strategies for achieving the same objective. Periodically conducting market research provides project managers and staff with essential information on value chains that can help them steer project implementation effectively.

Market research tools are also useful for project monitoring and evaluation. Secondary Source Research or surveys can provide quantitative information on how markets are changing. The results of interviews or FGDs can indicate, although less precisely, how markets are changing and begin to explain why. This provides the facilitating team with information on how the project activities are affecting value chains, SEs and other enterprises, as well as what other factors are contributing to change. Many of the tools used in market research can also be modified and used in assessing the impact of project activities on target groups.

Conclusion

Conclusion

Market research is a complex process that can seem daunting, particularly when it is focused on a new subsector in which the team has little prior experience. This toolkit attempts to make this process more manageable by systematizing the market research process. Using the tools provided and determining how to sequence them, you will be able to develop a plan of action that enables you to uncover available information.

Try not to get bogged down in the complexities of the toolkit and the many different market research tools which you can use. Each organization will have different priorities and data requirements from their market research, particularly in terms of whether this is a pre-project study or being conducted in the midst of implementation. You are therefore encouraged to select and adopt tools according to your requirements. Remember, it may not be necessary to use every tool, and information gathered using preliminary tools (such as Secondary Source Research and Key Informant Interviews) can help determined how much and what type of additional investigation is required.

This toolkit is designed to be participatory in nature. Involving enterprises involved in the targeted value chain – particularly the program's target SEs – in the research process to the extent possible will improve the quality of the data collected and can often strengthen the participation of these enterprises in subsequent implementation activities.

If you are completing an extensive market research process, you will find Annex D quite useful. The annex provides additional tools for organization the information that you have collected.

For your own professional development, and the growth of the field in general, we also encourage you to participate in a relevant community of practice where you can share your experience, learn about other market research initiatives, and build professional support relationships. An annual list of these training events can be found on the website www.bdsknowledge.org. Other information, event announcements and links to more communities of practice can be found on the SEEP Market Development website, www.seepnetwork.org/marketdev. We hope to meet you there and hear about your work.

ANNEX A: List of Acronyms

AFE	Action For Enterprise
AMAP	Accelerated Microenterprise Advancement Project
ANPs	Protected Natural Areas
BDS	Business Development Services
CIDA	Canadian International Development Agency
ECDI	Entrepreneurship and Career Development Institute
FAO	Food and Agriculture Organization
FGD	Focus Group Discussion
GPAN	Participatory Management of Protected Areas
GTZ	German Technical Cooperation
IADB	Inter American Development Bank
IGP	Implementation Grant Program
ILO	International Labour Organization
INRENA	National Institute of Natural Resources
MEDA	Mennonite Economic Development Associates
MDI	Microenterprise Development Institute
NGO	Non Governmental Organization
PROFONANPE	Peruvian Trust Fund for National Parks and Protected Areas
SDC	Swiss Development Cooperation
SEs	Small Enterprises
SNHU	Southern New Hampshire University
USAID	United States Agency for international Development
PML	Production and Marketing Linkages

ANNEX B: Glossary of Terms

These definitions are for the purposes of this toolkit. They may differ slightly from the way the same terms are used elsewhere.

Action Research: A research tool that enables a researcher to test a specific program intervention idea by executing the intervention on a small scale, evaluating for viability and results.

Active Listening: A way of interacting with research respondents that emphasizes focusing on the respondent(s), actively trying to understand both what they say and their point of view, non-verbally and verbally acknowledging their points, and encouraging respondents to elaborate when appropriate.

Business Development Services (BDS): Any service used by an enterprise to assist in business functioning or growth.

Constraint: Anything that prevents value chain enterprises from reaching a market opportunity, improving their businesses, or participating in a value chain; anything preventing the target SEs from increasing their profits and incomes.

Consumer: A potential or actual user of a particular product or service.

Customer: An actual user of a particular product or service.

Demand: The extent to which consumers want to purchase a particular product or service.

Embedded Service: A service that one enterprise in the value chain provides to another enterprise in the course of their regular business transactions. There is no payment exchanged for the service; the costs are embedded within the transactions. Some services which are often embedded are information, advice, product design and quality control.

Enabling Environment or Business Environment: The wide range of issues and institutions that are outside the value chain but affect how it works: for example, policies and regulations, trade issues, cultural norms, infrastructure, government agencies, associations, informal networks and NGOs.

Enterprise: Any size of business. The term is qualified by micro and small (SE) to refer to the target businesses of pro-poor market development.

Environmental Scan: A summary of the situation in a country or region that sets the stage for a program's overall goal and objectives.

Facilitation: Conducting temporary activities within a value chain in order to permanently overcome constraints and develop the value chain.

Facilitator or Facilitating Organization: An international or local institution that uses public funds to promote the development of specific value chains.

Focus Group Discussion (FGD): A discussion led by a moderator with a group of similar respondents for the purpose of gathering information for and/or feedback on program design ideas.

Function: The various actions of enterprises to get inputs, produce a product or service, and distribute, wholesale and retail it.

Horizontal Linkages: Relationships among enterprises at the same level in a value chain such as among producers.

Hypothesis: A tentative idea for how a value chain could be developed to reach a particular impact goal.

Impact Goal: A statement which identifies a program's target group and how they will benefit as a result of the program.

In-Depth Interview: An interview which gathers detailed information about the respondent and the relevant issues related to that respondent. Usually In-Depth Interviews are semi-structured so that the interviewer can follow up on interesting issues and discover aspects of the respondent's situation not known previously.

Information Matrix: A framework for organizing information. It outlines specific categories of information related to value chain analysis, and provides a way of consolidating and ordering that information into a single tabular view.

Information Source: Secondary sources, places and people from which a researcher will gather information during market research.

Industry: A sector (or subsector) which produces a particular product or service. The term includes the broader market systems involved in the production of a product or service beyond a single value chain.

Intervention: A temporary activity conducted by a development or government agency designed to permanently overcome a particular constraint and develop one or several value chains.

Key Informant Interview: A consultation with an enterprise or other stakeholder that is designed to obtain broad or preliminary information about a value chain.

Market:

1. The interaction of demand and supply for a particular product or service and the factors that affect these.
2. A consumer segment for a particular product or service. For example, the export market or urban market.

Market Analysis: Analyzing market research data to help make decisions.

Market Development Approach: An approach to enterprise promotion which focuses on developing private sector markets for goods and services to make them more inclusive of and beneficial to specific groups of enterprises or people.

Market Observation: Watching transactions between value chain enterprises to learn about the characteristics of the transaction and the relationship between the businesses.

Market Opportunity: End markets or consumer segments that are growing and/or offer the potential for sales of higher value products or services.

Market Research: Information gathering on a value chain to inform program design decisions. The research includes information gathering on all parts of the value chain as well as on the end markets for the products or services of program clients, the enabling environment and related socio-economic issues. This process is also called Market Assessment.

Market Segment: A group of consumers that demand a particular product or service. The group is defined by the features they want in the product/service or by their purchasing habits.

Moderator: The leader of a Focus Group Discussion or Stakeholder Meeting who asks questions and facilitates the discussion among participants.

Observer: A researcher who helps lead an Interview, Focus Group Discussion or Stakeholder Meeting by keeping time, taking notes, operating a recording device, and adding questions or comments when necessary to keep the discussion on track.

Outlier: An isolated case; a firm, business model or situation that is dissimilar to the others in the value chain. This term is not negative or positive; some outliers present interesting models for programs, while others are marginal and not likely to be productive.

Participant: A person who is an information source in a Focus Group Discussion, Stakeholder Meeting or Action Research. The term "participant" is used to emphasize their active involvement in the discussion or research.

Probing: An interviewing strategy that involves asking follow up questions to gain more information and examples on a topic, rewording questions when necessary to get desired information, and encouraging respondents to explain their point of view.

Producer: A private firm or individual that makes a product.

Provider: A firm or institution that provides support products or services to enterprises. Providers include private for-profit firms, NGOs, government agencies, industry associations and individuals.

Research Question: Area of inquiry that researchers identify to help them make program design decisions.

Respondent: A person who is an information source for a one-on-one research tool.

Secondary Source Research: Gathering market information from publications and other existing sources of data.

Sector: A distinct subset of an economy, consisting of related sub-sectors. The agricultural sector, for example, includes the horticultural and dairy sub-sectors.

SE: A micro or small enterprise. SEs include smallholder farmers, small-scale manufacturers, handicraft makers, petty traders, and other micro or small businesses. . SEs normally make up the target group for pro-poor market development programs.

Socio-Economic Issue: An issue in the enabling environment of a value chain that affects the value chain and the achievement of a program's impact objectives. The issue has its basis in societal issues that impact economics: for example, gender issues and resource management issues.

Solution: An activity or strategy aimed at addressing a particular constraint within a value chain. Usually, the solution can be carried out by value chain enterprises – sometimes with assistance from an outside agency.

Stakeholders: The enterprises, government agencies, NGOs and other institutions that are involved in a particular value chain, or in supporting that value chain.

Stakeholder Meeting: A meeting of individuals who perform different functions and supporting roles in a targeted value chain. The meeting is led by a moderator. A Stakeholder Meeting generally aims to gather market information, generate ideas for market solutions and/or program interventions, and build cooperation among value chain enterprises.

Subsector: The network of SMEs involved in the production of a particular product or service. The term includes the broader market systems involved in the creation of a product or service, beyond a single value chain.

Supplier: A seller of products to other businesses. "Supplier" often refers to those companies that sell inputs to value chain enterprises.

Supply: The availability of a particular product or service.

Support Markets: The providers and users of inputs, technology, finance and business services for a particular value chain and the transactions among them.

Support Market Assessment: Analyzing information on a support market in order to understand various aspects of that market including demand, supply, transactions and the environment. A support market assessment generally aims to pinpoint constraints to expanding the use of a particular support product/service by one or several types of value chain enterprises.

Support Product: Any product used by an enterprise to assist in business functioning or growth.

Support Service: Any service used by an enterprise to assist in business functioning or growth.

Support Service Provider: A firm or institution that provides support services to enterprises.

Providers include private for-profit firms, NGOs, government agencies, industry associations and individuals.

Third-Party Payment: When a transaction for a product or service is paid for by an individual or firm that is not the provider or customer of the product or service. For example, when advertisers pay for radio airtime or exporters pay for the training of their suppliers.

Transaction: The interaction of demand and supply when a product or service is exchanged.

Trend: The direction of changes in a value chain.

Value Chain: A network of enterprises that buy and sell to each other in order to supply a particular set of products or services to a particular group of final consumers. The term value chain may also be used to include both the enterprises directly involved in the production and distribution of the end products, as well as the enterprises that provide support products and services.

Value Chain Analysis: Analyzing market information on a particular value chain in order to understand various aspects of the value chain including value chain enterprises, support services and products, value chain characteristics and the enabling environment.

Value Chain Enterprise: A business that is active in a value chain at any level. It sometimes also includes the businesses that support a value chain through the provision of needed services and products.

Vertical Linkages: Relationships among enterpises at different levels in a value chain, usually enterprises that buy from and sell to each other.

ANNEX C: Suggested Additional Resources

Market Research

Making Value Chains Work Better for the Poor
(http://www.marketsforthepoor.org)
While there are a number of handbooks on Value Chain analysis already in existence, the aim of this toolbook is to bridge the gap between value chain analysis and pro-poor development. Hence the tools that are presented in the toolbook are similar to those presented in other handbooks, but the main special feature of the toolbook is that within each of the tools there is a clear focus on how to apply the tool in order to analyze the impact of the value chain from the point of view of the poor.

Guide to Market Assessment for BDS Program Design
(http://www.bdsknowledge.org/dyn/bds/bdssearch.details?p_phase_id=394&p_lang=en&p_phase_type_id=1)
Alexandra Miehlbradt, 2001
This is a very detailed and comprehensive guide to market assessment, which describes the reasons market assessment important, what information should be collected, and how to collect it. It goes into the specifics of designing the research tools, such as market surveys and focus group discussions. Finally, it provides tools to analyze the data collected and for using this data to create a market development program. The document is somewhat dated, but still provides the best overall detailed survey of tools and techniques for market research – note however, that it has a greater focus on quantitative research and does not go into detail on the market research process.

Inventory of BDS Market Assessment Methods
(http://www.seepnetwork.org/content/article/detail/2991)
Ralph Engelmann and Richard Isiaho, 2005
This technical note reviews the various strategies that can be used for market assessment – secondary research, group discussions, in-depth interviews, market observation and consumer and market surveys – and weighs their merits and costs.

All Paths Lead to Learning: Common Mistakes in BDS Market Development and How to Avoid Them
(http://www.seepnetwork.org/content/article/detail/3138)
Alison Haight, 2005
There are a number of mistakes that are commonly repeated by NGOs and other organizations who are performing market research. These occur at every stage of the research process: designing the assessment, selecting the research team and choosing a research strategy. This technical note examines the experiences of various organizations to identify these common mistakes and suggest ideas for avoiding them.

Role of the Facilitator: Taking a Systems Perspective
(http://www.seepnetwork.org/content/library/detail/3139)
Linda Jones and Perveen Shaikh, 2005
This technical note examines facilitating organizations that are coordinating value chain development projects. It provides lessons learned by organizations that are taking a new systems approach to facilitation, rather than the traditional direct service provision approach. The application of these lessons – to develop a clear offer, define an exit strategy upfront, and understand the entire BDS context, among others – offer strategies for NGO facilitators to maximize their outreach and performance.

Making Market Assessment More Useful – Ten Lessons from Experience
www.seepnetwork.org (forthcoming)
Alexandra Miehlbradt, 2005
Small Enterprise Development Journal, Volume 16, No. 2, ITDG Publishing.
An informative article that outlines ten key lessons learned from experience on how to conduct useful market assessments and apply the information to market development project design and implementation. The lessons address how to design and initiate a market assessment, what types of information to gather, how to gather information and how to use market assessment to lay the practical ground work for interventions.

Assessing BDS Demand and Supply in Weak Markets
(http://www.bdsknowledge.org/dyn/bds/bdssearch.details?p_phase_id=291&p_lang=en&p_phase_type_id=1)
Melissa Nussbaum and Alexandra Miehlbradt, 2003
Many of the markets in which NGOs intervene can be classified as 'weak markets', in which demand for and supply of BDS is often weak or non-existent. This document provides strategies that program designers can use to perform market assessment in these types of markets, when conventional strategies are unlikely to succeed.

Building a Team for BDS Market Assessment and Key Issues to Consider When Starting BDS Market Assessment
(http://www.seepnetwork.org/content/article/detail/553)
Alexandra Miehlbradt, 2003
This listserv synthesis document answers the 'who' and the 'how' questions for those who are designing or doing market assessment. Of particular importance, it addresses which parts of market assessment can be done by outside consultants and which are best done by the implementing organization itself.

Mapping the Market: A Framework for Rural Enterprise Development Policy and Practice
(http://www.bdsknowledge.org/dyn/bds/bdssearch.details?p_phase_id=465&p_lang=en&p_phase_type_id=1)
Mike Albu and Alison Griffith, 2005
The primary importance of this document is its discussion of the enabling business environment and existing service providers who shape and influence value chain enterprises and linkages. Understanding value chain enterprises without these other factors will prevent a true understanding of the functioning of the chain.

The 'What If' Service Concept Test: Triple Trust Organization's Market Research Tool to Test Microenterprise Interest in New Business Service Ideas
(http://www.bdsknowledge.org/dyn/bds/bdssearch.details?p_phase_id=389&p_lang=en&p_phase_type_id=1)
Marshall Bear, 2004
This technical note provides an innovative tool to test a possible solution to a value chain constraint. For someone who is designing value chain development projects, it is often helpful to test a possible solution to an issue that is hurting value chain participants. This guide explains how to develop a tool to test interest by microenterprises in this solution, and gives an example of the tool that was used in one project.

Information to Action
(http://www.seepnetwork.org/content/article/detail/2989)
Ashok Kumar and Sanjay Sinha, 2005
This technical note is meant to help program designers bridge the gap between the information that they have collected from market assessment and beginning a market development program. The information collected can be excessive, and thus it is important to identify strategies for simplification and streamlining. This note suggests ways to make information collected during market assessment more targeted towards the program to be started, and discusses the use of a pilot to test potential solutions.

Middlemen as Agents of Change
(http://www.seepnetwork.org/content/library/detail/2988)
Linda Jones and Perveen Shaikh, 2005
This technical note presents a new perspective on the role of middlemen – capturing an 'outlier' during market research. Middlemen have traditionally been seen by those designing enterprise development programs as exploitative. Evidence presented in this note suggests that program designers need to better analyze the role of middlemen and seek to incorporate them into their programs.

Mapping the Shift in Business Development Services: Making Markets Work
http://www.developmentbookshelf.com/detail.aspx?ID=158
Edited by Malcolm Harper and Jim Tanburn, 2005
The book illustrates the radical changes that have taken place in the evolution of assistance to small businesses. The editors show how the transformation has taken place and illustrate some of the critical issues that are facing business development practitioners today.

Integrating Microenterprises into Markets: The Case of EDA's Leather Subsector Project in India
http://www.seepnetwork.org/files/3141_file_Case_Study_2_Sent_to_Printer_Final._Jennife.Margaux._BDS_MA.pdf
Melissa Nussbaum, Ashok Kumar, Alexandra Miehlbradt, 2005
This case study on the leather subsector in India focuses on EDA's market research and program design process. An interesting example for those considering value chain analysis and support markets assessment that feeds into program design.

Making Retail Markets Work for the Poor – Why and How Triple Trust Organisation Decided to Intervene in the Spaza Market in South Africa
http://www.seepnetwork.org/files/3141_file_Case_Study_2_Sent_to_Printer_Final._Jennife.Margaux._BDS_MA.pdf
Marshall Bear, 2005
Another interesting case study that focuses on market research and program design. This case study looks at the 'spaza' retail industry, providing an example of a different type of value chain than most other studies.

2. General / Background

Small Enterprise Education and Promotion (SEEP) Guide to Business Development Services and Resources
(http://www.seepnetwork.org/section/programs_workinggroups/bds/bds_guide)
This online guide is an important resource for understanding BDS and microenterprise development. The site is divided into three main areas: introducing and describing BDS, assisting microentrepreneurs to access needed services, and promoting BDS.

Reader for The Annual Seminar on Business Services (http://learning.itcilo.org/entdev/bdsseminar/pub/home.aspx?l=Eng&IdSezione=0)
Alexandra Miehlbradt and Mary McVay, 2005
Each year, the seminar on business services publishes a reader on issues, learning and case studies. This coming year (2006) the reader and seminar will examine "Private Sector Development: What's Next?" Always an excellent resource for both those who are new to the field and would like a general overview, as well as seasoned practitioners who are interested in learning the latest trends and success stories.

Guiding Principles for Donor Intervention
(http://www.ilo.org/public/english/employment/ent/papers/guide.htm)
This document, produced in 2001 by a group of the major international donors funding small enterprise development projects, identifies best practices that should be used in designing and implementing such projects. It is useful because it highlights the practices donors accept and those they disapprove of. Both assist in developing project proposals. It is anticipated that a new donor guideline will be published in 2006, but so far it is not available.

The Role of the Government in BDS Market Facilitation
(http://www.springfieldcentre.com/papers.php)
Rob Hitchins, 2002
The value chain and market development approaches often do not adequately consider the role of government. This document identifies the tasks that government is best suited to do and strategies for doing so. It also provides examples of the positive role that government can play in market development through effectively doing these tasks.

Making Markets Work for the Poor: Explanation of the Concepts
(http://www.dfid.gov.uk/news/files/trade_news/adb-workshop.asp)
DfID, 2005
A number of valuable documents are provided on this site, focused on market development and oriented towards improving the functioning of markets for the poor people that work in or interact with them. Specific sections focus on financial, labour, and agricultural markets.

Towards a MEDA Strategy for Business Development: Production and Marketing Linkages
(http://www.bdsknowledge.org/dyn/bds/bdssearch.details?p_phase_id=444&p_lang=en&p_phase_type_id=6)
Mary McVay and Steve Rannekleiv, 2005
This strategy guides the approach of the Mennonite Economic Development Associates (MEDA)'s Production and Marketing Linkages (PML) department. It briefly identifies the lessons learned from MEDA's own development experience, and then builds upon these to develop a strategy for future work with market and production development.

Making Markets Work for the Poor: CARE Canada's Strategy for Helping the Poor through Enterprise
(http://www.care.ca/downloads/downloads_e.shtm#Strategy)
CARE Canada, 2004
Although this document gives the specific approach of one NGO, it provides a very informative summary of the shift in donor thinking towards a market-driven model.

Trickle-Down, Trickle-Up, or Puddle? Participatory Value Chains Analysis for Pro Poor Enterprise Development
(http://www.enterprise-impact.org.uk/informationresources/toolbox/valuechainsanalysis.shtml)
L Mayoux, 2003
Mayoux provides a short but focused look at the difficult objective of using enterprise development to assist the poorest segments of the population. Pro-poor market development is a frequent priority of many major donors. The document outlines an approach that uses elements of participatory analysis to accomplish its goals.

From Principles to Practice: Ten Critical Challenges for BDS Market Development
(http://www.springfieldcentre.com/papers.php)
Marshall Bear, Alan Gibson and Rob Hitchins, 2003
In this paper, the authors discuss the evolution of the market development approach since its beginning. Their analysis suggests that there are 10 key issues that need to be addressed by organizations implementing BDS projects. Understanding these issues can assist others that are designing similar projects to improve the effectiveness of their work.

Swiss Agency for Development and Cooperation (SDC)'s Community of Practice on Value Chains in Rural Development
(www.sdc-valuechains.ch)
This website provides a number of materials to be used in the design and implementation of value chain development in rural areas. The syntheses of the listserv discussions provide both theoretical insight and lessons from practical experience.

3. Training Opportunities and Events

Southern New Hampshire University (SNHU) Microenterprise Development Institute
(http://www.snhu.edu/746.asp)
A yearly 3-week training course is offered by SNHU which confers a Microenterprise and Development Certificate. The program is offered once per year in New Hampshire, as well as once annually in South Africa. There are plans for the course to be made available in Latin America as well. The courses can often be applied for academic credits to the Masters Programs in other universities.

SEEP Annual General Meeting
(http://www.seepnetwork.org/content/calendar/)
Each year the SEEP network holds a week-long annual general meeting focused on both microenterprise and microfinance development. The format is typically divided between 2 days of workshops, 1 day of plenary discussion, and 2 days of in-depth case studies and presentations.

USAID Learning Conference – first conference June 2006
http://www.microlinks.org/ev_en.php?ID=10465_201&ID2=DO_TOPIC
A three-day event, with 300 participants registered, this is the first learning conference of the USAID Microenterprise Development Department. The theme of this conference is "Microenterprise in a Globalizing World" and focuses on integrating the poor into viable markets.

Seminar on Business Services (Turin, Italy and Chiang Mai, Thailand)
(http://learning.itcilo.org/entdev/bdsseminar/)
Each year, the week-long seminar on business services presents the latest issues and success stories in the market development field. The seminar is followed by an optional study tour. Always an excellent learning opportunity for both those who are new to the field and would like a general overview, as well as seasoned practitioners who are interested in learning the latest trends and success stories.

Springfield Centre for Business in Development
(http://www.springfieldcentre.com/training.php)
The Centre offers training programmes on market development, annually in Glasgow, Scotland in June and increasingly in other countries around the world. Courses last one to two weeks, and have in past focused on business and income growth, service market development, BDS and market development generally.

Inter-American Forum on Microenterprise
http://www.iadb.org/foromic/
Held annually in different locations in Latin America (2004 – Cartagena, Columbia; 2005 – Santa Cruz, Bolivia; 2006 – Quito, Ecuador), this conference is sponsored by the Inter-American Development Bank. The ninth annual conference (September 2006) is entitled "Access to New Markets and Better Services for the Majority."

Action For Enterprise (AFE)'s Value Chain Program Design: Promoting Commercially Viable Solutions for MSMEs
(http://www.actionforenterprise.org/training.htm)
This training course, which is offered several times a year by the NGO Action For Enterprise (AFE) in various cities throughout the world, provides an overview of value chain development for practitioners and focuses on program design.

International Labour Organization (ILO) Diploma in Market-Oriented Small Business Development Services (MOSBDS)
This is a four month, online course offered two times per year, in July and February. The ILO also offers various related short courses of one to two weeks, including 'Managing BDS for Increased Impact'.

Making Cents International
www.makingcents.com
This US-based consulting firm provides one and five-day courses for NGO staff on the BDS Guiding Principles.

4. Supporting Organizations and Informational Resources

USAID's Microenterprise Development Department
(www.microlinks.org)
MicroLINKS highlights research on microenterprise development, success stories and lessons learned from the microenterprise projects that are funded by or associated with USAID.

The World Bank Small and Medium-Scale Enterprise Development Site (www.worldbank.org/html/fpd/privatesector/sme.htm)
This site describes the World Bank's private sector strategies and contains related publications.

BDS and Market Development Information Sharing Site
(www.bdsknowledge.org)
This site houses an extensive database of information and reports on market development projects from around the world. Each entry has a brief summary of the project or paper so you can choose what you want before downloading.

SDC Small Enterprise Development Site
(www.intercoop.ch/sed)
A variety of news, documents and links on Small Enterprise Development are housed on this site.

ILO SEED Programme: Boosting Employment Through Small Enterprise Development
(http://www.ilo.org/dyn/empent/empent.portal?p_prog=S)
The goal of the SEED programme is create more and better jobs in the small enterprise sector. The website describes the SEED approach and provides links to relevant publications.

Committee of Donor Agencies on Small Enterprise Development
(http://www.sedonors.org/default.asp)
Over 50 case studies of BDS programs around the world are hosted on this website. It also includes donor guidelines for small enterprise development and numerous analytical papers on the state of the field.

SEEP Guide to Business Development Services and Resources
(http://www.seepnetwork.org/section/programs_workinggroups/bds/bds_guide)
This is the Small Enterprise and Education Promotion (SEEP)'s practitioner-developed, web-based guide to the wide range of services and frequently asked questions about BDS. This site also contains links to other BDS sites.

Reader for the Annual Seminar on Business Services
(http://learning.itcilo.org/entdev/bdsseminar/pub/home.aspx?l=Eng&IdSezione=0)
This Reader is an excellent background resource. It is updated on an annual basis. A useful introduction to Business Development Services, entitled the BDS Primer, can be found at this site, as can each of the BDS readers including that for 2005, listed above.

USAID Accelerated Microenterprise Advancement Program
http://www.microlinks.org/ev_en.php?ID=1222_201&ID2=DO_TOPIC
AMAP is a USAID- sponsored program that has a strong knowledge generation and dissemination component. Publications cut across the main categories of Business Development Services, Financial Services and Enabling Environment.

Markets for the Poor
(www.markets4poor.org)
The major aim of this site is to further existing knowledge of the practical application of the Making Markets Work for the Poor concepts. The site is very interactive, with a number of ways for visitors to contribute to the issues being researched and tested.

ANNEX D: Additional Tools for Organizing Information

Three matrices are provided below to help you further organize your information. The first, the Information Matrix, provides space for you to organize and consolidate a wide range of information on a value chain in one table. It can be used either to organize or just to track information as it is gathered. The other two matrices are focused on key value chain information that is usually critical to program design. They are intended to help you move from organizing information to analyzing it.

1. The Information Matrix

The Information Matrix is a framework for organizing and/or tracking information. It outlines specific categories of information related to value chain analysis, and provides a way of consolidating and ordering that information into a single tabular view. It is specifically designed to help you be forward thinking – to determine how markets could change to benefit the target SEs. The Information Matrix assists you in organizing existing information or new information that you gather as you utilize each of the various tools.

The Information Matrix can be used throughout the market research process in either or both of two ways:

- First, it can provide a framework for consolidating and summarizing information collected from all research tools used. In this way, the Information Matrix can complement Getting Ready Worksheet #4 on organizing information by providing additional information and details to support the answers to the research questions. You may even find the Information Matrix a useful way to categorize information in preparation for analysis and as an aid to answering the research questions.
- Second, the Information Matrix can be used to track what kinds of information you have already collected on a value chain and to help you pinpoint gaps in your understanding of a value chain. If you use the Information Matrix only for tracking what information has been collected, then you can just enter a few key words in the matrix cells with a reference as to where more detailed information can be found. In this way, the Information Matrix can act as a cover page for the rest of the research findings, so that your research team can quickly find details on any given aspect of the value chain.

The following steps are helpful in using the Information Matrix to track and/or organize information during market research:

1. Prepare your Matrix: Before starting your research, prepare a paper and/or electronic copy of the Information Matrix. If you are using the Information Matrix just to track information gathered, a paper copy is usually sufficient. However, if you are using the Information Matrix to organize detailed information, it is easier to use an electronic copy so that you can expand the rows and columns. Once you have outlined your information needs, you can note the key areas of information collection under the categories in the Information Matrix. Discuss the Information Matrix with your research team so that all members of the team understand the categories and know on which topics the initial research will focus.
2. Track or Enter Information in the Information Matrix: In each tool chapter, there is a worksheet for consolidating information from that tool. Once information from a given tool has been consolidated, transfer that information into the Information Matrix. You can either record the details of the information gathered in the matrix or just note which information

has been gathered with a few key words and a reference to where the details can be found – which ever is more useful for you.

3. Consolidate Information in the Information Matrix: You will find that information from different sources is often entered into the same box of the Information Matrix. Each time information is entered into the Information Matrix, consolidate it with the information already there. Key steps in this process:
    - Put similar pieces of information together and consolidate into a few phrases where possible.
    - Identify contradictory information. If you cannot resolve the contradiction, make a note to gather more information on that topic in further research if needed.
    - Elaborate on potential opportunities, which are more likely to be obvious when information from several sources is combined.
    - Elaborate on promising outliers if more information has been gained from the latest tool used.
4. Review the Information Matrix and Feed it into Program Design: Periodically, go through the Information Matrix with your research team. Use the information recorded to help you answer your research questions at each stage of the research. Identify information that you think is critical to explaining how the value chain works and how it could be developed to benefit the target SEs. Discuss, among your team, the information in the "potential" column and program ideas that emerged from respondents in the research. Discuss the potential program partners identified. Feed ideas on promising opportunities or business models and potential partners into your program design process.
5. Identify Information Gaps for the Next Round of Research: In light of the answers to your research questions and your thoughts on program design, review the Information Matrix again: What information is missing that is necessary for making decisions or adding detail to your program design? Add this information to your list for what is needed in the next round of research.

It is not necessary to gather and record information on every topic within each cell. Rather, collect and record the information that is needed to answer your research questions. The Information Matrix is a useful complemdent to the Organizing Worksheet in the Getting Ready chapter because it orders information according to the various part of a value chain. However, your research questions should be the main guide for your research and information organizing. The Information Matrix is provided on the next page. It is followed by a detailed description of what to put in each of the rows and columns.

Organizing Information Worksheet: The Information Matrix

Information Category	Situation Analysis	Potential Opportunities	Outliers	Other Observations
Market Opportunity				
Value Chain Constraints				
Value Chain Enterprises				
Value Chain Characteristics				
Support Services/ Products				
Enabling Environment				
Related Socio-Economic Issues				

The Matrix Rows

The rows cover the essential aspects of a value chain: end markets and an identified end-market opportunity, constraints in the market system, value chain enterprises, characteristics of the value chain, support services and products, the enabling environment for the value chain, and related socio-economic issues. Each category is described below:
Market Opportunity: the “end markets” for the product or service produced by the value chain and an income opportunity for the target group. Focus on:

- consumer segments for the end product/service such as rural consumers, urban consumers and export markets
- end markets where there is an opportunity for growth in sales and/or the potential to sell higher-value products or services.

Value Chain Constraints[17]**:** problems at the level of inputs, production, distribution, wholesaling and/or retailing. Constraints may relate to a wide range of issues such as technology, finance, business services, infrastructure, culture, inter-firm relationships, etc. Focus on:

- constraints which hinder the target SEs from reaching the identified market opportunity
- constraints confronting all enterprises in the value chain that limit access to the identified market opportunity, not only those of the target group.

Value Chain Enterprises: all types of firms involved in the provision of inputs, production, distribution, wholesaling and retailing of the end product or service. Focus on:

- how these enterprises relate to one another to serve particular end markets
- gaps or shortages in specific categories of value chain enterprises.

Value Chain Characteristics: the wide variety of issues important to the way a particular value chain works. Focus on:

- the value chain functions: the various actions of enteprises to get inputs[?], produce a product or service, and distribute, wholesale and retail it
- costs and prices at various levels in the value chain
- benefits and incentives at various levels in the value chain
- horizontal linkages: relationships among similar types of value chain enterprises
- vertical linkages: relationships among value chain enterprises that buy from and sell to each other
- the flow of information down a value chain to target SEs
- strategies that value chain enterprises use to upgrade – to improve their quality, efficiency or internal processes

Other issues appropriate to this section are:

- skills and knowledge possessed and needed by various enterprises and other stakeholders
- technologies used by various enterprises and existing alternatives
- information flows throughout the value chain and from consumers
- risks for various enterprises
- barriers to entry at various levels of the value chain
- governance and power within the value chain
- substitutes for the end product or service produced by the value chain.

[17]While constraints could also go under other categories in the matrix, a separate row has been provided to help researchers identify and focus on constraints that the program may end up choosing to address. In addition, value chain enterprises often talk in terms of constraints so highlighting them in information recording can be convenient.

Support Services/Products: the products and services that value chain enterprises need to

perform their functions effectively. These may include technology, finance, inputs, information, and a wide range of business services such as transport, storage, training, accounting, advertising and quality control. Focus on:

- the flow of embedded[?] services that support the functioning of the value chain
- generating a basic list of support services and products that are important to enterprises in the value chain
- in-depth information on those support services and products which you think will help value chain enterprises address constraints that hinder access to a market opportunity.

Enabling Environment: the wide range of issues and institutions that are outside the value chain but affect how it works. Focus on:

- issues and institutions which inhibit SEs from reaching a market opportunity
- issues and institutions which you think could help SEs and other enterprises address constraints that hinder access to a market opportunity

Issues and institutions appropriate to this section include:

- policies and laws
- regulations
- standards
- global trade issues
- cultural norms
- gender roles
- infrastructure
- government agencies
- informal networks
- business membership organizations
- other private sector organizations
- not-for-profit organizations

Related Socio-Economic Issues: Information related to the particular impact goals of your program: employment generation, gender empowerment, reaching HIV/AIDS affected communities and so on. Focus on information critical to achieving your impact goals.

Examples of issues that might fall into this category:

- incomes
- employment
- returns to labor
- livelihood options
- gender issues
- HIV/AIDS issues
- age – issues of youth and elders
- environmental and resource management issues.

The Matrix Columns

The matrix columns cover different ways of looking at the issues described above which are helpful for program design. The particular "lens" or way of looking at the issues for each column is described below.

Situation Analysis: The situation in the value chain as you find it at the time of the research; a "snapshot" of what the value chain looks like now.

Potential Opportunities: Trends or something new within or outside a value chain that might benefit value chain enterprises, particularly the target SEs. Generally value chain programs are focused on a key end-market opportunity. But practitioners also find that there are a range of opportunities within a value chain that can bring benefits to the target SEs and help them reach the end market opportunity. For example, there may be a new technology that might be useful in the value chain. There might be knowledgeable traders in a particular area that could offer information and advice to the target group or to traders in other areas. There might be a new government law or program which could benefit the value chain. "Potential Opportunities" often start with the ideas of the research team, enterprises and other stakeholders for how specific aspects of the value chain could change to better include the target SEs, to reach a market opportunity and/or to be more efficient. Recording information and ideas on potential opportunities regularly throughout the research helps to keep your research process directed towards program design. Concentrate on identifying opportunities that you think will be important to your program design.

Outliers: Unique cases; a firm, business model or situation that is dissimilar to the others in the value chain. Concentrate on outliers that may be promising models for your program. Consider the reasons that a particular firm or business model is an outlier: Is it a declining or failing business model? Or is it riskier, but perhaps more promising, than the normal way of doing business? Or does it represent an emerging way of doing things in the value chain? Promising outliers, which might be the basis for a program design:

- contain solutions to key constraints identified elsewhere in the analysis
- are often growing (in terms of individual businesses or entrants)
- are successful but often have significant barriers to entry.

Other Observations: Anything else that you think is important related to specific aspects or issues in the value chain. Focus on:

- ideas for program design: activities which the project and/or enterprises could undertake to help move the value chain towards your vision
- specific people, firms or institutions that you think might make good project partners and both why and how the partnership might work.

Tips on Using the Information Matrix

You may find the range of possible information you could gather and record overwhelming. Remember: it is not only impossible to gather information on every aspect described above, it is not even helpful. Those research teams that try to explore every aspect of a value chain usually end up with a laundry list of constraints and program interventions that have no overall thrust. While being open-minded and reasonably comprehensive is important, it is most effective to keep asking:

- Is this information critical to understanding how the value chain works and why it works that way?
- Is this information helping me to determine how to make the value chain work better for the target SEs?

Asking these questions will help you stay focused on those issues within the value chain that will make a difference to your program and, ultimately, the target group.

2. Matrix on Value Chain Enterprises and Functions

The Matrix on Value Chain Enterprises and Functions will help you build a picture of the value chains you are investigating. It is a first step towards creating a "subsector map" which describes all the value chains in a particular industry. The matrix focuses on identifying which functions each value chain enterprise performs, and highlights which enterprises are in the same vertical value chain and which are competing against one another. It can also be used to pinpoint and underline competitive forces operating within the value chains.

To fill out the matrix:

- List all the functions required to produce the end product or service on the left side – starting with inputs at the bottom and ending with retailing at the top. These functions might include provision of inputs, various steps in production, distribution, wholesaling and retailing. [How much detail?]
- List all the enterprises you have identified operating in the value chains across the top.
- For each enterprise, put an X in the boxes representing the functions that the particular enterprise performs.
- In the final column, make notes on any factors and competitive forces important to a specific function in the subsector. For example, skills or technologies which are important for a particular function.

The following page provides the Matrix on Value chain enterprises and Functions.

Matrix on Value Chain Enterprises and Functions

Functions (list all functions in the input, production and distribution of the final product / service)	**Value Chain Enterprises** (list all enterprises here including support providers)													**Notes** (make notes here on technologies, skills, information, etc. related to each function)

Adapted from Haggblade, Steven J. and Matthew S. Gamser (1991) "A Field Manual for Subsector Practitioners" Development Alternatives Inc., USAID GEMINI Project, Washington D.C.

3. Matrix on Support Markets

The Matrix on Support Markets will help you describe the markets for those support products and services that you think are critical to the value chain and to your emerging project design. This information will feed into an analysis of those support markets and decisions on how the project might develop specific support markets to make critical products and services more accessible to specific value chain enterprises on a commercial basis.

When the matrix is complete, each support market you chose will be described in one row of the matrix. These support markets might include specific technologies, inputs, financial services, as well as business services such as training, consulting, storage, transportation, legal services, quality control or advertising.

To fill out the matrix:

- Enter the support products and services that you think are important in the first column of the matrix, "Service/Product."
- Focus on the support products and services one by one, filling out the rest of the row for each as follows:
    - o In the second column, "Customers," record which value chain enterprises use the product or service. This might be just one type of value chain enterprise or several.
    - o In the third column, "Providers," record which enterprises or stakeholders provide the product or service. These might be enterprises in the value chain, private product or service suppliers from outside the value chain, individuals, institutions and/or government agencies.
    - o If particular customers and providers go together, draw a line between them.
    - o In the fourth column, "Transactions," describe the transactions for the product or service. Options include those that are:
        - embedded within other transactions in the value chain
        - fee-based or paid transactions between customers and providers
        - free from either government- or donor-sponsored projects
        - paid for by a third party such as when advertisers pay for radio airtime or exporters pay for the training of their suppliers
        - informal transactions where no money is exchanged.
    - o If particular providers use particular types of transactions, draw a line between them.
    - o In the last column, record any information which you think is critical to the market for that product/service. For example:
        - costs and prices
        - skills to produce the product/service
        - relationships among customers and providers
        - relationships among providers and external institutions
        - risks or barriers to entry to providing that product or service.

Matrix on Support Markets

Service/Product (eg finance, BDS, technology, inputs)	**Customers** (Which VC enterprises use the service/product?)	**Providers** (Who provides the service/product?)	**Transactions** (eg fee-based, embedded, third-party paid, informal)	**Notes** (eg costs/prices, skills/ knowledge, technologies, interrelationships, info flows, risks, barriers to entry)

Adapted from McVay, Mary (2002) "State of the Art in BDS" SEEP Network, Washington D.C.

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