



Guidance note: Agribusiness Assessment Tool

What is agribusiness?

In the context of this brief, agribusiness refers to agriculture conducted on a commercial basis involving the buying and selling of agricultural goods and services and includes all stakeholders producing goods or delivering services in the value chain of an agricultural commodity or product.

Why do we need an agribusiness assessment tool?

Many organisations in the Pacific – national and local governments, NGOs, regional institutions, development agencies and research organisations – support agribusiness development in various ways. Interventions may include diverse areas of support from research to address production issues, improving market access to export markets, product marketing advice and support, strengthening the governance of commodity and farmer organisations, farmer and extension service training, and expanding credit to the agricultural sector. It may include support to specific individual agribusiness operations, farming groups or associations or other actors along the value chain.

The rationale for public intervention to support specific agribusinesses to grow and expand their markets is based on the premise that greater demand for agricultural products leads to greater income generating opportunities for all stakeholders involved in the value chain including primary producers.

A large proportion of Pacific Islanders remain engaged in agriculture on a subsistence or semi-subsistence basis. Supporting more of these farmers to enter commercial value chains can improve incomes and livelihoods for farmers and help boost domestic and international trade.

However, the expansion of specific agribusinesses or value chains creates different opportunities for farmers depending on the nature of the value chain in question. For example, the number of vanilla farmers is small in comparison to the number of kava



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farmers so efforts to address a supply-side constraint for kava producers and processors (e.g. meeting the quality requirements of the US market) can have potential spill-over benefits to a wider number of agribusinesses and producers as a result.

A systematic framework that can support a better understanding and evaluation of the expected and actual income and livelihood benefits of agribusiness research interventions across different value chains is necessary to ensure that:

- (a) interventions are prioritised based on evidence of their potential to improve income and livelihoods, and
- (b) interventions are evaluated to measure the actual income and livelihood benefits resulting from the interventions.

Who should use this tool?

The target audience for using this tool are initially:

- PARDI2 staff and researchers

Once tested the target audience could be expanded to include:

- Decision makers (planners, economic analysts) within other organisations (ACIAR, Ministries of Agriculture etc) that determine resource allocation across different areas
- Regional organisations and development partners working on agribusiness interventions

When should it be used and for what purpose?

The assessment tool can be used at various stages during an intervention.

- Before an intervention to assist decision makers in selecting focus areas for support.
- At the start of an intervention to gather baseline information and to highlight areas where more information may be needed. The tool may flag gaps in our knowledge for example on environmental issues or potential livelihood impacts.
- During an intervention to gather information to fill knowledge gaps.
- After an intervention to document improved information and knowledge relating to a particular value chain / commodity.



How does it help in making decisions about which value chains / commodities to focus on?
The application of the tool will capture the extent of our knowledge about a particular value chain / commodity categorised in the following areas:

High-level Criteria

1. Scale / Target Group

How significant is the value chain / commodity to the country / area? Is it a priority in national / local priorities, strategies and plans? How broad is the geographical area of relevance? How many people are involved? How relevant is it for men, women and youth? What is the income generation potential?

2. Market Development Potential

How strong is the recent sector performance? What domestic and export opportunities exist? Can the interventions be upscaled post-intervention?

3. Potential for Income and Livelihood Improvement

Across the five capital assets (sustainable livelihoods framework) what is the current status? Where are the opportunities for strengthening these capital assets?

4. Enabling Environment (Structures and Processes)

Do supporting structures (infrastructure, extension services, diverse value chain actors) and processes (government policies etc) exist?

5. Vulnerability and Risk

Are there significant vulnerabilities and risks to the value chain / commodity expansion? If so, can the interventions reduce these?

6. Identified Agri-business Research Priorities and Needs.

Based on the information gathered and expert views, what are the identified agribusiness research priorities and needs? How will they address some of the weaknesses identified?

The tool is a qualitative tool – assessments of each category are made on the basis of quantitative information where available, but ultimately the traffic light system used to rate each category is based on expert (but subjective) consideration.



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The tool is a decision support tool – it does not make the decision for you! It should be used to facilitate discussions with key stakeholders as part of the process of determining how to allocate resources.

The results of the tool's application should be considered as follows:

Section ratings

Mostly green

Value chain / commodity rates highly across all categories. Few concerns highlighted in proceeding with interventions to support.

Mostly green and amber

Value chain / commodity rates highly across most areas. Areas that are rated amber should be assessed to determine if the project / intervention design can be adjusted during implementation to address issues highlighted.

Mostly amber

A number of areas of concern that should be addressed during the intervention if support progresses.

Mostly amber and red

A number of serious areas of concern highlighted. Unlikely to warrant support.

Even distribution across green, red and amber

A number of serious areas of concern highlighted. Support should only progress if the red flag areas can be mitigated during project design and implementation.

It is very likely that the first time it is completed there will be many information gaps. This is not a problem, and indeed is one of the purposes of applying the tool. Where there are many information gaps, programme managers should consider whether further research is needed to fill these information gaps before a decision can be made to progress support.

The traffic light matrix will highlight any red flag areas. These are areas of concern that will reduce the likelihood of any interventions to support the expansion / growth / strengthening of a particular value chain / commodity being successful. If there are many red flag areas, it may be determined that the value chain / commodity is unsuitable for further support.

The tool will also help identify:



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1. Value-chains / commodities that have limited geographical scope / potential impact

If a value chain / commodity is only ever likely to benefit a small number of farmers, the use of resources for research and development is unlikely to be appropriate.

2. Value-chains / commodities that have significant potential positive and/or negative impacts on livelihood assets

Where a value chain / commodity has significant potential positive benefits to livelihoods this should be taken into account in determining where to focus scarce R&D resources. All other things being equal, value chains / opportunities with greater livelihood potential should be chosen over those with lower potential positive benefits.

Where a value chain / commodity has significant potential negative benefits to livelihoods the use of resources for research and development is unlikely to be appropriate.

3. Value-chains / commodities that have limited market potential

If a value-chain / commodity rates poorly on market potential it should not be prioritised for further work unless it can be demonstrated that existing barriers have significantly constrained potential growth and that these barriers will be addressed with further support.

4. Value-chains / commodities that have serious deficiencies in the enabling environment that would constrain further development

A poor enabling environment can act as a significant impediment to market development. Value-chains / commodities with poor enabling environments may still warrant attention if the ratings elsewhere outweigh any deficiencies in the overall enabling environment. Interventions to address the enabling environment should be built into the intervention design.

5. Value-chains / commodities that have serious vulnerabilities and risks that constrain further development

Where vulnerabilities and / or risks are identified, these must be addressed in any intervention to ensure risks are minimised. Research and development opportunities to minimise vulnerabilities and risk should also be considered.



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Some (but not all) of the criteria and indicators that support the prioritisation process can also be used to evaluate impacts.

Who should be involved in the application of the tool?

The tool should be completed by managers / planners / researchers that are familiar with the particular value chain / commodity. It should be conducted in a participatory way with opportunities for key stakeholders and experts to provide their inputs. A review of the tool's application could be done in a workshop setting as part of the programme design / feasibility assessment process.

A literature review should be conducted at the outset that can be used as references for the information used. All literature gathered during the research to apply the tool should be made available to interested stakeholders where possible.

Annex 1: Guidance on using the tool

Step 1 - Choose value chain / commodity of interest

Determine which value chain / commodity to focus on.

As the tool is relatively detailed, it helps to complete it with a specific country or area in mind. For example, ginger in Fiji.

Step 2 – Information gathering

Gather as much information as possible on the value chain / commodity from existing sources (journal articles, reports, commodity briefs, agricultural statistics, market statistics). Where documented information is poor, expert interviews may be needed to produce a first draft.

Determine whether there is sufficient information available or whether site visits are necessary. This will largely depend on the size of the intervention. The greater the resources being spent the more time and resources should be spent on gathering information at this stage.

Step 3 – Complete the assessment tool

Use the information gathered to complete the tool highlighting any areas that information was not available.



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Summarise your findings in a short brief for decision makers.

Step 4 – Share your findings and seek feedback

The brief and completed tool should be shared with relevant stakeholders for their feedback. Sector experts should be consulted where this has not already happened. Wherever possible and particularly for large interventions, farmers should be consulted as part of the process and information gathered used to validate findings. It is important to gather views from as diverse a range of stakeholders as possible including women and youth – with particular attention paid to reducing any potential biases that may emerge from consulting with too narrow a group (e.g. the private sector, researchers).

Feedback sessions held in focus groups and / or participatory planning workshops should be considered at this step.

Step 5 – Design or adjust interventions

Determine whether interventions can progress as planned or whether further work is needed to fill information gaps.

Ensure that any project / intervention design is revisited to account for findings and adjustments made to address any areas of concern.

Step 6 – Select indicators for monitoring and evaluation

The tool categorises information across a number of areas that may be relevant for monitoring the impacts of interventions. When designing the M&E framework the indicators and criteria used for assessment should also be considered for inclusion in any M&E plan. Completing the tool at various stages across the intervention activities – design, implementation, evaluation – particularly where interventions aim to address any current constraints can also help generate information on impacts for evaluation purposes.

Once a value chain / commodity has been selected for research work, in order to get a broader understanding of possible livelihood changes that are experienced as a result, a more detailed livelihoods framework is recommended for conducting initial baseline surveys and ongoing monitoring and evaluation.

Conducting livelihood analysis at the outset of an intervention can provide valuable information about how to create better stronger value chains and networks between



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markets and rural households. Such analysis can also help to develop adaptive strategies to help address risks to sustainable livelihoods.