SITUATION ANALYSIS:

Proposed content and structure

The main objective of the *situation analysis* is to *assess the conditions* within which the target value chains in the selected countries operate. This will set broader national contexts for rapid and in-depth value chain assessments and analysis at site or small geographical scales through the subsequent research activities. Following the notion of “situation analysis”, the assessment exercise will involve overview of past trends, current status, and likely future directions. The scope of the assessment is determined by the “conditions” we set out to assess. The structure or content of the situation analysis will follow stage-by-stage assessments of different segments of the value chain under study. Any data and analysis should include a gender dimension where possible.

* **The Product.** Define the commodity and the forms that it takes in the country.
* **Consumption and expenditures**: Describe using available FAO/national/other datasets and evidence from specific studies, current (baseline) status and trends of
  + Per capita consumption and expenditure of the L& F product
  + Patterns across income class, rural/urban, or other relevant grouping (gender and age, esp. young children)
  + Share of L&F in urban & rural consumer budgets
  + Role in diets (% energy, protein, micronutrients; % animal source foods)
  + Role in expenditures (% of animal source food expenditures, food/total expenditures); any evidence of sensitivity to food price crisis or other types of pressures on demand
  + Any changes in preferences for different forms of the commodity; any new forms that have emerged
  + Factors considered to influence trends in consumption (quantify trend)
    - Population growth
    - Urbanisation
    - Income growth
  + Policies in place that influence consumer demand for L&F products (e.g., nutritional security objectives)
  + Any current policy issues under debate regarding L & F consumption
  + Conclusions regarding likely market growth scenarios
* **Production**. This section will focus on the production node and assess VC performances in terms of trends in volumes, etc. At this stage, it is important to examine production node level horizontal equity issues – by examining size distributions of producers.
  + Systems of production: profile with key features, including organizational strategies, employment, income generated, gender issues
    - Industrial
    - Large farm
    - Smallholder
  + Trends: numbers of production units, products, volumes produced, destination of supplies, employment by gender
  + Factors that have been influencing trends in production
  + Policies in place that influence production, by production system
  + Any current policy issues under debate regarding development of L&F production and the structure of the sector
* **Imports and exports**. This logically follows from assessments of the production node, and examines the extent to which the country is experiencing excess demand (hence imports) or excess supply (exports) of the product.
  + Trends
  + Factors influencing trends
  + Niche markets
  + Informal vs. formal trade
  + Policy (expressed/ambitions + actual)
  + Major policy issues under debate
* **Input & services: L&F health**. This section will focus on key animal health constraints and access to veterinary service
  + Structure of animal health sector: public and private sector, major actors and roles
  + Major disease constraints: reported and expert opinion, prevalence, morbidity, mortality rates, qualitative characterization of impacts, control strategies used, any gender dimensions, by production system
  + Trends: morbidity, mortality, sales/imports of veterinary pharmaceuticals, esp. those specific to cattle, small ruminants & fish; acaricides, insecticides; numbers of veterinary professionals
  + Factors that have been influencing trends in use
  + Policies in place that influence access and use, by production system
  + Any current policy issues under debate regarding veterinary service delivery
* **Input & services: L&F genetics**. This section will focus on the breed composition of the national herd and access to improved genetics
  + Structure of animal genetics sector: public and private sector, major actors and roles, including any gender dimensions
  + Composition of national herd: exotic/crossbred/indigenous, secondary data and expert opinion, breeding practices, by production system
  + Trends: herd composition, use of artificial insemination
  + Factors that have been influencing trends in herd composition and AI use
  + Policies in place that influence breed choice, AI access and use, by production system
  + Any current policy issues under debate regarding L&F genetics
* **Input & services: Feeds**. This section will focus on feeding practices and the feed sector
  + Structure of L&F feed sector: public and private sector, major actors and roles (including gender dimensions), formal large-scale versus informal small-scale; fodder and forage marketing; seed systems
  + Feeding practices, feed sources and key feed constraints, by production system; seed production and sales, gender-disaggregated where possible
  + Trends: production of crops used for feed, rangeland, production and sale of commercial feeds; seed production and sales
  + Factors that have been influencing trends
  + Policies in place that influence production and use, by production system
  + Any current policy issues under debate regarding L& F feed
  + Current costs of various feeds & L&F inputs & respective changes compared to 5 years ago.
* **Input & services: Knowledge systems**. This section will focus on how L&F farmers access information for L&F technologies and markets, and innovation capacity
  + Structure of knowledge sector: R&D and public extension capacity and services and other sources, strategies used, major actors and roles, gender dimensions
  + Trends: investment in L&F research, numbers of L&F researchers, numbers of extension agents and their coverage, gender-disaggregated where possible
  + Financial flows: lending & insurance
  + Factors that have been influencing trends in knowledge provision
  + Policies in place that influence access, by production system
  + Any current policy issues under debate regarding knowledge provision, innovation
* **Input & services: Credit**. This section will focus on VC actors’ access to and use of credit
  + Structure of financial sector providing credit to farmers: public and private sector, micro-credit programs, major actors and roles, gender dimensions
  + Share of L& farmers using credit; volume of loans
  + Trends: penetration of credit services, volume of loans, recovery rates
  + Factors that have been influencing trends in use
  + Policies in place that influence access and use, by production system
  + Any current policy issues under debate regarding credit service provision
* **Value addition and marketing**. The primary task here is to identify post-farm nodes in the chain such as collection, processing and retail (consumption), as well as associated by-products. Identifying these nodes will play a vital role in understanding opportunities and constraints in value chain. This section also deals with value addition by actors in each node. Similarly, it highlights equity issues by examining horizontal (within each node) and vertical (between nodes) distributions of value additions.
  + Processing and marketing: sector structure highlighting formal versus informal sector, profile of the nodes along the main supply chains, with key features/actors including organizational strategies
  + Size & market share of primary and secondary L&F processing
  + Identify level and value primary & secondary L&F processing; number value addition activities
  + Current volumes handled, representative prices and margins, market shares, gender disaggregated employment
  + Current cost structure of L&F industry (formal and informal)
  + Importance of various retail channels: share of traditional (open air markets, street vendors & shops) and formal (supermarkets)
  + Procurement & payment methods of L& F retail channels
  + Trends: numbers of units, products, volumes produced, prices and margins, source/destination of supplies, employment
  + Factors that have been influencing trends in activity levels, investment in each node
  + Policies in place that influence the composition of the sector
  + Any current policy issues under debate regarding development of L&F processing and marketing and the structure of the sector
* **Food safety**. This section will focus on key public health strategies relevant to the L&F sector
  + Structure of public health sector relevant to L&F products: major actors and roles
  + Major L&F product safety problems: reported and expert opinion, prevalence, morbidity, mortality rates, qualitative & quantitative characterization of impacts, control strategies used, by production/marketing system
  + Trends: morbidity, mortality, indicators of control efforts
  + Factors that have been influencing control practices
  + Policies in place that influence access and use of control practices, by production/marketing system
  + Any current policy issues under debate regarding L&F public health
* **Competitiveness (aka performance)**. This involves stepping back to take preliminary snapshot of the competitiveness of the overall sector and the main value chains within the sector.
  + Comparative and competitive advantage vis-à-vis the world market: the relationships between domestic prices, import prices, and structures of import (and export) taxes. Existing estimates of border prices, domestic resource costs. Back-of-the-envelope estimates.
  + Current structure of costs, prices and margins across the main value chains
  + Productivity in a representative year
  + Volume, value & trade trends
  + Conclusions regarding likely growth scenarios
* **VC governance**. Initial description of main VC characteristics related to governance:
  + Synthesis of structure in main value chains in terms of degree of coordination, types of transactions between nodes.
  + Simple structure-conduct-performance (S-C-P) type of indicators of concentration, competition within the sector and main value chains
  + Overview of existing policies that influence governance and openness to upgrading
* **Externalities**. Current perspectives and knowledge about issues that may be associated with growth of the L&F sector, and smallholder L&F production in particular
  + Environmental impacts
    - Waste management
    - Feed competition and impacts on eco-system health
    - Impacts on climate change: GHG emissions
  + Public health concerns: nutritional impacts, food safety
* **L&F development strategies and activities**.
  + Alignment of L&F sector development with national economic development and poverty reduction strategies; perceived role of smallholder L&F production in contributing to both objectives
  + Synthesis from review of L& F development activities: past and current strategies applied in the LF VC country, major projects, analysis of successes and failures
* **R&D partnership landscape**
  + Key national L&F research actors and regional/international L&F research actors who have been active in the country: roles, capacities, strengths
* **Current perspective on opportunities for pro-poor L&F value chain development R&D**
* **Annotated database**

GIS datasets, national surveys, project datasets, etc.

**Situational analysis: L&F VC Sector Context and current situation (see above text for the detailed required information)**

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| Area of Investigation | Components | Mode of Inquiry | Reasons for Investigation |
| **The L&F Product:** Role & Significance in National Economy and rural sector | - Estimated employment in primary production & processing  - Share in exports/agric. exports  - Share in staple food consumption | National & industry statistics | - To understand the relative importance of the L&F production in rural & national economy |
| *Demand & Market context*  - Consumption and expenditures | - Annual seasonal consumption, growth & market shares  -Price levels & trends (farm-gate, wholesale, & retail)  - Consumer preference trends (rural, urban, socio-economic)  - Per capita consumption and expenditure of the product  - Patterns across income class, rural/urban, or other relevant grouping (gender and age, esp. young children)  - Share of in urban & rural consumer budgets  - Role in diets (% energy, protein, micronutrients; % animal source foods) | -International trade data bases  - Key informants  National commodity production | -Identify strengths and seasonality patterns and how they affect production and market flows |
| *Production* | - Systems of production: profile with key features, including organizational strategies, employment, income generated, gender issues. Industrial, smallholder and large.  - Trends: numbers of production units, products, volumes produced, destination of supplies, employment by gender  - Factors that have been influencing trends in production  - Policies in place that influence production, by production system | -Literature review  -National commodity production  Key informants | To identify the production issues, constraints & opportunities |
| *Imports and exports* | - Trends & factors influencing trends  - Niche markets, informal vs. formal trade  - Policy (expressed/ambitions & actual)  - Trade policy & major policy issues under debate | -Literature review  -National commodity production  Key informants | Understand the extent to which the country is experiencing excess demand (hence imports) or excess supply (exports) of the product |
| *Input & services*  Health, feeds, genetics, credit, information | -Key animal health constraints and access to vet. Service  - VC actors access to and use of credit  -Feeding practices and the feed sector  - VC actors access of information for L&F technologies and markets, and innovation capacity | -Literature review  -National commodity studies & data  Key informants | Identify key constraints and opportunities in the input markets and the relationship with VC performance and productivity |
| *Food safety* | - Key public health strategies relevant to the L&F sector  - Major L&F product safety problems: reported and expert opinion, prevalence, morbidity, mortality rates, qualitative characterization of impacts  - Trends: morbidity, mortality, indicators of control efforts | -Literature review  -National commodity studies & data  - Key informants | To identify key public health strategies relevant to the L&F sector as they influence future demand and growth potential of the L&F sector. |
| *Value addition and marketing* | - Identify post-farm nodes in the chain such as collection, processing and retail (consumption), as well as associated by-products  -Processing and marketing: sector structure highlighting formal versus informal sector, profile of the nodes along the main supply chains, with key features/actors including organizational strategies  - Size & market share of primary and secondary L&F processing  - Identify level and value primary & secondary L&F processing; number value addition activities  - Current volumes handled, representative prices and margins, market shares, gender disaggregated employment | -Literature review  -National market studies & data  Key informants | To understand where and how much, by whom value is added in chain; understand distribution of value and identify opportunities |
| *VC governance* | - Synthesis of structure in main value chains in terms of degree of coordination, types of transactions between nodes.  - Simple structure-conduct-performance (S-C-P) type of indicators of concentration, competition within the sector and main value chains  - Overview of existing policies that influence governance and openness to upgrading | -Commodity studies  - Key informants | To assess how structure & coordination issues influences conduct of L & F chain actors |
| *Externalities* | Waste management  Feed competition and impacts on eco-system health  Impacts on climate change: GHG emissions  Public health concerns: nutritional impacts, food safety | Key informants  Previous studies | Understand issues that may be associated with growth of the L&F sector |
| *Government/Policies/Institutions* | Competition: exit/entry conditions in the market  General policy & regulatory environment:  Physical infrastructure | -Literature review  -National policy review  - Key informants | Indicates how the regulatory environment affects actor behaviours and incentives in the food system |
| *Competitiveness and recent performance* | - Earnings, productivity of farmers & processors  - Productivity in a representative year  Underlying cost structure of costs, prices & margins  - Volume, value, & trade trends | -Literature review  -Industry studies  Key informants | To provide an indication of commodity performance; identify ‘normal’ year vs. deviations |
| *L&F development strategies and activities* | Alignment of L&F sector development with national economic development and poverty reduction strategies. | Policy review  Key informants |  |
| *R&D partnership landscape* | Key national L&F research actors and regional/international L&F research actors who are active in the country | Key informants | Identify potential partnerships and build synergies |