



ValueLinks NEWSLETTER November 2018

Content

	<u>Page</u>
1. ValueLinks Training Seminars	1
2. Innovations around ValueLinks	3
3. Events, Studies, Experience and Information	5
4. The ValueLinks Association/Contact	9

Dear Reader,

The 18th edition of our *ValueLinks* newsletter gives you an overview on the news around *ValueLinks* in the second half of 2018.

The second half of 2018 saw again many projects taking up or intensifying VC promotion activities. An impressive number of *ValueLinks* seminars took place and many projects asked for technical assistance on project planning, the preparation of VC studies or monitoring and evaluation. The GIZ webinar series on *ValueLinks* and agricultural value chains continued and is contributing to the discussing new topics and developments in the field. Other donors outside of GIZ also intensify their VC promotion activities. 2018 was again a good year for *ValueLinks* and the VC promotion approach!

Upcoming is our general Annual Assembly of the International *ValueLinks* Association. **Please note that the Annual Assembly of the International ValueLinks Association will take place at GIZ in Bonn, Germany, on December 17, 2018.** All association members are kindly invited to participate (please see separate e-mail). The morning of the Annual General Assembly will be dedicated to general association matters, whereas the afternoon session will focus on the exchange of experiences among *ValueLinks* members on innovative value chain promotion activities and results in 2018. For the evening, a joint dinner is planned. We look forward to welcoming a large number of association members in Bonn. **Please let us know by e-mail whether you can confirm your participation.**

For our international members and those who cannot be in Germany, we offer the opportunity to participate in the annual assembly online via Skype for Business. We will provide you with a link to join the assembly virtually. Members will get further instructions by e-mail. **Also here, we would like to know who plans to join the Annual Assembly online.**

We look forward to welcoming many of you in Bonn!

Andreas Springer-Heinze, Sonia Lehmann, Alfons Eiligmann, Ute Jacob

You can reach the editors at info@valuelinks.org. For information on the association and earlier editions of the newsletter, please visit:

www.valuelinks.org



ValueLinks NEWSLETTER November 2018

1. VALUELINKS TRAINING SEMINARS

ValueLinks Seminars June - December 2018

Date/Place	Seminar/Participants	Trainers	Contact
Triesdorf, Germany May to August 2018	Students from Africa financed by the Green Innovation Centre Program of GIZ, course organized by the University of Applied Science	Georg Bokeloh, Andreas Springer-Heinze	Andreas.Springer-Heinze@giz.de , gbokelo@gwdg.de
Laos, Vietnam, Cambodia, between June and October	Three biodiversity VC trainings for project partners (GFA, GIZ, ASEAN Center for Biodiversity)	Rita Pilarca	ritapilarca@gmail.com
Feldafing, Germany June 4-8	ValueLinks 2.0 training, annual training seminar of AIZ (GIZ Academy for International Cooperation)	Andreas Springer-Heinze	Andreas.Springer-Heinze@giz.de
Bangalore, India June, 21-23	Training of Trainers on ValueLinks 2.0 for the Green Innovation Centre, GIZ India	Andreas Springer-Heinze	Andreas.Springer-Heinze@giz.de
Nepal, July, 1-6	ValueLinks Training with a special focus on riverbed farming	Andreas Springer-Heinze, Nanda Ritsma	Andreas.Springer-Heinze@giz.de
India, July 9-13	ValueLinks training of the GIZ project "Climate Change Adaptation North-Eastern Region" in Nagaland	Rajeev Sharma, Alfons Eiligmann	rajeevolrds@gmail.com , eiligmann@idc-aachen.de
Indonesia, July 16-20	ValueLinks training of the GIZ project "Support to Indonesia's Climate Change Response – Technical Assistance Component" in Banda Aceh	Sri Sulandjari, Alfons Eiligmann	sri_sulandjari@yahoo.com , eiligmann@idc-aachen.de
Cameroun, August, 6-10	ValueLinks training of the GIZ programme "Programme d'appui à la mise en oeuvre de la stratégie de développement du secteur rural volets forêt environnement" in Douala	Christopher Fotso Fouadjo, Alfons Eiligmann	ffouadjo@acm-consultingltd.com , eiligmann@idc-aachen.de
Cameroun, August 13-17	ValueLinks training of the GIZ programme "Programme d'Appui au Développement Rural" in Garoua	Constantino Nguivoum, Alfons Eiligmann	constantino.nguivoum@giz.de , eiligmann@idc-aachen.de
Tchad, August 20-24	ValueLinks training of the GIZ project "Projet de Renforcement de la Résilience et de la Cohabitation Pacifique au Tchad"	Alfons Eiligmann	eiligmann@idc-aachen.de
Algeria, Sept. 3-7	ValueLinks training of the GIZ programme "Programme Gouvernementale et Biodiversité" in Algier	Alfons Eiligmann	eiligmann@idc-aachen.de
Tunisia, Sept. 10-14	ValueLinks training of the GIZ project "Promotion de l'Emploi dans les Régions Rurales" in Tunis	Neila Dridi, Moufida Houimli, Alfons Eiligmann	dridi.neila@gmail.com , moufida.houimli@tpadoffice.com
Philippines, Sept. 18-19	Workshop on Halal products VC with the Department of Trade and Industry	Rita Pilarca	ritapilarca@gmail.com
Madagascar Oct. 2-6	ValueLinks training of the GIZ project "Adaptation des chaines de valeur agricoles au changement climatique" in Fort Dauphin	Ralf Arning, Ludovic Solofohariniaina	ralf.arning@giz.de , ludovic.solofohariniaina@giz.de
Ghana, Oct. 5-10	ValueLinks seminar in Accra with participants from GIZ projects in Ghana	Eddie Addo-Dankwa, A. Eiligmann	nyaneba@gmail.com , eiligmann@idc-aachen.de
Tunisia Oct. 15-19	ValueLinks training of the GIZ project "Promotion de l'Emploi dans les Régions Rurales" in Mahdia	Neila Dridi, Moufida Houimli	dridi.neila@gmail.com , moufida.houimli@tpadoffice.com ,
Côte d'Ivoire, Nov. 5-9	ValueLinks training organized by IDC/PROMAK Africa	Magès Nanguï, Alfons Eiligmann	mages.nangui@gmail.com ,



ValueLinks NEWSLETTER November 2018

India, Nov. 20-22	ValueLinks training of the GIZ project "Climate Change Adaptation North-Eastern Region" in Nagaland	Rajeev Sharma, Alfons Eiligmann	eiligmann@idc-aachen.de rajeevolrds@gmail.com , eiligmann@idc-aachen.de
Ethiopia Dec. 3-7	ValueLinks training organized by the SDR program in the Somali Region and the Animal Production Program in Saaxil, Somalia	Andreas Springer- Heinze, Afework Germamo	Andreas.Springer-Heinze@giz.de , bcad@ethionet.et
Ethiopia Dec. 17-21	ValueLinks training in Amhara region organized by GIZ-SURED.	Afework Germamo, Efrem Tesfaye	bcad@ethionet.et

Upcoming ValueLinks seminars in 2019

Date/Place	Seminar/Participants	Trainers	Contact
January, 14 – 18, 2019 Siem Reap, Cambodia	5-day ValueLinks 2.0 Introductory Training Seminar in Khmer language in Cambodia. The seminar is organised jointly by IDC and ADG Gembloux and will have a focus on nutrition-sensitive VC promotion. The seminar is fully booked.	Sothet Chhay, Alfons Eiligmann	training@idc-aachen.de
May, 20-24, 2019, Bonn, Germany	The next 5-day ValueLinks 2.0 Introductory Training Seminar in English language in Germany is organized by GIZ-AIZ. The seminar is still open for registration. Participation fees are applied. In case of interest, please please contact GIZ-AIZ or us.	N.N.	kundenportal-aiz@giz.de or info@valuelinks.org
Sept. 2-6, 2019, Bonn, Germany	A further 5-day ValueLinks 2.0 Introductory Training Seminar in English language in Germany will be offered by GIZ-AIZ in September. The seminar is still open for registration. Participation fees are applied. In case of interest, please please contact GIZ-AIZ or us.	N.N.	kundenportal-aiz@giz.de or info@valuelinks.org

2. INNOVATIONS AROUND VALUELINKS

Webinar series on ValueLinks and agricultural value chains continues

The GIZ sector project "Agricultural Trade and Value Chains", the GIZ SNRD working group "Agribusiness and Inclusive Value Chain Development", and the value chain experts of GIZ's Technical Department ("Fach- und Methodenbereich") have been running a series of online webinars about ValueLinks 2.0 and VCD in general since 2017. The idea is to foster the exchange among projects and interested people. So far, there have been seven webinars on different subjects. The last webinar "Service delivery models in agricultural value chains" was given on Nov. 13. The next webinar on "quality and standards" (webinar number 8) is planned for December 18, 10:00-11:30 (CET).

The webinar series is an excellent opportunity for the members of the International ValueLinks Association to come together, pose questions and share their experience. All members are encouraged to participate! To get an invitation please turn to the organizers, Caroline Voigt (Caroline.Voigt@giz.de) of the GIZ sector program, Alfons Eiligmann or Andreas Springer-Heinze.



ValueLinks NEWSLETTER November 2018

The webinar series should definitely continue next year. Please suggest topics that we should pick up during 2019. Of particular interest is any case material. If you have something to present, please tell us using the contact: info@valuelinks.org.

A big topic to develop: How to support business model improvement

A key solution for VC development is the development of improved (competitive and profitable) business models, especially for smallholders and micro-enterprises. In fact, business models are the building blocks of value chains. Unless operators see and realize their own economic benefit, they are not likely to participate in VCD efforts. Business models are also needed to calculate income effects and determine how the benefits are shared along the VC.

The question is, how VCD projects can best support the development of better business models given that that is the entrepreneurs who bear the risk and have to make the investment decision. Clearly, VCD projects should refrain from taking over entrepreneurial functions and remain outside the VC system. The role of the VCD facilitators thus implies a number of conceptual and methodological challenges that we need to discuss (again):

One is the coverage of business model variation. Highly standardized, VC-specific training programs, especially the “Farmer Business School” (FBS) have made it possible to build up the understanding of large numbers of smallholders for the economics of primary production in “their” value chain, at low cost per person. This is a precondition for integrating them into commercial VCs and an important achievement. Similar formats exist for other types of micro-enterprises. However, we have to consider that VCD strategies are open-ended. To be successful, VC operators have to look for new business ideas and opportunities constantly. All entrepreneurs need to actively seek the adaptation and diversification of their business plans in order to stay resilient. At the same time, commercial ventures of small farmers have to suit their livelihood strategies. The question is, how to achieve a good mix of standardized vs tailor-made approaches.

Another challenge is the fact that entrepreneurial skills is only one factor in economic development. Enterprises can only realize an improved business model if they actually have access to the requisite services, to financing and to market contacts. Actual business model improvement thus depends on the VC context. We need an entire tool box. Which tools are missing?

Any opinion and experience on this subjects are welcome! Many GIZ programs deal with these challenges and will definitely continue working on them in 2019. Contact: Andreas.Springer-Heinze@giz.de

An even bigger topic to develop: The importance of structural change for scaling up VC solutions

VC development projects are supposed to produce quantifiable results, such as rising incomes of poor, self-employed operators and small farmers, private investment figures or the number of new jobs created. Donors expect large indicator values showing impact at scale. At the same time, VCD project interventions often focus on the micro level supporting specific technological solutions, business models and business linkages of small suppliers and companies. The quest for wider impact means that micro-level solutions need scaling up. We have to take solutions realized at the micro level of the enterprises to the higher level of the entire value chain. This implies more than the



ValueLinks NEWSLETTER November 2018

simple replication of successful models. In fact, the elements in the VC system refer to each other: Market demand, technology and natural resource use, business models, linkages, operational and financial services and infrastructure all correspond. Changes at one point require the adaptation of others and finally lead to the reorganization and transformation of entire channels / segments of the value chain. Successful VCD necessarily is a cumulative, self-enforcing process of structural change. Unfortunately, it is not easy to measure structural change – and it is only done in rare cases. Normally, donors want to show final results to the public and not spend time on the question whether and how transformation actually happens. Nevertheless, every serious VCD initiative has to understand the process of structural change: There are, firstly, strategic decisions to be taken, and secondly, VCD programs have to follow up (as well as report) on the evolution of the entire VC, because it is the foundation for assuring the sustainability of any micro-level solutions.

We need to engage a debate on this matter. Any opinion and experience are welcome! GIZ plans to organize a discussion event on the subject in 2019. Contact: Andreas.Springer-Heinze@giz.de and Johanna.Zimmermann@giz.de

3. EVENTS, STUDIES, EXPERIENCE AND INFORMATION

Rural and Agricultural Finance Program of the Boulder Institute of Microfinance offered ideas on ways to use Value Chain Finance

The GIZ sector project Agricultural Trade, Agribusiness, Agricultural Finance participated in the fourth edition of the Boulder Rural and Agricultural Finance Program (RAFP) that was held July 16-27, 2018 in Utrecht, Netherlands at Rabobank Foundation. The RAFP created with FAO and CABFIN, a collaborative workgroup including IFAD, FAO, GIZ/BMZ, UNCDF, WFP, CGAP and the World Bank, is a highly specialized educational program offered for experienced rural and agricultural finance practitioners and institutions from around the world, representing MFIs, Rural Banks, Central Banks, Ministries of Finance and Agriculture, Donor Agencies, Investors, Development Agencies, and more. The most pressing issues and strategies of the agricultural finance sector, also exploiting opportunities for value chain finance, were discussed and challenged amongst service providers and those institutions serving rural SMEs and smallholder farmers. The greater aim is to enable inclusive and efficient food and agricultural systems and to promote financial inclusion with improved services. For questions please contact oliver.rogall@giz.de and for any additional information about the upcoming Boulder RAFP 2019 please visit the website, [here](#).

3ADI+ Project of UNIDO and FAO in Bangladesh, Suriname and Tanzania

3ADI+ stands for “Accelerator for Agriculture and Agroindustry Development and Innovation”. The plus sign refers to the second phase of the initiative that expanded the activities from Africa to the global scale and started in 2018. It is a value chain and market systems development programme spearheaded by the Food and Agriculture Organization of the United Nations (FAO) and the United Nations Industrial Development Organization (UNIDO). 3ADI+ seeks to bring together competencies on investment promotion to develop sustainable value chains in developing countries. The



ValueLinks NEWSLETTER November 2018

programme works in three countries, in different value chains: Bangladesh (dairy), Suriname (pineapple products) and Tanzania (palm oil).

Most interesting for the ValueLinks community is the fact that the project pursues a VCD approach that explicitly connects farm level and industrial investment. It will unlock large-scale funding from international financial institutions such as IFAD, AfDB, the World Bank and others. The programme works with governments and the private sector likewise to reduce investment risk and to ensure that investments made across value chain segments are compliant with the SDGs and the key principles for responsible investment. Contact: F.HARTWICH@unido.org, David.Neven@fao.org, Andreas.Springer-Heinze@giz.de

Training of Trainers & Coaches (ToTC) on Inclusive Contract Farming

Contract Farming can contribute to an increase in incomes and better living conditions in rural communities or amongst rural households, if business models are inclusive, well managed and viable. The GIZ methodology for promoting inclusive contract farming supports a structured step-by-step approach for either restructuring existing contract farming business models or developing new ones. The demand for expertise in Contract Farming is on the rise, not only within GIZ, but also within other donor organisations and companies, in GIZ partner countries, be it developing countries or emerging economies. However, the support for inclusive Contract Farming can be a real challenge and requires well-qualified and highly skilled and experienced coaches, consultants and trainers. Currently there are not enough experts available and an overload of their capacities is foreseeable.

For this reason, the GIZ Sector Project Agricultural Trade, Agribusiness, Agricultural Finance in cooperation with the Sector Project Agricultural Policy and Food Security promote the establishment of a pool of international, and in a further step the expansion and further qualification of the existing regional Francophone and Anglophone pools of experts. The goal is to offer suitable experts from the pool of experts on demand to satisfy the very different and situation specific needs: be it training, coaching or consultation either in partner countries, or backstopping of national and regional experts from a distance. The ToTC cycles consist of two consecutive trainings and a practical exercise between the two trainings. The application process for a ToTC cycle planned for beginning 2019 for international experts just closed successfully with a selection of well-qualified and experienced participants in the relevant field. The application process for the regional ToTC in 2019, focusing on Anglophone and Francophone countries, will be announced in due course.

Stay tuned – we keep you updated!

The Sector Project Agricultural Trade, Agribusiness, Agricultural Finance &
The Sector Project Agricultural Policy and Food Security

Contact: Katharina Schlemper (katharina.schlemper@giz.de), Carolin Voigt (carolin.voigt@giz.de) and Margret Will (margret.will@gmx.net) .

A VCA-Assignment in Tajikistan

Since 2016, GIZ implements the project TRIGGER (Towards Rural Inclusive Growth and Economic Resilience) in Tajikistan in collaboration with six partners including the MSDSP (Mountain Societies Development Support Programme) – a local NGO founded by Aga Khan Foundation in 1993. MSDSP



ValueLinks NEWSLETTER November 2018

asked support from an international consultant to further its work in value chain development. The ValueLinks member Joost G.H. Vermeulen was given five tasks to implement during his mission in August 2018, amongst others to support the staff with mapping and analysing seven value chains and strengthening the capacity of project staff to carry out these activities in the future. The analysed value chains were: seed and consumption potatoes, rice, tomato, apple, apricot and milk in the Rasht Valley and Sughd Region.

Furthermore, the consultant provided recommendations regarding the programme set-up for TRIGGER II, which is foreseen from January 2019 until December 2021. The consultant recommended improvements on the set-up and the structure of the programme, and to improve the access to financial services for smallholder farmers, which is very important to improve the infrastructural environment: irrigation, roads, storages, mechanization etc. The consultant also recommended some capacity building interventions for the MSDSP-TRIGGER staff and developed an action plan per value chain for the short-term, mid-term and the long-term.

An interesting discovery for the consultant within the seed potato value chain was that - although Germany has invested already 10 years in this - there is still no seed potato certification service in Tajikistan, nor any disease control or price differences between seed and consumption potatoes. Therefore, the consultant has developed - based on his many years as potato breeder in The Netherlands - an outline for an official national Seed Potato Multiplication System (SPMS) within the seed potato value chain. Including the necessary steps which MSDSP/AKF should take to set up and guide such a system over a period of 9 years (2019-2027). Separate funding will be needed for this (+ €10 million). For further information: Joost G.H. Vermeulen, joost@jv-consultancies.com.

CBI study on the Home Decoration and Home Textiles value chains in Indonesia

The ValueLinks member Pierre Johnson conducted a VC analysis of the Home Decoration and Home Textiles (HDHT) sector in Indonesia in June 2018 on behalf of CBI, the Department of the Dutch Ministry of Economy for the development of SMEs in developing countries, following a CBI inquiry for VC analysis consultants distributed via the ValueLinks Association. With this study, CBI aimed to build a business case to assist Indonesia in elevating the Home Decoration (HD) and Home Textile (HT) sector and contribute towards the further regional integration of Kalimantan, North Sumatra, and West/East Tenggara in the home decoration and home textile industry in Indonesia.

While the markets represented by the **Home Decoration** value chain (targeting in this study small furniture, baskets and boxes) are mature, they have been rapidly evolving in the past decades through changes in lifestyles and fashion in the importing countries. They have become highly competitive, two factors which make more efficient management skills and market approach necessary for the persistence and growth of SMEs. Since the 1960s, Indonesia has developed this VC as a



flexible, complex and dense network of manufacturing companies, sub-contractors and home workers with manufacturing hubs in Java (Cirebon, Surabaya and Yogyakarta). With the recent and faster changes in market structure and dynamics, this network has proven less responsive than



ValueLinks NEWSLETTER November 2018

earlier to changes. Competitors such as China and Vietnam are taking important market shares, especially in the lower and mid-low end of the market. With its higher labour costs and skilled labour, Indonesia can only compete in the sector by targeting the higher ends of the market, through a combination of market intelligence, design efforts and sustainable partnership building within the national HD ecosystem of suppliers, sub-contractors, manufacturers and designers.

Home textiles represent a more complex and diversified sector, from carpets to kitchen linen, bed wear to bathrobes. Difficult to apprehend as a whole, it is clearly growing also. With its rich and renowned traditions of hand-woven textiles, traditionally worn as sarongs or displayed in ceremonial occasions, Indonesia can clearly claim market shares for some of the subsectors in HT, matching to the technical features and decorative value of its weaving sector. Until recently, adaptations to the HT market have been limited and cautious.



Traditional handicraft imposes its physical more than ethical limitations: hand-woven textiles sizes are limited by the size of looms, production is limited by the time necessary for weaving and by gathering, preparing and applying natural dyes. Those limitations make small pieces, such as cushion covers, spreads, runners and throws, more feasible than larger (bed covers or curtains for instance). However, sewing know-how is missing to elaborate final contemporary HT products, such as cushion covers, in the Nusa Tenggara Timor (NTT) islands. The value of hand-weaving and meaningful patterns pinpoints the fact that HT from the NTT islands should be viewed as high-end or luxury products.

In both value chains, building market intelligence and establishing efficient quality management systems are recommended strategies. Stakeholder dialogue is important for HD as well. In a more classical supply chain and sector ecosystem approach, it will help define fair contracts relations and fair income for workers. This will be the first step for effective social responsibility within the sector. Companies have interest in proposing more attractive labour contracts, securing their workforce and encouraging skill and commitment. In the HT sector, reinforcing producer organisations is essential to consolidating this emergent value chain. To complete the latter and offer finished HT products to the market, it will be necessary to create more business alliances between those organisations and willing social entrepreneurs and/or designers.

One of the questions for this research was if a connection between natural fibres and sustainable textiles could be made, considering both as part as a single value chain, which would be named "sustainable design from Indonesia". After a thorough analysis of both value chains, the answer of the VC study conducted by P Johnson is rather clear-cut. Though some connections can be made, the two value chains have different history, dynamics and current needs. Their challenges can be expressed through identical categories (market approach, quality management), but the specificities those have in each value chain are different enough to justify their separation into two specific value chains with individual analysis and strategic design.

More: Pierre William Johnson, contact@pierrejohnson.eu.



ValueLinks NEWSLETTER November 2018

4. THE VALUELINKS ASSOCIATION/CONTACT

How to become a member of the International ValueLinks Association

IVLA is a professional association of experts in the area of market development and value chain promotion. We welcome new members who are professionally active in this field, interested in sharing experience and in contributing to the advancement of the value chain approach to economic development, and the *ValueLinks* methodology in particular. The benefits of membership include privileged access to the latest methodological innovations, a platform for presenting own competences and achievements and contacts to colleagues all over the world.

These are the fees for membership:

	Entry fee	Annual fee
<i>Fee for members with an OECD passport</i>	€40	€80
<i>Reduced fee for members with a non-OECD passport</i>	€20	€40

If you are interested in becoming a member, please ask for an application format by writing an email to info@valuelinks.org.

Membership development

As per November 1, 2018, the association counts 123 members.

YOUR contribution to the next newsletter

A request and an offer to all members of the International *ValueLinks* Association: Please inform us about your activities so that they can be included in the next edition of this newsletter!

Contact/Imprint

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