



ValueLinks NEWSLETTER November 2016

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Dear Reader,

This is the 14th edition of our ValueLinks newsletter, giving you an overview on the activities, events, publications, and innovations around ValueLinks in the period August - November 2016.

Please note: The Annual Assembly of the International ValueLinks Association will take place on December 19-20, 2016, in Eschborn, Germany. All association members are kindly invited to participate (please see the separate e-mail sent to our association members or please contact us at info@valuelinks.org). The first day of the Annual General Assembly will be dedicated to general association matters, whereas the second day will focus on the exchange of experiences among ValueLinks experts based on short presentations by ValueLinks members on innovative value chain promotion activities and results in 2016.

We look forward to welcoming a large number of association members in Eschborn.

Best regards

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

1. VALUELINKS TRAINING SEMINARS

ValueLinks Seminars August - November 2016

| <i>Date/Place</i> | <i>Seminar/Participants</i> | <i>Trainers</i> | <i>Contact</i> |
|---|--|-----------------|--|
| August 04-10, and October 18-27, 2016, Korhogo, Côte d'Ivoire | The Institute of Agro-pastoral management (IGA) of the Péléforo Gon Coulibaly University in Côte d'Ivoire organized two ValueLinks trainings for 62 students of the master 1 programs on livestock engineering and management of agro-pastoral enterprises and organizations. Given the interest for the approach, the university included this module in the curricula of all students of these master programs from the academic year 2015-2016. | Magès Nangui | pages.nangui@gmail.com |
| Sept. 2016 Equatorial | An introductory ValueLinks 2.0 workshop was provided in English language to component | Wolfgang Wiegel | wwiegel@gmx.net |



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| Guinea | managers in the SHELL/EG program. Main value chains in the program are pineapple, aquaculture and others. A second broader <i>ValueLinks</i> 2.0 workshop was implemented in Spanish language with a group of about 20 representatives from mainly institutional level in order to initiate a cooperative spirit for project implementation. | | |
| September 26-30, 2016, Bouaké, Côte d'Ivoire | The FIDA co-financed project PROPACOM-Ouest in Côte d'Ivoire organized a <i>ValueLinks</i> training for 14 staff members with a focus on the assessment of innovative business models. | Alfons Eiligmann, Magès Nanguï | eiligmann@idc-aachen.de , mages.nangui@gmail.com |
| October, Tunis, Tunisia | A team of <i>ValueLinks</i> trainers organized three parallel training workshops, two of which were in French and one in English language before and after the regional conference of Green Innovation Centers in Tunis. | Andreas Springer-Heinze, Agnes Gerold, Fernando Camargo, Virginie Duthoit | andreas.springer-heinze@giz.de , amgerold@aol.com , fernando.camargo@eco-consult.com , virginie.duthoit@afci.de mages.nangui@gmail.com |
| November 07-11, 2016, Bouaké, Côte d'Ivoire | The FIDA co-financed project PROPACOM-Ouest in Côte d'Ivoire organized a <i>ValueLinks</i> training for 30 staff members of the Ministry of Agriculture (MINADER) with a focus on the assessment of business models. | Magès Nanguï | mages.nangui@gmail.com |
| November 21-25, Siem Reap, Cambodia | IDC organized a 5-day <i>ValueLinks</i> Introductory Training Seminar in Khmer language in November 2016. The 23 participants mostly came from Provincial Agricultural Development Departments, were farmer group representatives, PPP project partners or worked with GIZ or SNV projects. | Alfons Eiligmann, Sothet Chhay, Phalit Phat | eiligmann@idc-aachen.de |

Coming up

| Date/Place | Seminar/Participants | Trainers | Contact |
|--|--|--------------------------------|--|
| December 2016, Tbilisi, Georgia | In the framework of the GIZ program "Private Sector Development South Caucasus" an Export development project component will be implemented with focus to systemic industrial upgrading for export. A <i>ValueLinks</i> 2.0 intro workshop, to be held in December 2016, will be focusing to industrial development. Results of one selected VC analysis and upgrading plan will be presented to the Ministry for potential upscaling. | Wolfgang Wiegel | wwiegel@gmx.net |
| April 24-28, 2017, Siem Reap, Cambodia | IDC will organize its annual 5-day <i>ValueLinks</i> Introductory Training Seminar in English language in Southeast Asia again in Siem Reap, Cambodia. The seminar is open for registration. Participation fees are applied. See www.idc-aachen.de . | Alfons Eiligmann | training@idc-aachen.de |
| May 15-19, 2017, Grand Bassam, Côte d'Ivoire | IDC and PROMAK Afric organize their annual 5-day <i>ValueLinks</i> Introductory Training Seminar in French again in Grand Bassam, Côte d'Ivoire in May 2017. The seminar is open for registration. Participation fees are applied. See www.idc-aachen.de . | Alfons Eiligmann, Magès Nanguï | training@idc-aachen.de |
| May 29 - June 2, 2017, Feldafing, Germany | The next 5-day <i>ValueLinks</i> Introductory Training Seminar in English language in Germany will be organized by GIZ-AIZ in Feldafing. The seminar is open for registration. Participation fees are applied. See www.giz.de/akademie . | N.N. | kundenportal-aiz@giz.de Tel: -49 (0)2224-926-444 |



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| September 4-8, 2017, Feldafing, Germany | The next 5-day <i>ValueLinks</i> Introductory Training Seminar in French language in Germany will be organized by GIZ-AIZ in Feldafing. The seminar is open for registration. Participation fees are applied. See www.giz.de/akademie . | N.N. | kundenportal-aiz@giz.de Tel: -49 (0)2224-926-444 |
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2. EVENTS, STUDIES, EXPERIENCE AND INFORMATION

ValueLinks Association excursion in Germany, September 1-2

On September 1-2, the ValueLinks Association visited the Wuppertal Institute for Climate, Environment and Energy, Department Sustainable Production and Consumption, a leading think tank with 150 scientific collaborators co-financed by the German Federal Government, the state of Northrhine-Westphalia and the private sector. Twelve *ValueLinks* association members and GIZ colleagues discussed about environmental analysis of global value chains, particularly Hot Spot analysis and other tools and methodologies developed by the Wuppertal Institute.

The Wuppertal Institute had prepared two presentations for the consultations. The first presentation by Dr. Julia Nordmann focused in the climate change research portfolio of the Wuppertal Institute, the second presentation by Dr. Katrin Bienge allowed to reflect on the Hot Spot analysis tool. In the afternoon, Dr. Andreas Springer-Heinze made a presentation how the Hot Spot analysis is used within the *ValueLinks* methodology. The following discussion allowed to clarify technical details of the Hot Spot analysis. It was particularly interesting to note that the Wuppertal Institute enlarged the framework of the Hot spot analysis and included the socio-economic dimension too. There was also a very open debate about the limits of the Hot Spot analysis, e.g. that the tool is not very suitable for complex products made of many different raw materials. The discussion was very fruitful in so far, as it led to an adaptation of the text about Hot Spot analysis in the new *ValueLinks* manual.

On the second day, the GEPA Fair Trade Organization in Wuppertal, Germany's leading fair trade company, was visited. Particularly due to its coffee, GEPA is well-known to most German consumer. The fair trade wholesale company had a turnover of 68 mio. € in 2014/2015 and is sourcing from 160 partner organisations in developing countries. Ms. Fuchs, product manager chocolate, presented the chocolate value chain as an example of GEPA's work. The relevance and perspectives of the fair trade market segment were discussed, as this relates to the *ValueLinks* module 9. In 2015, fair trade products were sold in Germany for 1.139 billion. Compared to 2010, the market volume tripled (growth rate 2015: 11%). Coffee (44%) and chocolate (20%) are GEPA most important products, while handicraft/non-food just account for 3% of the turnover. It was surprising to note that GEPA just sources cocoa beans from six different development partners only, with which GEPA concentrates on developing long-term development partnerships. At the end of the visit, the GEPA warehouse was visited which was impressive in terms of import logistics behind the business and the requirements on packaging and labeling.

In addition to the two meetings, the evening dinner of association members on September 1 allowed to develop further personal contacts among *ValueLinks* members.

Contact: info@valuelinks.org.

GIZ Conference (Fachtagung) on economic development in Bad Neuenahr, Germany, September 5-6

The regular GIZ conference on its economic development approaches took place in Bad Neuenahr this year. Roughly 2/3 of the 500 participants came from GIZ, 1/3 from development partners in the



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public and private field. A number of *ValueLinks* members from GIZ and consulting firms participated as well.

It was interesting to observe at the conference how frequently *ValueLinks* was mentioned as a key methodology used by GIZ. A number of successful project activities were presented that are based on the *ValueLinks* approach. One of these project activities in the construction value chain in Nigeria focused on the development on affordable low-cost housing (5,000 \$) for poorer parts of the population. It can be expected that *ValueLinks* will continue to play a strong role in GIZ's economic development portfolio.

An innovation presented at the conference was the LOOP approach on entrepreneurship training that has been developed by GIZ recently.

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ValueLinks 2.0 at the regional conference of the Green Innovation Centers

From October 18 to 20, the regional conference "Sharing Innovation" of the "Green Innovation Centers for the Agriculture and Food Sector Program" of BMZ /GIZ took place in Tunis, with participants from 13 African countries. This program supports technical, organizational and institutional innovations in a wide range of agricultural commodity and food value chains, mainly in Africa. A team of *ValueLinks* trainers organized three parallel training workshops, two of which were in French and one in English language – in two sections, the first on the two days before the start of the regional conference and the second on the two days after it.

The first round provided an introduction into the *ValueLinks* 2.0 methodology and a selection of tools of special interest for the Green Innovation Centers, such as social and gender analyses of value chains and the combination of value chain work with smallholder support. The second part focused on the connection between innovation and value chain development. The workshops showed that any innovation requires a combination of improved business models and business linkages and new financing solutions forming a package. Interest and participation in the six workshops was high: A total of around 120 people participated.

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AFC International Consortium Delivering Agricultural Value Chain Finance Training in East Africa

The European Investment Bank (EIB) set in place an intermediated Global Loan (GL) facilities called Private Enterprise Finance Facilities (PEFFs) for M/SMEs and Microfinance Facilities MFFs for MF borrowers in East and Central African Countries. EIB's funding initiative targets MSMEs' income-generating activities and productive sectors such as trade, retail, agro-industries, fishing, food processing, manufacturing, industry, construction industry, transport, tourism, and services related to these sectors, while Loans for consumption related purposes, including salary loans, are strictly excluded and the same holds for mortgage loans. Through a tender process, the consortium formed by AFC International, the Academy of German Cooperatives and INTEGRATION was selected to deliver the EIB program to beneficiary FIs, FIBs, MFIs that currently include about 20 banks in four of the East African countries, namely Kenya, Tanzania, Uganda, and Rwanda. The project focuses its technical assistance mainly on training and capacity building, along with awareness raising events for final MSMEs beneficiaries of the facilities. The services provided under the project are meant to strengthen the performance of FIs in the overall field of MSME-finance, thus supporting the efficient use of the facilities, and ensuring maximum positive impact for the development of the MSME-sectors in the project countries. Some of the key topics covered in the training are - Agricultural Value Chains, Agricultural Value Chain (AVC) Analysis, Agricultural Risk and Mitigation and, Account



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and Portfolio Monitoring for the AVC as well as Case Studies. The training was delivered by short term expert David WB Odongo Ochieng with the support of long term experts Guillermo Bosse and Michael Alcorn. Among the institutions that have benefited from the training offered by the project are National Microfinance Bank PLC and CRDB Microfinance Services of Tanzania, and Consolidated Bank of Kenya. These FIs have a large foot-print in their areas of operation and any capacity building inevitably has significant impact. By way of illustration of the impact of the project, National Microfinance Banks (NMB) serves over 1.8 million clients with a staff of 2,850 through 153 branches throughout the country, and ranks itself as one of the largest banks in Tanzania. The Bank serves government, civil servants, large corporate, MSME's, the agricultural sector, microfinance institutions, and individuals in both rural and urban areas with a wide range of financial products and services with a corresponding loan portfolio of approximately TZS 342 billion (EUR 157 million). Meanwhile, CRDB Microfinance Services Company, serves over 680,000 individual clients directly and indirectly through 441 financial intermediaries with a staff of 116 through 30 service points throughout the country, CRDB MFSC is a leader in the provision of financial services to the 'bottom of the pyramid' market segment.

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Viable long term relationships for a sustainable rice value chain– Competitive African Rice Initiative

The Competitive African Rice Initiative supports 150.000 smallholder rice farmers to increase their incomes and to supply their families and the whole region with high-quality rice. Up to now, on average smallholders earn less than two USD per day. On behalf of the Federal Ministry for Economic Cooperation and Development (BMZ) and co-funded by the Bill & Melinda Gates Foundation and the Walmart Foundation, GIZ is implementing the CARI project in Ghana, Nigeria, Burkina Faso and Tanzania. This happens in cooperation with local implementing partners such as Technoserve, Kilimo Trust, and John A.Kufuor Foundation. The aim is to increase productivity and improve the quality of smallholder farmers' rice produce. To do so CARI offers unique services across the entire rice value chain. Special emphasis is put on the cooperation with local companies. CARI promotes the commitment of local companies through a matching fund: Actors of the rice value chain receive funds which they have to match with their own resources. This way, smallholder farmers are trained on how to organize their businesses according to market demand. In addition, smallholder farmers receive advance payments from local companies in order to be able to buy high-quality inputs. Long-term supply contracts ensure smallholders' access to reliable markets as well as transparent and fair prices. The processing companies benefit from a constant supply. Several contract farming trainings were organized for consultants and value chain advisors to foster their knowledge regarding the design, negotiation and implementation of out-grower agreements. Another pillar of the project is the promotion of better access to financial services, while national policies create more favorable framework conditions for the production of and the trade with rice. This way, a stable value chain is developed, from the rice farmer to the miller and distributor. This benefits the entire sector.

To date, 32 partnerships with actors of the rice value chain have been concluded. As a result 70.000 smallholder farmers have been successfully integrated into the rice value chain across the 4 countries. 80.000 farmers have benefitted from training on good agricultural practices. Yields per ha have increased to up to 290% from baseline values. This enabled more than 270.000 beneficiaries to increase their income. For further information please visit our website www.cari-project.org.

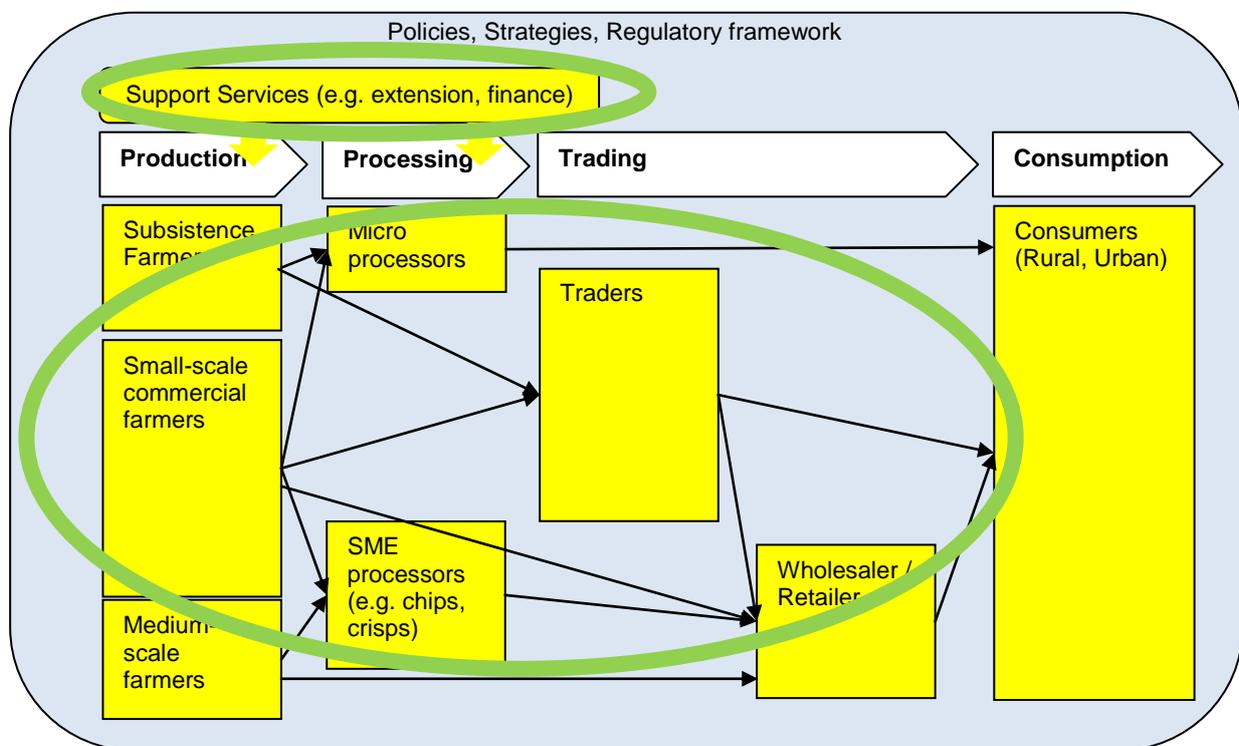
Concept and implementation of the potato value chain in Plateau State within the SEDIN programme in Nigeria



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Potato is one of the major crops in Plateau State. More than 200.000 farmers are involved in the cultivation with an annual production of about 1 million tons. The sector is characterized by an extremely low yield, on average 4 – 6 tons due to poor quality seeds, absence or lack of fertilizer and crop protection chemicals and failure to apply best agricultural practices. Most of the existing producer associations or cooperatives are not effective. Irrigation is only limited to a few areas. The lack of access to storage leads to relatively low prices during harvesting season and extremely high prices in the off-season. The fluctuations in price and market supply explain to a certain degree the almost complete absence of a potato processing sector. Especially for farmers it is difficult to access finance which negatively effects access to post-harvest storage, agricultural equipment and inputs).

Simplified potato value chain map with key areas of intervention (circled in green)



Within this context AFC implements the VC Unit 4 in the SEDIN Programme. The unit concentrates its efforts on the following:

- providing organizational and technical training, implementing a.o.the Farmer Business School using groups as entry point of most of the interventions
- collaborating with the GIZ-NESP Programme, intending to assess the economic and technical viability of solar pumps for irrigation potato farming
- promoting sustainable long term importation of potato seeds and focusing on the local multiplication of seeds.
- supporting mechanization and storage and assuring the supply chain for producers, consumers and processors.
- initiating business relationships between farmers and retailers, such as the relationship between a Potato Association and SHOPRITE (South African Supermarket Chain).



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- encouraging processing and promoting the development of viable clusters or niches markets such as facilitating outgrower schemes with VICAMPRO a relatively new private producer and processor of potatoes.
- facilitating the access to finance at micro, small and medium and larger scale levels to help build the supply chain as well as processing and distribution.

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3. INNOVATIONS AROUND VALUELINKS

The key role of business model improvement in VC development

A “business model” is the combination of product/markets, internal business operations and organization, technology employed, supply and marketing links that an enterprise uses to run its business, and to succeed and grow. The types of value chain operators (farmers, processors, traders and so on) shown in the VC map are defined by the basic characteristics of their business models. The enterprises making up a particular category of VC operators use similar business models.

Practically all VC development strategies have implications for the business model(s) of one or several types of operators. Innovating the products and services delivered, the production technology, the business processes or market linkages implies that enterprises have to change the way in which they conduct their business. Improving business models therefore is a key value chain solution. In *Valuelinks 2.0* the subject is covered in module 5.

The key role of business models means that programs engaged in VC development have to:

- understand the current business models better
- analyze the change of business models, or the need for new ones, as a consequence of VC development strategies
- help entrepreneurs develop better business models
- invest in business skills, and
- be able to assess the quality of a business model.

Major tools to describe business models are the “canvas” developed by Osterwalder and Pigneur which aggregates the main elements of a business model, and the range of conventional tools for business planning and financial calculation. This includes basic parameters such as fixed and variable costs, the break-even point, gross margins and gross profit. Value chain practitioners do not have to be financial planners but they should be able to judge the feasibility and profitability of a suggested improved business model.

Following are some considerations for assessing business models. The first question is whether the business model works in practice. Criteria are:

- the internal coherence of the business model canvas,
- the financial viability, and the possibility of covering investment needs.
- and the actual availability of the business partners, supplies and services needed.

Second is the contribution of the business model to sustainable development. Here, the main criteria are:

- the social benefits, that is the question whether poor entrepreneurs can use the business model and the number of quality jobs it creates
- an improved water and energy efficiency and no (or minimal) additional emissions and waste



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- the number of enterprises that can adopt the business model, the increased demand for inputs and services offering business opportunities and the possibility to develop (small) enterprises as spin-offs.

Often, VC development strategies do not systematically look at these criteria. We will have to do more to include business model thinking into our work.

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4. THE VALUELINKS ASSOCIATION/CONTACT

Update of personal information on the ValueLinks website

The new ValueLinks website is online since February 2016. We invite all members to check whether their personal profile and contact information on the website are still up-to-date or whether any changes are necessary, for instance on changed responsibilities/project assignments or new e-mail address. Please send any updates to: info2@valuelinks.org.

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:

| | <i>Entry fee</i> | <i>Annual fee</i> |
|---|------------------|-------------------|
| <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 2016, the association counts 115 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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