



# *ValueLinks* NEWSLETTER April 2021

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Dear Reader,

The 23<sup>rd</sup> edition of our newsletter gives you an overview of the *ValueLinks* activities in the period November 2020 – April 2021: *ValueLinks* trainings done and planned, updated materials, new concepts and project examples.

We were very pleased of the news coming from the *ValueLinks* community in Latin- and Central America. A regional working group started earlier this year exchanges on possible joint activities, resulting in a first digital event, held on April 15<sup>th</sup> on the relation of the *ValueLinks* methodology and the Living Income concept with more than 85 participants. A summary of the event has been included in this issue of the newsletter. We congratulate the working group on this initiative as well as the participants who expressed a high interest on future events.

Activities on updating the Association's website have been finalized, offering to the public and member a refreshed view. Data upload is faster and members can change their information directly on site. Also, the PowerPoint format for *ValueLinks* trainings is in the process of being updated and can be downloaded for use soon directly from our webpage.

We hope you enjoy the reading and stay safe!

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

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

[www.valuelinks.org](http://www.valuelinks.org)



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## 1. VALUELINKS TRAINING SEMINARS

### ValueLinks Seminars January – April 2021

Place/Date	Seminar/Participants	Trainers
January 11-15, 2021, Online event	The 5-day ValueLinks 2.0 online training event for the AIZ on behalf of the GIZ project “Pro-Poor Growth and Promotion of Employment in Nigeria – SEDIN » with the focus on employment promotion, migration/ returnees, value chain selection and value chain of service provision.	Fernando Camargo, Bettina Balmer
February 8-9, 2021, Online event	The GIZ project PEDEL in Morocco organized a 2-day <i>ValueLinks</i> 2.0 Online Teaser Seminar with 24 participants via MS TEAMS. The participants mainly were economic development advisers from 12 rural provinces in Morocco, where the <i>ValueLinks</i> approach is used for private sector development in cooperation with the “Initiative Nationale du Développement Humain (INDH)”	Alfons Eiligmann, Ahmid Idrissi
March 23-14, 2021, Online event	A 2-day <i>ValueLinks</i> 2.0 Online Teaser Seminar organised by GIZ-AIZ via MS TEAMS took place with 15 participants mainly from different GIZ projects. Participants came from Germany, Congo Dem. Rep., Ethiopia, Ghana, Kenya, Somalia, and Uganda. The seminar mainly focused on VC assessment.	Alfons Eiligmann, Frederik Oberthuer

### Upcoming ValueLinks seminars

Date/Place	Seminar/Participants	Contact
May 17-28, 2021 Online event	Five-day <i>ValueLinks</i> Introductory Training seminar in English, spread over two weeks, organized by GIZ-AIZ. The seminar is fully booked.	<a href="mailto:kundenportal-aiz@giz.de">kundenportal-aiz@giz.de</a> or <a href="mailto:info@valuelinks.org">info@valuelinks.org</a>
July 19-30, 2021 Online event	Five-day <i>ValueLinks</i> Introductory Training seminar in French, spread over two weeks, organized by GIZ-AIZ. The seminar is open for enrolment, participation fees are applied. For further information, see: <a href="https://learning-giz.de">learning-giz (learning-giz.de)</a>	<a href="mailto:kundenportal-aiz@giz.de">kundenportal-aiz@giz.de</a> or <a href="mailto:info@valuelinks.org">info@valuelinks.org</a>
September 14-15, 2021 Online event	Two-day ValueLinks teaser seminar organized by GIZ-AIZ. The seminar is open for enrolment, participation fees are applied. For further information, see: <a href="https://learning-giz.de">learning-giz (learning-giz.de)</a>	<a href="mailto:kundenportal-aiz@giz.de">kundenportal-aiz@giz.de</a> or <a href="mailto:info@valuelinks.org">info@valuelinks.org</a>
November 15-26, 2021 Online event	Five-day <i>ValueLinks</i> Introductory Training seminar in English, spread over two weeks, organized by GIZ-AIZ. The seminar is open for enrolment, participation fees are applied. For further information, see: <a href="https://learning-giz.de">learning-giz (learning-giz.de)</a>	<a href="mailto:kundenportal-aiz@giz.de">kundenportal-aiz@giz.de</a> or <a href="mailto:info@valuelinks.org">info@valuelinks.org</a>



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## 2. EVENTS, STUDIES, EXPERIENCE AND INFORMATION

### A successful webinar of the ValueLinks Association on the living income for Latin and Central America.

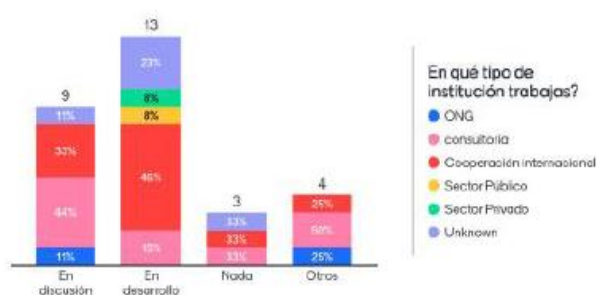


On April 15<sup>th</sup>, 2020, the ValueLinks Association carried out a digital event on “The promotion of value chains as a contribution to a living income”. The event counted with the presence of a representative of the Living Income Community of Practice, members of the ValueLinks Association and participants related to GIZ-Programs in the Latin- and Central American region.

This event, organized at the initiative of the Vice President of the VL Association, Sonia Lehmann, was aimed at updating participants on new challenges arising when linking value chain promotion and the living income concept. As for example, analysing income gaps and ways to contribute to achieving a living income by structuring better strategies in value chains, in close cooperation with the public and private sector and other actors in the economy.

Expectations for the event, which was held virtually, were high. There were 85 participants, mostly collaborators of international development projects and individual consultants from at least 12 countries.

### Cuál es el estado de avance del concepto ingreso digno y próspero en tu país?



In the introductory part, Andreas Springer-Heinze, President of the ValueLinks Association, and Rita Mendez, Member of the Living Income Community of Practice (LICO), addressed the conceptual and methodological challenges of value chains and living incomes. In the review of value chain experiences in Latin and Central America, the cases of Paraguay, Brazil and Ecuador were presented. Participants' contributions were received via chat throughout the meeting.




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Questions asked during the event showed that 75% of the participants who responded considered that the topics discussed were under discussion or under development in their countries, and that there was still a significant knowledge gap. In the final evaluation, they expressed that they would like to learn more about the *ValueLinks* methodology and continue learning about decent and prosperous income. We are sure that there will be several opportunities to continue with these topics, especially in those cases where in-depth analysis and practical application are considered relevant for value chain promotion programs in Latin America.

For more information: Sonia Lehmann ([Sonia.lehmann@giz.de](mailto:Sonia.lehmann@giz.de)). The presentations of the experts as well as the case studies can be downloaded at the member area of the website of the *ValueLinks* Association.

## Refreshed layout of *ValueLinks* PowerPoint slides in English available in June



### MODULE 1

**01**

**VALUE CHAINS -**


a perspective on development

**02**


**THE VALUELINKS CONCEPT**

**03**

**SCOPING & SELECTING A VALUE CHAIN FOR PROMOTION**



02



We are currently refreshing the layout of the *ValueLinks* PowerPoint presentations. All slides are being transferred to 16:9 landscape format with new fonts and use of our typical *ValueLinks* Bordeaux-red color. A first set of slides was already used in the last 2-day training event in March. The full set of PowerPoint slides in English will be prepared for the upcoming 5-day *ValueLinks* training in May and will then be shared with *ValueLinks* association members online in June. The adaptation of the slides in French is foreseen to be done in the coming months as well.

For more information contact [info@valuelinks.org](mailto:info@valuelinks.org)



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## **Updated *ValueLinks* website**

An update of the *ValueLinks* website was published in February 2021. The website has been moved to a new web host for faster loading and for allowing to use an important new feature: Members can update their profiles on the VL website now easily themselves and can also create an online member profile easily themselves. Quite a number of online profiles of VL members are outdated. Please have a look at your current profile, log in to the member area and update the text with few clicks. In case you lack your password for login to the member area, please just contact [info@valuelinks.org](mailto:info@valuelinks.org).

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## **Video versions of *ValueLinks* presentations using PowerPoint**

To enrich our training courses and meetings we want to produce recordings of *ValueLinks* presentations for the use of association members. They can be utilized as part of a training seminar or any other event and be available to all members. Anyone is invited to take part. Before we decide how to achieve this, here are a few suggestions as well as four questions:

### **The idea:**

In general, a tutorial video should not be longer than 6 minutes – the approximate attention span of an average viewer.

In our case, every video would have a short intro showing the *ValueLinks* Logo and a short jingle – for about 2-3 seconds. The intro should not be longer because it is meant to capture attention and create a symbol so that viewers recognise it as part of a series.

The following main part should have approximately 5 to 6 minutes, which translates into 5 to 12 PowerPoint slides, depending on the content and the time needed to view it appropriately. Of course, there should not be much text on the slides, so that viewers can follow. All slides should be animated. Additional material could be added.

The speaker is always present in a small window

### **The technology**

Most of us have the equipment ready – a laptop with camera and microphone as used in everyday work. This is fully sufficient.

The actual production is a screen recording using open-source software. There are several options but the leading one is OBS – the “Open Broadcaster Services”, for which one can find lots of instructional videos on YouTube. Download for free under <https://obsproject.com/>





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## Who is interested to participate?

Four questions:

- Who has experience with making such videos and screen recordings?
- Who would be interested in making one or more?
- Who has a contact to someone already using OBS to advise and help out?
- Who can suggest someone able to produce an attractive intro of 2-3 seconds?

For more details please contact Andreas Springer-Heinze ([springer-heinze@valuelinks.org](mailto:springer-heinze@valuelinks.org))

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## Economic of Human Rights: How cashew and cocoa smallholder incomes compare to Living Income and Survival Income in Ghana

Smallholder farmers and rural workers are the backbone and main source of some of the most important globally traded agricultural products (e.g. coffee, cocoa, tea). Yet they are notoriously poor and this is despite the fact that they grow and sometimes pre-process these agricultural products by making full use of their labor. This contrasts strongly with article 23 (3) of the Universal Declaration of Human Rights which stipulates that

***“Everyone who works has the right to just and favorable remuneration ensuring for himself  
[/herself] and his [/her] family an existence of human dignity”.***

The Competitive Cashew Initiative (ComCashew), and the Sustainable Agricultural Supply Chain Initiative (INA), both projects commissioned by the German Federal Ministry of Economic Cooperation and Development (BMZ) and implemented by the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) have recently started to work jointly on the topic of Living Income with partner organizations, the Ministry of Food and Agriculture (MOFA), Ghana, and the Ghana Cocoa Board (COCOBOD) in the tree crop sector to implement measures to bridge the gap towards a decent income among smallholder farmers in Ghana and Côte d’Ivoire. One of the foci of this cooperation has been to determine the living and prevailing incomes of smallholder cashew and cocoa farmers and to plan and implement activities to close the gap.



*Own source: discussing crop budgets in focus groups*

From April 2020 to March 2021 the projects undertook applied research work in Ghana. Primary information was collected from two surveys among cashew and cocoa farmers, focus group discussions and expert interviews were undertaken as well as secondary information considered in order



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to assess actual incomes of typical cashew and cocoa smallholder farmers and to compare them with a living income and survival incomes. A living income is regarded as the minimum threshold for an income to live a life in accordance with human rights. Survival incomes are those incomes that determine a certain threshold to allow a physical survival of human beings. In our case these are international (World Bank poverty line for low-income countries and lower-middle income countries) and national poverty lines (Ghana lower and upper poverty line) and the Ghana minimum wage. Benchmark incomes start from different angles, the world bank poverty line from an income that needs to be available per person per day; a living income from an income per year (or per month) available per family of a certain size and finally a wage that is based on an income to be earned per work unit (e.g. per day, per week or per month). These angles need to be connected in order to enable comparisons. This was done through establishing typical household and farm sizes for cashew and cocoa smallholder households. The household membership allows the calculation of the needs of the household and how much income is needed per year as well as the available work resource base (full time work force equivalents) and finally the farm size in order to calculate the resource base that is able to create a certain income. All benchmarks were aligned in three dimensions: i) income earned/to be earned per work unit, ii) annual household income and iii) household income available per household member per day.

Since in smallholder households, income streams are highly diverse, this complexity had to be organized. Incomes were based on focus crops (cashew and cocoa) and secondly on key crops grown as intercrops or in connection with focus crops as side crops (maize, groundnut for cashew farms and cassava and plantain for cocoa farms). Incomes as well as costs of production and labor input were established in gross margin (crop budget) calculations for two production scenarios: i) “current production” and ii) “improved production”. This data enabled us in a first step to work out an aggregated partial household income. In order to get to a total household income all labor that was not yet absorbed by cultivating the mentioned crops were multiplied by an opportunity income from employment as hired agricultural labor and added to the partial household income thus obtaining a total extrapolated household income.

### **Comparing Actual Household Incomes with a Living Income and Survival Incomes**

In Row 7 of the following table we can see in blue figures the actual annual total (extrapolated) income by production system, “current production” and “improved production”. In Row 1 to 6 the six benchmarks are depicted with the Living Income as the highest benchmark in green figures showing the annual living income for the respective household type and production system. One notes that the same benchmarks are lower for cocoa smallholder households compared to cashew smallholder households. This is so because cocoa households are smaller in household membership size and, thus, have less needs. The figures in red show which benchmarks have been overstepped by the respective actual income. We see that cashew smallholder households overstep a level equal to the World Bank Poverty Line for low-income countries (the “extreme World Bank poverty line”) on “current production” level and a level further up, the upper Ghana Poverty Line, for “improved



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production". Thus, the latter is one step higher on the "ladder" to a living income". Even one or two steps further up are the incomes of cocoa smallholder households. Both reach the level of the World Bank Poverty Line for lower-middle income countries.

Table: The "Income Ladder": Total Annual Household Income Compared to Benchmarks and Gap against a Living Income in Cashew and Cocoa Smallholder Households in Ghana

Total Household Income Compared to Benchmarks and Gap Against a Living Income		Unit	Cashew Smallholder Households		Cocoa Smallholder Households	
	Production System		Cur.Prod.	Impr.Prod.	Cur.Prod.	Impr.Prod.
Row	Column		1	2	3	4
	<b>Annual Income Benchmarks</b>					
1	Living Income	GHS	23,591.79	23,591.79	19,659.82	19,659.82
2	World Bank LMIC Poverty Line	GHS	14,125.75	14,125.75	11,771.45	11,771.45
3	Upper GH Poverty Line	GHS	10,543.27	10,543.27	8,672.94	8,672.94
4	World Bank LIC Poverty Line	GHS	8,387.16	8,387.16	6,989.30	6,989.30
5	GH Minimum Wage	GHS	6,084.94	6,084.94	5,070.78	5,070.78
6	Lower GH Poverty Line	GHS	5,881.19	5,881.19	4,837.89	4,837.89
7	<b>Total (extrapolated) Actual Annual Income</b>	GHS	8,538.13	11,738.93	14,781.72	19,371.24
8	<b>Gap Against a Living Income</b>	%	63.81	50.24	24.81	1.47

Own source: conversion rate GHS to US\$, January 2020: 5.5342 to 1

While none of the household types in both production levels reach a living income, the cocoa smallholder households with improved production achieve an annual income of GHS 19,371 which is quite close to a living income of GHS 19,660 and not further away than 1.47% as shown in Row 8 column 4. The generally higher income of cocoa households compared to cashew households is most likely the result of better growing conditions due to higher rainfall in the southern zone of Ghana where cocoa is grown compared to the drier areas of the northern zone where cashew trees are cultivated and where production levels are therefore generally lower.





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## Living Income Reference Prices

We looked as well at the crops individually. We established the gap between a proportional living income and survival benchmarks and worked out reference prices for an income proportional to the labor input. This was again done for all benchmarks, i.e. a living income and survival incomes. The following table depicts the living income reference prices for cashew and cocoa.

**Table: Actual and Living Income Farm Gate Reference Prices for Cashew and Cocoa by Production Level**

Focus crop and Production Level	Actual Price	Living Income Reference Price	
	in GHS/kg	in GHS/kg	in US\$/kg
Cashew, current production	4.00	6.59	1.19
Cashew, improved production	4.00	6.25	1.13
Cocoa, current production	10.00	12.55	2.27
Cocoa, improved production	10.00	10.48	1.89

Own source

We note that the living income reference prices are all lower in the “improved production” scenario compared to “current production”, which shows that “improved production” creates higher incomes and makes it less necessary that prices are lifted to higher levels in order to reach a Living Income. This stresses the importance of measures to enhance production improvements.

We also checked how our figures compare to living income reference prices which are available for cocoa calculated by others. Fairtrade set a living income price for cocoa in Ghana at US\$ 2.30/kg, Tony Chocolonely at US\$ 2.10/kg and Oxfam Fair Trade at US\$ 2.67/kg. So, our living income reference price appears to be in the same range, as far as the current production level is concerned, compared to these organizations. However, FOUNTAIN and HÜTZ-ADAMS (2019) provide another calculation coming up with a significant higher Living Income Reference Price at US\$ 3.17/kg, which is again adjusted upwards to US\$ 3.53/kg by BRONKHORST (2020). While some of the differences may be attributed to different conditions in different parts of the country affecting yields, cost of production and labor input, and secondly because of possibly deficiencies in the robustness of data, there is certainly a strong need to undertake further research into methodologies and exchange of experience to come up with methodologies that arrive at similar results.

## Living Income Differentials

Multiplying the difference between a living income reference price and the actual price per kg by 1,000 in order to get a Living Income Differential per ton and converting it into US\$ at the exchange rate of January 2020 we arrive at living income differentials of US\$ 467 and US\$ 460 per ton of cashew and cocoa for current production, respectively. Ghana and Côte d’Ivoire advocate a living



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income differential of 400 US\$ per ton in their negotiations with cocoa buying companies. Also, here we see that we are in the same range as the sales' policies of these two countries.

### **Learnings**

Cashew and cocoa smallholder households in Ghana earn less than a living income, this is the case on a household base, but also when looking at proportional contributions to household income of cashew and cocoa as focus crops. The situation looks better for cocoa households: they overstep the survival benchmark of the World Bank poverty line for lower-middle income countries, while cashew smallholder households just manage to get above the World Bank poverty line for low-income countries (the "extreme poverty line") for "current production" and the upper Ghana poverty line for "improved production". One also notes that quite an income improvement can be made when farmers manage to get from "current production" to "improved production". This is also an important message for capacity building programmes. Training programmes for farmers are still the main important "weapon" to "combat" poverty, notwithstanding the importance of other measures (improving access to finance; organizing farmers in farmer organizations, etc.). Still an important gap remains which needs to be closed by higher prices!

**Authors:** Eberhard Krain ([eberhard.krain@gmx.de](mailto:eberhard.krain@gmx.de)) and Martin Kuntze-Fechner ([martin.kuntze-fechner@giz.de](mailto:martin.kuntze-fechner@giz.de)). The full report can be requested to the authors.

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### **German-Ukrainian Cooperation in Organic Agriculture COA – Contribution to the development of a stable value chain in organic agriculture in Ukraine**

Ukraine supplies large quantities of agricultural raw materials, in some cases with strong growth rates: It is one of the most important supplier countries to the EU for organic products. However, primarily raw materials are exported and the increase of added value through processing is progressing only slowly, as is growth on the domestic market. This basically positive development is contrasted by major obstacles to market development: Quality deficiencies identified in recent years have led the EU to impose special control measures on the import of organic products from Ukraine to European countries, resulting in additional costs for producers and exporters.

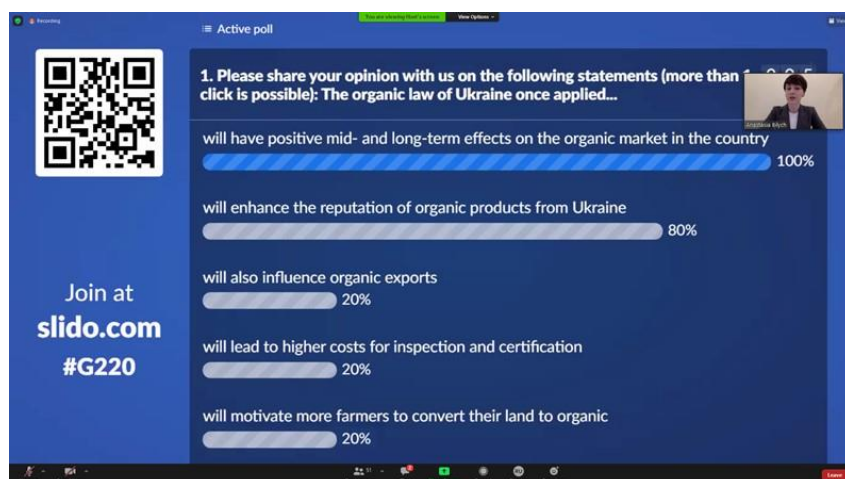
The effort to help organic agriculture in Ukraine to grow and to create a more stable value chain with high quality products requires an agricultural policy that enables appropriate development conditions.

With the [Bilateral Cooperation Program](#), the German Ministry of Food and Agriculture supports partner countries in building a productive and resource-efficient agriculture and food sector. Since 2016, AFC in consortium with IAK, implements the project [German-Ukrainian Cooperation in Organic Agriculture \(COA\)](#). The COA project, through its focus on the promotion of organic agriculture, particularly strengthens an efficient and resource-saving development of agriculture in Ukraine. COA



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supports the Ukrainian agribusiness sector in moving away from a focus on raw materials to increased processing in agribusiness. Consequently, the potential for improved value creation in Ukraine is used more systematically through the sustainably strengthened organic sector.



*Screenshot from COA's Round Table for Organic Certification Bodies in December 2020 (AFC)*

The following aspects are relevant for the systematic improvement of the organic value chain in Ukraine:

- Organic legislation strengthens consumer safety and thus promotes demand for organic products.
- Strict controls on companies along the supply chain ensure that products are produced, processed and marketed in accordance with uniform guidelines.
- The relevant state authorities ensure continuous monitoring of these processes.

COA contributes to the above-mentioned positive effects on organic value chains by supporting the legislative process in Ukraine and implementing these regulations. By strengthening professional competencies and institutional structures, COA not only strengthens organizations of the organic agriculture sector in Ukraine, but also enables producers and processing and trading companies to have better access to organic know-how. Furthermore, the establishment of a [knowledge platform for organic agriculture in Ukrainian language](#) is a particular response to this goal.

For further information, kindly visit [coa-ukraine.com](http://coa-ukraine.com) and turn to [Stefanie.Maak@afci.de](mailto:Stefanie.Maak@afci.de).

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## New project on value chains in Ecuador

The consortium ECO-CONDESAN will implement the project [“Conservation and sustainable use of mountain ecosystems in Ecuador”](#) commissioned by GIZ (02.2021 to 09/2023). The project aims to advise the Ministry of Environment (MAAE) and other stakeholders on spatial planning, restoration



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of the paramos ecosystem in the Andean mountains and promotion of selected value chains as an alternative to resource-degrading agriculture under consideration of the NDCs in the provinces of Cotopaxi, Chimborazo, Tungurahua and Bolivar. The project has four fields of action: (1) sustainable and climate-friendly approaches to value chain promotion have been introduced in the communities; (2) measures for the restoration of ecologically sensitive areas are ready for implementation; (3) decision-making processes for the management of Andean mountain ecosystems have been strengthened; (4) knowledge management has been improved.

For more details please contact Fernando Camargo ([fernando.camargo@eco-consult.com](mailto:fernando.camargo@eco-consult.com))

## 3. 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:

	<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](mailto:info@valuelinks.org).

#### ***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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