

How to do

Rapid livestock market assessment: A guide for practitioners

Livestock market analysis



The **Rapid Livestock Market Assessment** is a new tool that has been prepared by the IFAD **Sustainable Production, Markets and Institutions Division** and provides practical suggestions and guidelines for country programme managers, project design teams and implementing partners to help them design and implement programmes and projects.

It presents technical and practical aspects of specific approaches, methodologies, models and project components that have been tested and can be recommended for implementation and scaling up, including best practices and case studies that can be used as a model in their particular thematic areas. It also provides guidance on how to implement specific recommendations of IFAD's operational policies, standard project requirements and financing tools.

The **Rapid Livestock Market Assessment** will be annexed to the **Commodity Value Chain Development Projects Toolkit**, which is "living" set of documents that will be updated periodically based on new experiences and feedback. If you have any comments or suggestions, please contact the originators.

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Table of contents

INTRODUCTION	4
THE PURPOSE	4
KEY FEATURES OF LIVESTOCK MARKETS	4
RAPID LIVESTOCK MARKET ASSESSMENT: GETTING STARTED	7
STEP ONE – DEFINING THE OBJECTIVES AND SELECTING VALUE CHAINS FOR ASSESSMENT	8
STEP TWO – SELECTING SUITABLE VALUE CHAINS: METHODS AND CRITERIA	8
STEP THREE – CHOOSING TOOLS FOR LIVESTOCK MARKET ASSESSMENT	10
STEP FOUR – ANALYSE THE FINDINGS	17
STEP FIVE – LINKING RESULTS TO PROJECT DESIGN	18
EXAMPLES FROM THE FIELD	20
CONCLUSIONS	22
BIBLIOGRAPHY	24
ANNEX 1: DOCUMENT REVIEW PLAN	25
ANNEX 2: INTERVIEW GUIDE FOR KEY INFORMANT INTERVIEWS	26
ANNEX 3: MARKET OBSERVATION SCHEDULE	27
ANNEX 4: FOCUS GROUP DISCUSSIONS GUIDE	28
ANNEX 5: IN-DEPTH INTERVIEW – SESSION GUIDE	29
ANNEX 6: STAKEHOLDER MEETING DISCUSSION GUIDE	30
ANNEX 7: NARRATIVE INTERVIEW GUIDE	31
ANNEX 8: TERMS OF REFERENCE FOR LIVESTOCK MARKETING ASSESSMENT CONSULTANTS	33

Introduction

In 2014, IFAD developed the commodity value chain development projects toolkit (IFAD, 2014), which guides the overall mapping and analysis of agrifood value chains during project design and implementation. The IFAD livestock desk in the Sustainable Production, Markets and Institutions Division (PMI) subsequently developed the *How To Do Note: Livestock Value Chain Analysis and Project Development* (IFAD, 2016), which was included in this toolkit. The *How To Do Note* provides a conceptual framework and some practical guidelines, best practices and case studies for country programme managers, project design teams and implementing partners to support the design and implementation of livestock programmes and projects. During the technical review of IFAD investment projects, however, it was noted that for specific livestock commodities market analysis was limited. This encouraged the livestock desk to develop the *Rapid Livestock Market Assessment (RLMA)* guide to support participatory assessment of livestock market systems within the limited timespan of a design mission.

The guide provides project design teams with basic skills and tools to enable them to: (i) determine what type of data need to be gathered; (ii) select appropriate data collection methods and combinations of tools; and (iii) organize and present the results so that they can be fed into project design. It provides worksheets for conducting the necessary livestock market research and collecting a comprehensive set of data.

The RLMA is intended for practitioners who need to conduct comprehensive assessments in rural communities where livestock markets are still under development. It provides tools that can be used to shape livestock marketing strategies within value chain development programmes.

The purpose

Field observations indicate that interventions to support the development of livestock markets and marketing strategies tend to be oriented towards infrastructural investments (the “hardware” dimension), usually involving significant sunk costs, to construct market structures, loading ramps and other market facilities. As a result, less attention is dedicated to the “software” dimension of project interventions, for example the need to include smallholder farmers, pastoral communities, local traders and aggregators. Market problems can easily be misdiagnosed when analysis is not grounded in the perspectives of these value chain actors, thus limiting the capacity of a project to meet their needs and develop viable livestock markets. A well-defined methodology is therefore needed to ensure that an in-depth assessment can be conducted within the short time span that is increasingly typical of design missions.

The users of this guide

The RLMA guide seeks to facilitate livestock market assessments in order to support those operating in the livestock sector, such as multilateral financial institutions, international development organizations, governments, research organizations, NGOs, community-based organizations, service providers and input suppliers.

The RLMA guide consists of two main sections: the first provides an overview of the features of livestock markets; the second explores several methods for rapid livestock market assessment and reporting available to the project designer. Additional materials and worksheets are included as annexes.

Key features of livestock markets

Livestock value chains (VCs), like other commodity VCs, are distinguished by a process in which an agrifood product (often represented by live animals and/or characterized by perishability, for example milk, eggs, meat) moves from the primary producer to a final consumer. A VC approach is therefore based on a comprehensive analysis of the entire commodity chain, taking into consideration all actors along the chain

and other interrelated stakeholders, as well as IFAD's beneficiaries. A market assessment aims to gather information on a specific VC to inform programme design and guide implementation decisions. It encompasses all parts of the VC, including the end markets for the products or services, the enabling environment and related socio-economic issues (Miehlbradt and Jones, 2007).

Livestock VCs, especially in rural areas, are often characterized by producers and traders transacting in spot markets through direct negotiations and naked eye assessment of livestock during which weighing of livestock is unusual. Product price is usually influenced by the existing social network and its actors.

Livestock VCs can be short and quite simple, such as the VC consisting of a bucket of milk from a dairy farmer's cow that is sold to the farmer's neighbour; or they can be quite long and complex, such as the VC from a small-scale Angora goat keeper in Lesotho to a mohair sweater sold in Europe (IFAD, 2016). In this case, the livestock products change hands several times along the chain while undergoing a long process in which value is sometimes added before the product reaches the end consumer.

Although it is recommended that the VC market assessment be carried out early in the project cycle, a VC analysis during project implementation can fine tune existing activities or identify new partners and activities that better meet project goals.

Dimensions of agrifood value chains

Livestock VCs, like other agrifood VCs, should be viewed as linked units with multiple and interrelated levels that form the livestock market systems. Typically, livestock markets operate at various levels, including market actors and their interactions (relationships), the business environment and support services (see Figure 1).

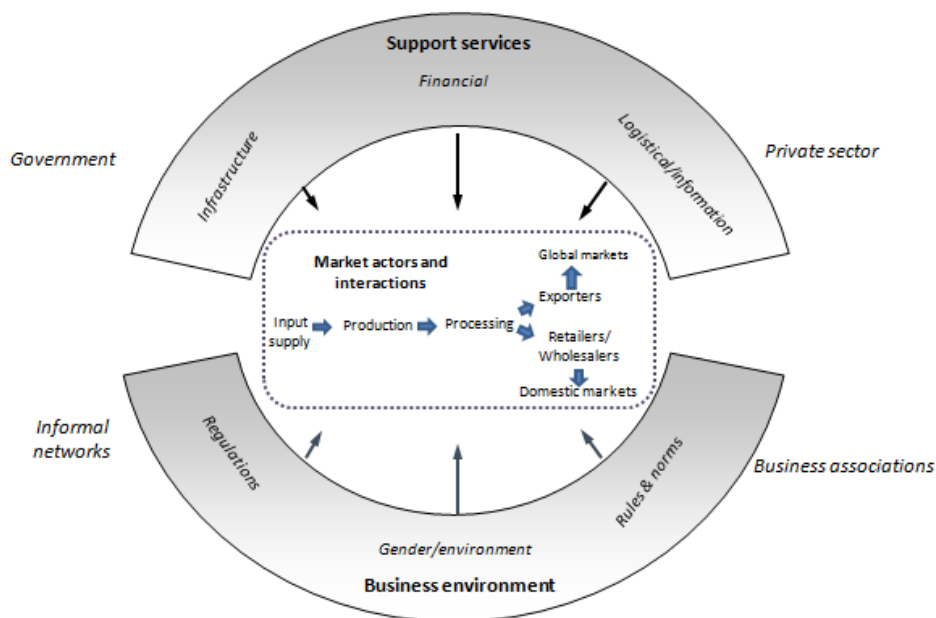


Figure 1. A value chain system. Source: authors

The **business environment** is the broader context in which livestock transactions take place. It includes not only the institutional framework of formal and informal rules, regulations, institutions and policies, but also the infrastructures and cultural conditions usually governing livestock markets. The business environment could be based either on government standards or on private standards that build an enabling environment for livestock production and trading. In assessing the business environment, both government and private support for the sector, or the lack of support, should therefore be analysed.

Support services/institutions include technical, logistical and financial services that are crucial for market functioning and efficiency. Even though service providers do not handle livestock products directly, nor are involved in buying and selling operations, they perform important business functions. Among the main actors of support services there are: input suppliers such as veterinary drug stores, veterinarians, cooperatives, extension and training services, market infrastructure providers, market information providers and financial service providers.

Market actors refer to livestock sellers, buyers (clients) and intermediaries that transact livestock. This can be an organized place with a physical structure or an open space along a road, water points or homesteads. The interactions between diverse actors and their interlinked activities are what constitutes a market system. Through these relationships, actors facilitate the transfer of livestock from one market to another; they also exchange market information through vertical and horizontal linkages.

The interaction of these multiple levels (which in some cases are loosely organized and in others well integrated) where livestock markets operate can provide an efficient livestock marketing environment. All these factors therefore need to be evaluated during market investigations.

Typologies of livestock markets

Similarly to other commodity markets, livestock markets are defined as places where buyers and sellers converge to exchange products and services. In smallholder farmer or pastoral systems, markets can take different forms; points of exchange could be roadsides, villages or water sources, where local itinerant traders meet buyers. Livestock trading can also take place in relatively organized places inside urban centres, where market days are fixed. The different types of livestock market are presented below.

Village markets are relatively small marketplaces usually located at grazing sites. Transactions here take the form of typical spot market arrangements between livestock keepers and itinerant traders. Itinerant traders usually visit different grazing sites in order to form their livestock supply, which they will then sell at larger markets (primary/assembly markets) at a higher price. Livestock keepers and traders are the main players in village markets; brokers and long-distance players, usually associated with advanced markets, are absent. In village markets, pastoralists exchange livestock for breeding, draught and slaughtering purposes, on either a barter or a cash basis.

Primary/assembly markets are also small markets, but larger than village markets and more structured, in terms of both time and space. They are usually located in small rural towns where itinerant traders and livestock keepers, usually from the same village or community, directly sell their stock. Unlike village markets, there may also be some local brokers at primary markets. These markets serve as collection markets (and are often known as such) for local long-distance traders and some visiting traders. They may take place daily or weekly, usually on a fixed day and at a fixed time.

Secondary markets are considered destination marketplaces for traders buying from primary/assembly markets. They are characterized by stable infrastructure and greater accessibility, thus attracting traders from distant towns and villages. Secondary markets are also known as regrouping markets because of the large volume of livestock transacted and the quantity and diversity of actors involved, such as market brokers, transporters and market committees. Animals are sorted into different groups based on size, sex and age. Traders buy livestock here and move it to terminal markets in larger towns or capital cities.

Terminal markets are commonly located in larger towns and capital cities. Livestock purchased by traders at primary and secondary markets is offered for sale here. This type of marketplace involves several actors, for example livestock wholesalers, exporters, distributors, processors and restaurant owners. Slaughtering is also carried out at terminal markets; it is usually from here that meat products are dispatched towards national and international markets.

Generally speaking, livestock selling techniques differ from place to place. Among most smallholder producers and pastoral systems, market arrangements are generally spot transactions where sellers and buyers converge and livestock is transacted through informal assessments. The main drawbacks of this high level of informality are: (i) the poor flow of information on the livestock market and its transactions;

(ii) the lack of negotiating power; and (iii) a low level of security and reliability concerning the transaction. In some countries, a well-established selling practice is the livestock auction, where livestock is sold through a bid-based system that allows traders to sell livestock quickly while guaranteeing greater transparency.

It has been demonstrated that IFAD value chain projects involving primary and secondary livestock markets tend to be more successful than those dealing with terminal markets. In the former, services and inputs (for example, in terms of health, sanitation and access to resources) are provided for both producers and animals. Interventions in terminal markets, however, mostly take the form of newly built market infrastructures that are not always accepted by traders and producers, who may refuse to pay fees to use the building and instead opt to transact outside the market facility.

Rapid livestock market assessment: getting started

Through market research, the project manager gathers information about market channels, actors and potential beneficiaries (mostly smallholder farmers) related to the proposed project purpose. By analysing the data it is determined whether and how the hypothesized project could be developed to benefit the target group and achieve the impact goal. The RLMA, or rapid livestock market assessment guide, outlines sequential steps to facilitate project designers through decision-making process.

As indicated in figure 2, the RLMA is composed of the following steps: (i) defining the objectives; (ii) selecting the livestock VC through the criteria formulated; (iii) choosing the right data collection tools to properly gather data on the VCs; (iv) carrying out value chain analysis and mapping; and (v) linking the RLMA results to the project design.

Before starting the market assessment, it is essential that the market investigator define the issues and questions to be addressed because these will determine the data requirements and the corresponding analytical tools that will be most appropriate. The mix of data collection tools to be used can then be chosen, according to the data requirements and available resources (time, finance etc.).

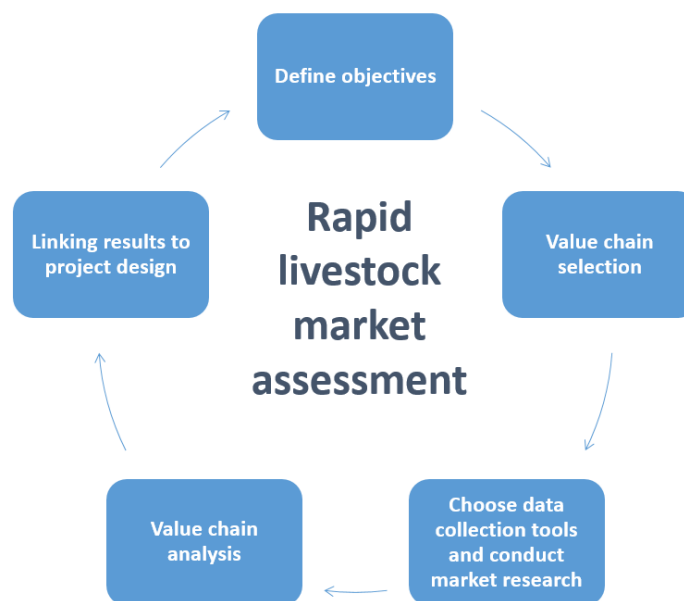


Figure 2. Rapid market investigation process. Source: Authors

Step one – Defining the objectives and selecting value chains for assessment

As shown in figure 2, the first step for the project designer is to define the objectives of the market assessment and select the VC to be assessed. Given that livestock markets are complex and diverse, depending on the livestock species considered and the level of market development, the project designer should select the most impactful and promising VCs to be investigated. The VCs selected should match the set of core criteria defined, thus targeting the beneficiaries and the geographical focus; considering also the perspectives of local actors involved such as producers, local traders/brokers and market committees.

Step two – Selecting suitable value chains: methods and criteria

The criteria for selecting VCs for analysis can be decided through a participatory process, involving the main VC actors (such as livestock producers, local traders, market managers and committees) who best reflect local needs and VC constraints. However, some criteria are considered core criteria and should always be included. For example, the growth potential and economic viability of the VC are crucial because, without these, the other criteria and goals cannot be met. Table 1 provides a list of core criteria to consider.

Table 1. Sample selection criteria

#Number	Core criteria to consider	
1.	Value chain growth potential	This is useful to evaluate the economic viability of a VC. What does its future growth potential look like, nationally, regionally and/or internationally? Is the VC competitive? What are the unmet demands?
2.	Potential for reaching poor rural people (inclusiveness)	This is used to assess opportunities presented by different VCs. Is there potential for increased income for the target groups? Can the programme reach a large number of poor rural people? Is there economic potential for the other enterprises within the VC?
3.	Gender impact	What is the impact of the development of this VC on gender equality? Participation of different genders along the selected value chain.
4.	Environmental sustainability	What is the impact of the development of this VC on the environment?
5.	Youth impact	What is the impact of the development of this VC on youth?
6.	Public/private sector support	Is there support within the public and private sectors for growing the VC? Who are the main private-sector players along the value chain? Are there other development actors working on this livestock VC?

Additional criteria can also be considered, such as the incidence of rural poverty, and the competitive and comparative advantages of the product. Criteria then need to be weighted according to their relevance within a project/programme; this can be done by assigning percentages or absolute numbers to each criterion.

Once the criteria have been selected and weighted, a preliminary desk study on potential VCs is required step in order to decide which VC is the most suitable. The desk research aims to review and describe existing knowledge and identify the knowledge gaps that may be prioritized for further fieldwork (project concept or design mission). However, although it can avoid a duplication of effort in fieldwork, the reliability of data obtained from a desk study may be difficult to verify. Desk research is therefore generally combined with other data collection methods, such as market observation and key informant interviews, which are described later in this guide. During the first phase of the rapid market assessment, background information

on the livestock sector at the country, provincial and/or district levels should be collected so that a preliminary assessment can be carried out. At the same time, data on target groups and markets can also be collected. Data on livestock VCs can be obtained from the sources listed in table 2.

Table 2. Potential data sources

Primary sources		Secondary sources
<i>Individuals</i>	<i>Groups and representatives</i>	
Livestock input suppliers	Input supplier trade associations	Market prices monitoring database
Livestock producers	Producer associations	Livestock sector reviews
Livestock traders	Trader associations	Project documents
Livestock processors	Processor associations	Expert opinions/articles
Livestock product consumers	Slaughterhouses and milk plants	Baseline trade data
	Consumer groups	Census
	Veterinary associations	

Livestock market chains selection for further investigation

As shown in table 3, once a list of potential VCs is produced, priority livestock species can be selected for further investigation. Once criteria weighting has been decided, specific VCs can be scored for each criterion and the weighted total score of each specific VC can be generated. The VCs with the highest total scores can then be selected for further investigation.

Table 3. Participatory ranking exercise to identify priority VCs¹

¹ This ranking will be based on the ranking criteria established in table 1.

Criteria	Weight	Value chains			
		Small ruminants	Cattle	Camel	Chicken
Value chain growth potential					
Potential for reaching poor rural people					
Gender impact					
Environmental sustainability					
Youth impact					
Public/private sector support					
Total score					

Step three – Choosing tools for livestock market assessment

Choosing the market data collection tools is an essential step not only to yield accurate information but also to ensure that data collection is more efficient. Tools are identified according to the information that needs to be collected and the source of that information. The main challenge faced in the data collection process is that of identifying a credible random sample. Because VC actors may carry out different functions and traders are often highly mobile and difficult to locate, categorizing them can be difficult. And in informal markets, supply flows are highly dynamic and nonlinear, making it difficult to identify the flow of activities or functions.

Figure 3 shows the different types of data collection tools that can be used for VC assessment.

Broadly speaking, the set of market assessment tools is categorized into two levels, namely: (i) tools such as document reviews and key informant interviews that offer a less detailed but robust overview of livestock markets; and (ii) tools that focus on the hotspots of livestock markets for more detailed data collection. There is no fixed order in which research tools must be implemented; 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.

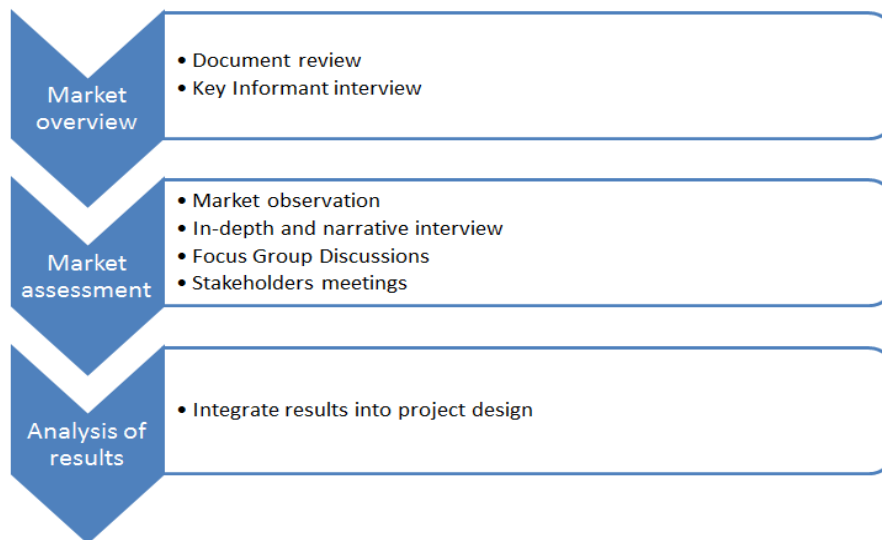


Figure 3. Data collection tools

Market overview

At the beginning of the market assessment, projects designers generally have little information on specific livestock market systems. That is why, as explained above, when data collection starts, the projects designers need to gather general information on broad topics such as types of products, market channels, types of market, market requirements, growth potential, seasonality, data on end market and sales, price trends/movements, and supply and demand dynamics.

Tip 1: Examples of general VC data

What are the products?

Which are the market channels?

Who are the stakeholders? Roles, connections, level of influence?

What is the institutional framework?

Practices along the production and marketing chain

Consumption trends

Infrastructure in place

The tools that normally provide quick data at this stage of the research are:

- Document review
- Key informant interviews

Both tools help in designing the impact goal and project purpose by identifying the programme clients and potential VCs.

Tip 2: If the selected VC is weak or heavily dependent on the informal sector, the market research has to rely more on informant interviews because secondary source information will generally be insufficient or not available.

Document review

Reviews are commonly carried out on existing documents, both grey and published literature, and do not involve first-hand investigation. Secondary reviews are based on research previously produced by relevant agencies, such as baseline reports by development partners, market data collected and stored by livestock marketing councils or associations and peer-reviewed journal articles (as listed in table 2).

Document review is commonly the first step in livestock VC programming. It provides projects designers with data on both geographical and livelihood context, livestock sector background, characteristics of the target population, youth and gender participation in livestock VCs, as well as livestock production data, sales and export trends and the demand and supply gaps at the national, regional and international levels.

However, as already mentioned, a desk review has some limitations. Not only is the reliability of the data difficult to verify, but the information may be of poor quality, misleading or out of date. That is why data need to be collected through a combination of tools in order to properly understand market demand, constraints and opportunities along the VC, and the needs of the smallholders and pastoralists. Below is a short guide on how to carry out a document review.

Document review step by step

- A. Set the review scope and review questions.
- B. Identify sources of data or institutions with relevant background information.
- C. Review and organize secondary information
- D. Draft the review report

A: Set the review scope and review questions

Although secondary sources are varied and can provide a wide array of background information, they need to be systematically narrowed down to the specific programming details required to build the essential livestock marketing background. A document review provides a general overview of the sector, performance, and potential constraints and opportunities at the national or subnational level.

Generally, the reviews provide background details related to the following:

- Main characteristics of the geographical area of focus
 - Climate, topography and livestock production potential of the region/area
 - Predominant livestock species produced in the area

- Main livestock markets and broader development issues affecting the target population
 - Status of market linkages by different actors
 - Livestock-related opportunities and prospects in the region
 - Livestock VCs and key actors in the region
 - National livestock trade – numbers sold per species, prices, exports, imports etc.
 - VC maps for meat and live animals
- Livestock species most relevant for the livelihood of the target population
 - Species contributing most to rural household income
 - Markets where women and youth have presence, role and engagement
- Enabling environment
 - The condition of rural infrastructure – road, processing and cooling facilities
 - The presence of supportive agencies – e.g. public and private service providers
 - The existing policies and regulations, institutions and conditions influencing the development, competitiveness and prospects of the VCs

B: Identify sources of data with relevant background information

Institutions with background information can be categorized into:

- multilateral development finance institutions: e.g. World Bank, regional banks such as the African Development Bank, Asian Development Bank, Islamic Development Bank
- government agencies: e.g. livestock division, statistical abstracts
- business organizations: e.g. chamber of commerce, livestock marketing council, meat commissions and meat boards
- research organizations: e.g. universities, agricultural research entities
- conference reports, newsletters, etc.

A simple planning template is essential when identifying both general and specific information sources (see annex 1).

C: Review and organize secondary information

Relevant livestock marketing information, such as VC maps and connections, price and margin trends, demand gaps in meat and live animal trade, needs to be gathered during this phase (usually at the concept development stage). The worksheets included in this guide (see annexes) can be used by projects designers to organize and consolidate information according to the key research questions.

D: Draft the review report

At the end of the document review, a final report is usually prepared, containing all the background information on the country, intervention region/area, potential livestock VCs and the enabling environment. The report could also include infrastructure information (e.g. rural roads and telephone coverage) and, potentially, identify development needs of livestock producers.

Key informant interviews

A key informant interview is a consultation with livestock sector players or practitioners (for example government officials, larger-scale or more experienced traders, entrepreneurs or other significant actors) to obtain relevant information about targeted VCs. Generally, key informant interviews are carried out with a few, well-informed individuals to obtain overall perspectives of livestock VCs.

Key informant interviews usually take place after document review to ensure the transition from general /background information to a more specific discussion on the relevant details of livestock VCs. Through key informant interviews, projects designers gather different types of information about specific livestock VCs, including market opportunities and constraints, existing support services, VC actors and activities, linkages and relationships between diverse actors and stocktaking of ongoing projects with similar goals. This information is highly useful for the implementation of strategic investments in a specific livestock VC.

Key informant interviews are ordinarily guided by an interview schedule² (see annex 2, worksheet 2). Even though many data can be obtained quickly if key informants are well chosen, this method implies a high risk of bias and misinformation and, at the same time, is highly dependent on the choice of informants and their knowledge.

Tip 3: Market trends

When conducting key informant interviews make sure you ask about market trends. For example, how have livestock sales and profits changed in the last five or ten years? What are the future predictions? What are the key drivers of future trends? Livestock and meat markets are becoming increasingly volatile because of trade patterns, changing input and service costs, and external factors such as droughts. This volatility should be considered when assessing long-term viability and the potential risks for rural households and VC actors.

Tip 4: Researcher bias

Triangulation is the use of more than one method to collect data on the same topic. It is a means of reducing the risk of so-called researcher bias or observer bias. At the same time, it also ensures good quality data because different types of samples are collected.

Strategies for minimizing respondent bias include:

- asking a set of interrelated questions to test strategic responses
- asking people what their neighbour does
- structuring questions so that respondents will not link their answers to a personal cost or benefit.

Market assessment/study

Once the market overview is established, the project designer proceeds to collect very specific information, mainly focusing on the details relevant to the project or programme design.

The useful tools at this stage of field-level market investigation are:

- market observation;
- focus group discussions;
- in-depth interviews;

² Key informant research questions are set at high-level with the aim of understanding livestock value chain.

- narrative interview;
- stakeholder meetings.

These data collection tools are important for digging deeper into specific VCs. to explore existing opportunities and identify sustainable solutions that need to be implemented through a programme or project. To form a comprehensive understanding and market-wide system view, interviews can be conducted with a specific group of actors, in both the upstream (close to producers) and the downstream (close to consumers) areas of the VC.

Following the logic of the RLMA, the core actions to be carried out are:

1. Make strategic choices about the most suitable market investigation tools to be used to collect specific information.
2. Review the research questions and prioritize information needs.
3. Triangulate information collected by gathering the same information from different sources using different tools.

Market observation

Market observation is a tool designed to document actual transactions in a marketplace and to gather first-hand information about particular VCs. This method enables project designers to capture the context within which people interact and is particularly useful when information on a specific VC is scarce. Market visits and observing the activities of livestock traders, producers and brokers can pinpoint both weaknesses and opportunities of a specific VC, thus providing critical insights. Through this tool, information collected using other methods can be validated in a cost-effective way. Projects designers are generally guided by specific questions (see worksheet 3).

Note: Market observation requires certain skills in the information collector: it is sometimes necessary to be discreet and observe a transaction from distance in order to avoid influencing the interaction between the buyer and seller.

Tip 5: There are two ways of carrying out market observation: (i) go to local markets to understand what kinds of products people consume and build observations up along the value chain; and (ii) retrace the VC from production to consumers, for instance in the meat market, start from the abattoir and the local butcher and go back to the production area.

Focus group discussions

Focus group discussions are facilitated conversations among groups of VC actors involved in different activities or at different nodes of the VC, for example, livestock producers, local traders, butchers, brokers, market committees and consumers. In a typical focus group discussion, projects designers set some guiding questions on topics they want to explore in order to obtain inputs from each participant. Focus group discussions are particularly useful for bringing out a range of different opinions and, possibly, contrasting understandings of a particular VC.

Focus group discussions are mainly useful when projects designers:

- aim to generate new ideas or interventions to solve current challenges
- want to understand the finer details of the VCs – why and how specific VCs evolved – in order to understand current issues
- plan to test innovations or ideas and solicit feedback from participants.

Focus group discussions are an appropriate tool for deepening understanding of specific aspects of a VC, after having established a general understanding of it through document review or key informant interviews. The main drawback of this tool is its dependency on the project designer's facilitating skills and ability to manage a high number of respondents.

Tip 6: Focus group discussions

Participatory engagement approaches (such as focus group discussions) help the researcher in building trust among VC stakeholders, establishing valid communicative exchange and building ownership of the solutions collectively identified.

In-depth interviews

An in-depth interview is a semi-structured interview generally used to gather specific information through predesigned areas of inquiry and prepared questions. It is commonly used to collect data that may be helpful in refining the project purpose, identifying and prioritizing strengths and constraints in the VC, identifying major risks and providing prognosis on future scenarios.

Unlike focus group discussions, in-depth interviews may be less useful for exploring the overall potential of a VC; however, when a project designer wants to explore different ideas with different VC actors, in-depth interviews are helpful. The respondents for the in-depth interviews usually include:

VC enterprises such as:

- livestock producers, butchers, local traders, market committees/managers, brokers, transporters
- meat and dairy wholesalers, distributors, and livestock/meat exporters
- meat and dairy processors
- meat and dairy consumers.

Service providers, including:

- agro-vet shops, meat and dairy inspectors
- marketing experts
- communication experts.

Other stakeholders such as:

- livestock marketing groups, chambers of commerce and livestock marketing council
- NGOs and research agencies with sound knowledge of the industry
- government representatives of topic-related departments, such as livestock divisions.

Narrative interviews

A narrative interview is a qualitative data collection technique whereby a story is generated through the interview. It is a means of collecting people's own stories about their experiences, day-to-day trading activities and events in their businesses. A narrative interview places emphasis on the interviewee having the opportunity to narrate his or her experience. This represents a shift in the way roles are conceptualized, from interviewer–interviewee to narrator–listener.

Through narrative interviews, the project designer can structure and conceptualize the deep sense of the business based on lived experiences. Such interviews provide an opportunity to prioritize the storyteller's perspective rather than imposing a specific structured questioning frame.

Normally, narrative interviews have four sections:

- 1. Introduction:** the interview process begins by explaining to the interviewees that they will be audio or video recorded.
- 2. The narration:** as the interview progresses, the interviewer should use non-verbal encouragement to motivate the interviewee to talk openly.
- 3. Questioning:** Once the interviewee concludes the narration, the project designer fills in any gaps and asks for more detail about an issue of interest.
- 4. Conclusion:** the project designer concludes the interview and explains the next steps of the research, for example transcribing of the interview.

A narrative approach provides an addition to the traditional question-response model because it ensures that the market assessment is not limited to the specific topics. In most pastoral contexts, where societies have a deep oral culture, narrative interviews can have a strong role in building the livestock marketing context more deeply and thoroughly.

Stakeholder meetings

Stakeholder meetings bring together actors from different categories to generate ideas, solutions and actions related to the main issues along the VC. With adequate knowledge about the VC, the project designer can guide the discussion towards common challenges and areas of shared interest.

Generally, stakeholder meetings are conducted in the last round of market investigation, once the design team has refined the project aim, assessed the strengths and constraints of the selected VC, and identified potential solutions. Stakeholder meetings are a useful means of validating decisions regarding the project design, intervention logic and selection of programme partners.

In addition, such multi-stakeholder dialogues enable participants to think through the evolution of the VC while exploring how the intervention could benefit the diverse actors along the VC. The ultimate aim of stakeholder meetings is to develop concrete ideas for VC development.

Step four – Analyse the findings

The projects designers evaluate the information collected to determine the main attributes of the markets and analyse the data on the activities, actors and their relationships. The steps are as follows:

- Consider the relationships between the VC actors, and determine the linkages.
 - List VC activities with good potential for establishing linkages for smallholder farmers and pastoralist.
- Identify the various livestock/meat end markets in the VC.
 - Use the list of market channels, from local markets to the end markets (consumers) – the market outlets that livestock products are sold to.
 - Analyse the market requirements for different market channels.
 - Analyse the market-related processes (e.g. fattening and product processing).
 - Arrange the list of market segments from lowest to highest value markets.
 - Analyse smallholder livestock keeper connections to different markets.
- Depict the relationships (both vertical and horizontal).
 - Construct key linkages between all the actors in the VC based on the data from the market assessment.
Connect their relationships with any support services that help link livestock producers to the end market.
 - Use arrow symbols to depict relationships on a livestock VC map, showing flow, vertically from top to bottom and horizontally from left to right. Use a different style line to illustrate each unique relationship, so they are clearly defined.
 - Draw arrows vertically from top to bottom to represent product flow (from input suppliers up to end-markets).
- Analyse the role of youth and women in livestock markets.

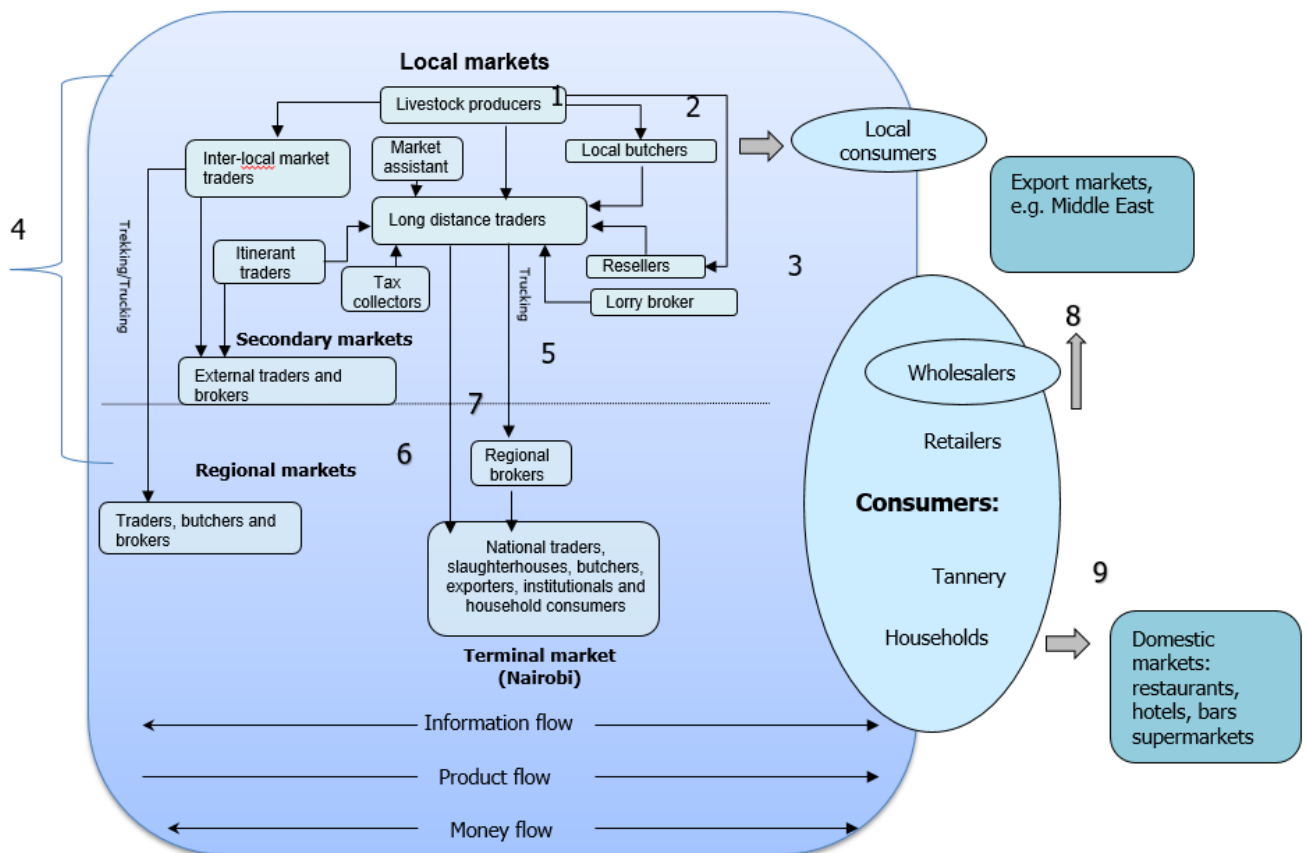
- Where do the women and youth predominate in the livestock VC?
- What is their level of involvement for each function/activity?
- Where could they be strategically brought on board and meaningfully engaged?

Step five – Linking results to project design

Once the results of the market assessment are known, the next step is to integrate them into programme/project interventions.

In linking results to design, some aspects need to be considered:

- Are the solutions tailored to address the identified constraints and the needs of IFAD’s target groups?
- Will the target interventions result in the larger goal of creating a vibrant/competitive livestock market?
- Does the intervention move away from traditional interventions to bridge the gaps along the value chain? (See figure 4 based on Kenyan diagnosis.)
- Does the intervention consider aspects of social inclusion – gender, youth etc.?



-
- 1= Financial supports to livestock marketing groups, livestock insurance to livestock producers and support to rangeland management
 - 2= Value addition and packaging on traditional meat products done by women and women groups (including lab analysis, packaging and delivery to high end consumers and super markets)
 - 3= Local level Meat/milk processing, packaging and storage – cooling systems and packaging, branding
 - 4= County level investments in processing facilities – mini-factories for leather processing, milk processing and other value additions as well as upgrading of selected market infrastructures
 - 5= Establishing platform for linking downstream with the upstream market actors (possibility for etc.)
 - 6= Bilateral contracts between long-distance traders and Nairobi clients
 - 7= Investment in SMS infotrade and Radio market price announcements systems
 - 8= Linking local trader groups to high value Middle East live animal Markets and supply orders
 - 9= Livestock trader groups linking to diverse meat clients
-

Figure 3 – Potential entry points of interventions

Linking results to project interventions is not a linear process and may require a stepwise approach, as listed below.

A: Linking results to the project/Theory of change

Linking assessment results into project design entails the adoption of the theory of change in a VC project, which is usually based on the hypothesis that vulnerable rural households (especially women and youth), if empowered with social and technical capacities and integrated into the VC, will benefit through increased productivity, access to markets and incomes, and food and nutrition security. Therefore, the VC improvement will be based on a theory of change.

To do this, the projects designers should first identify the changes and related interventions needed to reach the development objectives of improved food, nutrition and economic security. These interventions will provide the means to achieve the intended outcomes.

- The project designers should think about how one outcome is connected to other outcomes, and how each activity is linked to specific outcomes. This process might start by spelling out what should change, how, and at what level. Which are the different livestock marketing issues that we intend to resolve?
- How does the project contribute to these aims?
- Which strategies does the project use to achieve the desired changes? Why? Break down each strategy into clear processes. How do we achieve/contribute to an outcome? What activities need to happen?
- What will each activity lead to? Who will be involved?

B: Developing proposed interventions

When developing the proposed interventions, all the constraints should be reanalysed and ranked to determine the causes of each problem. For example:

- Low/fluctuating prices – as a consequence of...?
- Lack of demand specifications – as a consequence of...?
- Poor linkage to premium meat export markets – as a consequence of...?
- Are there any rules, regulations or practices that significantly affect the performance of the system, or the access of particular target groups?

C: Identifying the intervention entry points

Once the complete list of possible interventions has been generated (see figure 3), the suitable entry points should be identified.

The traditional entry point for IFAD projects is at the primary production level, building the capacity of IFAD's target group and supporting them in gaining access to markets and engaging in business relationships along the VC. However, VC projects generally have multiple entry points at different nodes along the VC (production, collection, processing, transportation, retailing). For example, a project could be working on improving productivity, and the right entry point is at the stage of inputs and feed markets rather than end markets, and so forth.

It is crucial to ensure the entry points are specific and based on the findings, with the focus where there is high demand and potential for improving linkages to better markets and connecting with ongoing initiatives in project intervention areas.

A starting point could be sketching a theory of change that establishes the following:

- Vertical logic – establishing cause-effect relationship, from bottom of the chain to the top. The logical framework will thus be used to describe the activities or inputs that may cause changes to occur among target rural communities and markets.
- Horizontal logic – linking objectives, programme targets and measurable indicators, and establishing underlying assumptions.
- Suitable entry points for a project or programme.

D: Consolidate and sequence potential interventions

This step is geared to selecting the most realistic and effective interventions for the project. The following points need to be considered:

- Consolidate the interventions: the project design team should group the interventions that respond to the primary issues and eliminate those that are not well aligned with the needs.
- Revisit: collectively assess whether the interventions selected support the solutions identified.
- Sequence: which VC activities have the highest priority? Which activities will have the most significant, immediate result in a short time frame? Which activities work as pre-requisites for further activities?
- Describe: a description of the intervention should be drafted, outlining the main actions/approach, the entry points and useful partnerships. This summary can be written using the worksheet provided in Table 4.

Since the programme design is an iterative process, the team will probably revisit the activities many times during the process to add/remove interventions as appropriate.

Table 4. Intervention worksheet

Programme goal: Broad programme strategy:		
Proposed interventions	Entry point	Summary of intervention

The information obtained from the different steps can be directly transferred to the logical framework matrix. From this, assumptions, outcomes and indicators can be enriched to complete the log frame.

Examples from the field

As explained in the introduction to this guide, the goal of IFAD in VC projects is to increase productivity and improve access to markets and other services (e.g. finance, inputs). Rural dwellers have very diverse levels of access to capital, organization, technology and infrastructure, which impacts their access to market opportunities in different ways. The truth of the matter is that poorer women and men producers,

processors and traders face difficulties with access to markets because: they are unable to meet product and delivery requirements; they lack information and they have limited or no access to finance (IFAD, 2014). Through VC projects, IFAD supports pastoralists and their organizations to progressively become integrated into VC markets and take advantage of the opportunities offered.

Building farmers' capacity to market products

Increasing Household Incomes for Maasai Women Livestock Producers

In order to enhance small-scale producers' involvement in a VC, farmers' capacity to identify local market opportunities and make appropriate production decisions has to be enhanced. Farmers also need to be assisted in organizing themselves to negotiate and lower the transaction costs of market access. Through an innovative VC development approach, IFAD has supported several multi-stakeholder partnerships in addressing the market access concerns of pastoral communities.

An example is provided by the project Increasing Household Incomes for Maasai Women Livestock Producers. A driving factor of the whole project has been the market access committees (Sperandini and Reinke, 2012), local community organizations created through a partnership between local Maasai communities, the African Wildlife Foundation and Agritrade, a private-sector company. Market access committees have been able to bridge the gap between producers and markets, providing pastoralists with access to market service providers such as traders and transporters, as well as facilitating the marketing and sale of livestock products. In Kenya, their role has also resulted in building partnerships among chain actors, organizing buyers, and reducing trade barriers and transaction costs along the entire chain of both livestock and meat VCs. Transfer of information, knowledge and skills concerning livestock production and marketing is also facilitated by participation in the market access committees.

Smallholder livestock keepers typically have little power in VC governance structures because they are considered to be price-takers who are subjected to the decisions of more powerful actors such as butchers or abattoir owners. To enable producers to enhance their decision-making capacity, promote their interests and improve their bargaining power with buyers, suppliers and policymakers, the following strategies can be put in place (IFAD, 2014):

- Promoting the aggregation of animals and livestock products to increase their value and bargain. The aggregation of services, such as milk collection centres, has been put into practice through the IFAD Rwanda Dairy Development Project (RDDP),³ which intensified dairy production and improved market access for over 100,000 Rwandan households. RDDP aimed to enhance the national dairy industry through the dairy hub model, which succeeded in strengthening dairy farmers' cooperatives and setting up farmer-managed dairy infrastructures. These dairy hubs act as a nexus of private sector-led interventions designed to increase access to productive services such as feed and other inputs, artificial insemination and veterinary extension services, and to promote dairy-related business development services such as finance, extension, insurance and support markets. Dairy hubs have proven to be potentially strong platforms for improving access to markets, inputs and services for both men and women smallholder dairy farmers (Rademaker et al., 2016).
- Promoting the aggregation of producers through livestock keepers organizations and national associations. The former enables small livestock keepers to achieve economies of scale, thus reducing their production costs and, at the same time, enhancing value added through processing and better handling. For their part, national associations can be an effective mean of facilitating dialogue with governments and policymakers; they can therefore be included in a VC project to deal with policy issues. National associations can also have the necessary influence to organize attractive financial and supply contracts.

³ Information available at: <https://www.ifad.org/en/web/operations/project/id/2000001195/country/rwanda>

Pro-Poor Value Chain Development Project in the Maputo and Limpopo Corridors

A further example of an IFAD VC project that has enhanced the capacity-building of livestock keepers while improving market access has been the Pro-Poor Value Chain Development Project in the Maputo and Limpopo Corridors (PROSUL).⁴ One of the VCs that the project focused on is red meat, with the purpose of enabling livestock producers to take advantage of market opportunities, by promoting improved production and enhanced linkages between VC stakeholders. First, the project aims to promote linkages between stakeholders in the goat and cattle VC by bringing them together into innovation platforms, which aim to collectively identify specific local opportunities and constraints in both production and marketing, promoting collective options for improvement and for aligning production with market demand, reviewing achievements and tracking good practices. Representatives of the various innovation platforms gather into a regional VC stakeholder platform, which has similar functions to an innovation platform but at a global level, and also has a key role in facilitating the exchange of knowledge and information between project sites.

Second, the project aims to fostering production and farmers' access to production services by supporting the development of larger, more productive and better quality herds through improved breeding, animal health, grazing and feeding. Third, once stakeholders are aggregated and production is improved, the project aims to develop market access for smallholder farmers by organizing cattle fairs to facilitate transactions between farmers and buyers, and by building on VC stakeholders, for example through renovated slaughterhouses and commercial farmers developing outgrower and fattening schemes.

Adding value to specific value chain

An example of an IFAD project designed to add value to a specific VC is the SWAZI BEEF project (IFAD, 2018). This project developed innovative beef VC development schemes in southern Africa to leverage the diversified use by producers of irrigated land in order to add value to the beef VC. Because sugarcane dominates agricultural production in Eswatini, there was a need to reduce dependence on it and, at the same time, increase the quality of livestock and meat products. Farmers have been encouraged to allocate 2 hectares of land for the cultivation of forage crops under irrigation, thus promoting a feedlot fattening approach using forage and grass, which is significantly cheaper than traditional cereal-based schemes.

The project also assisted in mobilizing working capital in the VC and in empowering traders to participate in value addition. Traders buy directly from the producers and then sell the products to formal markets through Swaziland Meat Industries. Effective funding instruments for enabling smallholder cattle value addition have also been implemented through the involvement of Nedbank, which made credit facilities available to a selected group of farmer companies for cattle fattening and provided banking services to enable them to conduct their operations more effectively. The result has been that farmers now obtain US\$600 per animal compared with US\$250-US\$350 per animal previously, with gross margins of about US\$110 per animal.

Conclusions

Market assessment is a complex process, particularly when the focus is on an informal, spot transaction system (common among smallholders and pastoralists) or on a rarely studied and analysed livestock market or sector. This RLMA guide proposes an easier process by: (i) organizing the livestock market research process through the choice of tools and sequenced methods; (ii) enabling the projects designers to select the right data collection tools and make the right choices; and (iii) providing projects designers with the related data collection templates (see annexes and templates). Each livestock market assessment

⁴ Information available at: <https://www.ifad.org/en/web/operations/project/id/1100001618/country/mozambique>

will have different priorities and data needs, particularly in relation to whether it is a pre-design assessment or a specific study carried out as part of project implementation to reshape the focus of a problem project.

Each project designer will therefore select and adopt tools according to the requirements. Because utilizing every tool is not necessary, a preliminary study and information gathering, through secondary reviews and key informant interviews, can help determine which additional data are required and what type of additional investigation is needed. This RLMA guide is designed to include the perspectives of the VC actors, particularly a programme's target households, private-sector actors, youth, women and similar groups, within its design. By incorporating the perspectives of these VC actors, the quality of the programme design will be improved and the participation of these actors in subsequent implementation activities will be strengthened.

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Annex 1: Document review plan

Worksheet 1

Key research questions or data required	Information sources or institutions providing the required data

Annex 2: Interview guide for key informant interviews

Worksheet 2

Name and designation of respondent	
Introductions	
Sample interview questions	What are the livestock production zones, the volumes of livestock species produced and the main breed types?
	What are the livestock market characteristics, opportunities and constraints?
	Is there a market opportunity in which target actors (smallholder farmers) are not participating or a market in which they could increase their participation?
	Are there viable market options but with a range of constraints that are not sufficiently understood or addressed?
	What are the available support services and their status?
	What are the potential spaces in the value chain where participation by women and youth can be enhanced?
	What are the specific gaps in demand and where are these markets?
	Who are the major market clients? What types of livestock product do they purchase? At what prices?
	Who are the main livestock or meat exporters and what are their demand/market specifications?
Finishing the interview	Reiterate the key points and solicit additional remarks from the respondent

Annex 3: Market observation schedule

Worksheet 3

Place	
Situation to be observed	
Date and time	
Questions	
Selling and buying	<p>What is the basic nature of the livestock transactions?</p> <ul style="list-style-type: none"> • Do producers sell directly to consumers? • How is price determined? • Are transactions based on price or on livestock quality, or both? • What are the livestock quality attributes considered during purchases? • What are the livestock specifications considered by exporters? • Who are the intermediary livestock buyers in the local market?
Power dynamics in the chain	<p>Which are the power dynamics in selling and buying?</p> <ul style="list-style-type: none"> • Do traders move from one producer to another and negotiate prices? • Do producers sell livestock in a group or individually? • What are the livestock aggregation measures used by livestock producers?
Information flow	<p>How is market information exchanged between different actors?</p> <ul style="list-style-type: none"> • Do producers receive timely information on prices and livestock quality on demand? • What type of information is of interest to livestock producers, local traders and other actors?
Movement of livestock	<p>Where is the destination market(s) for most of the livestock purchased from this market?</p> <ul style="list-style-type: none"> • What proportion of livestock is destined for local markets and what proportion goes to the terminal market? • Who are the main buyers in the local market? • How are the livestock moved to the end markets?

Annex 4: Focus group discussions guide

Worksheet 4

Focus group discussion place and date	
Type of participants (names, actor category, contact information, etc.)	
Focus group discussion questions	
Characterizing markets	<p>What livestock value chains should the programme target?</p> <ul style="list-style-type: none"> • What are the viable market opportunities? • Have you tried to reach this market? If yes, what were your experiences/outcomes? If not, why not? • What percentage of your livestock is sold to export markets? Why this amount? Could it be more? • What kind of value addition do you give to your livestock and livestock products? What are the added benefits of value addition?
Livestock value chain constraints	<p>What constraints do you face in this chain and what solutions have been tried?</p> <ul style="list-style-type: none"> • Have you tried to solve the problem? How? • What were the results of your problem-solving attempt?
Solutions to value chain constraints	<p>How will the problems be solved on a commercially sustainable basis?</p> <ul style="list-style-type: none"> • What are viable solutions to constraints identified? • What other ideas do you have to solve the problems identified? • What external support do you require to solve these problems? • Which other enterprises or stakeholders would need to be involved to solve the identified problems?
Any other comments, observations, questions raised and follow-up ideas	

Annex 5: In-depth interview – session guide

Worksheet 5

Interview place and date	
Respondent type	
Questions	
Understanding the value chain	<ul style="list-style-type: none"> • What are your activities and functions in the value chain? • What is your specific role along the value chain? • Please explain your daily activities in the market. • Which varieties of livestock are purchased at the market? What are their quality classifications? • What types of traders do you work with? What are their characteristics? How large are their purchases? • Which qualities of livestock are mostly purchased by the buyers?
Business relationships	<ul style="list-style-type: none"> • What kind of business relationship do you have with other actors? For each actor, provide details of the business relationship. • What kind of information flows through this relationship (e.g. information on price, alternative markets, client profile)? • What critical information do you not receive from this relationship and why?

Annex 6: Stakeholder meeting discussion guide

Worksheet 6

Topic	Questions
Value chain constraints	<p>Are the prioritized value chain constraints (distilled from different sources) the right ones?</p> <ul style="list-style-type: none"> ● What are actors' most pressing constraints? Why? ● What previous attempts were made to address these constraints? What were the results?
Potential solutions	<p>What are the viable/sustainable solutions to the constraints identified?</p> <ul style="list-style-type: none"> ● What ideas do stakeholders have for solving the identified problems? ● What resources do they have to build on? ● Who do they see as strategic partners to solve the problems identified?
Programme intervention design	<p>What strategic programme support would be required to enable particular solutions to be put in place?</p> <ul style="list-style-type: none"> ● What resources are available within the value chain to support the solutions? ● What external resources would be needed to support the solutions?

Annex 7: Narrative interview guide

Livestock producers

1. Tell me about your last sale

(Take notes on what the interviewee is saying and follow up on one or two points that they make. Then ensure that the following points have been addressed. Repeat this for each of the questions.)

Examples of follow-up questions (if these did not come up in the narration):

- When did you sell this animal?
- Who did you sell your animal to?
- Why did you prefer this buyer?
- Which market did you sell to?
- What price did you get? Please tell me about the animal.
- Which other markets have you sold in?

2. I am interested in understanding who you interact with, from the time that you decide to sell your animal to the point when you sell. Can you tell me more about these people?

(After taking notes about who they interact with, review the steps from the producer to the consumer and ask if there is anyone else involved at each step. Distinguish between people who they directly interact with and those who indirectly have some influence.)

3. I would like to know about the costs that you incurred in your last sale. Can you tell me more about this?

(Cross-check the costs with the people who they mentioned as being important at each step.)

- What were these costs?
- Who did you pay?

4. Can you tell me more about the problem that is most important to you and providing an example of a specific situation?

5. Tell me about the market in this area and how it compares with other markets you have been to.

6. In this assessment that we are undertaking, what will interest you most?

7. Do you have any additional observations or comments that we have not discussed?

Thank you for your time. Are there other traders (apart from the trader you deal with) in this area that you think we should talk to? Please can you give me their names and contact details?

Traders

1. Can you tell me how you became a goat/cattle trader?

- When and how did you start?

2. Tell me about your last sale experience.

- What steps did you take to achieve your last sale?

- Which market did you sell the animals to?
 - Why do you prefer doing business in this market?
- 3. Based on your last purchase and sale, can you tell me about the specific costs encountered in taking your animals to the market?**
- What were these costs?
 - Who do you pay costs to?
- 4. Tell me about the people you work with when selling your goats or cattle.**
- (After taking notes about who they work with, review the steps from the producer to the consumer and ask if there is anyone else involved at each step. Distinguish between people they directly interact with and those who indirectly have some influence.)*
- 5. Based on your experience, what important changes have occurred in goat/cattle trading?**
- 6. I am interested in understanding the challenges you encounter in selling your animals. Can you tell me more about the problem that is most important to you and give me an example of a specific situation?**
- What happened then?
- 7. In this assessment that we are undertaking, what will interest you most?**
- 8. Do you have any additional observations or comments that we have not discussed?**

Thank you for your time. Do you know any other traders in this area that you think we should talk to? Please can you give me their names and contact details.

Annex 8: Terms of reference for livestock marketing assessment consultants

Background

A design mission tasked with preparing a draft detailed design for the XXXX is scheduled for XXX 201X. In order to provide a solid basis for the design of the value chain interventions of the project, it has been decided to execute a rapid market assessment of the main livestock sector value chains in XXX.

Objective

The objective of the assignment is to prepare a rapid market assessment of the main livestock sector value chains in XXX, with a specific focus on XXX (e.g. dairy, red meat and wool value chains).

Assignment schedule

The assignment will be of a duration of 30 days between XXX and XXX 201X. It will include approximately XX days of field study and data collection in XXX, and X days of home-based analysis and report writing. Deliverables must be submitted to IFAD by XXX 201X at the latest.

Scope of work

With a focus on the XXX (e.g. dairy, red meat and wool value chains) the consultant will, through analysis of existing surveys and through field studies, as appropriate:






- Identify the potential market demand that is accessible to small producers (e.g. by focusing first on local markets and then considering urban or export markets)
- Identify who the market players are and their incentives for/interest in linking to small producers
- identify the different marketing channels and market flows, and how small producers would fit into these
- Estimate costs and price margins at each value chain point to determine economic viability and feasibility
- Identify major marketing constraints and how they could be addressed by project interventions (infrastructure; enabling environment; health and sanitary standards such as hazard analysis and critical control points; processing technology needs; capacity-building and technical assistance needs, etc.); and, if relevant and appropriate, provide recommendations on the specific design of project interventions
- Identify prospective national service providers for support of value chain development (non-governmental organizations, consulting firms, business advisory services, etc.) and assess their capacity
- Prepare a concise report on the findings of the analysis, including statistical annexes in support of conclusions and an exhaustive list of reference material consulted.

Deliverables

A report presenting the results of the rapid market assessment, including recommendations for further detailed studies, if any.



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