



The *ValueLinks* Manual

- Introduction and Outline -

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About this manual

This manual is the reference book for the *ValueLinks* methodology. *ValueLinks* is the name given to a systematic compilation of action-oriented methods for promoting economic development with a value chain perspective. It provides essential know-how on ways to enhance employment and the business income of micro and small-sized enterprises and farmers by promoting the value chains they are operating in.

The *ValueLinks* manual is intended for use by development projects or by public agencies promoting specific agribusiness, handicraft or manufacturing sub-sectors of the economy. It has no specific sectoral focus. However, the emphasis is on those product markets that offer opportunities for the poor.

The *ValueLinks* manual is one of several knowledge products that use the *ValueLinks* methodology. The *ValueLinks* training seminars for professional staff of public agencies and development programmes comprise an important instrument for sharing know-how, and are given by recognised *ValueLinks* trainers.

The *ValueLinks* methodology

ValueLinks is entirely action-oriented. The know-how has been compiled by reviewing real-life experience. It builds on lessons learned with rural development programmes and private sector promotion supported by GTZ.

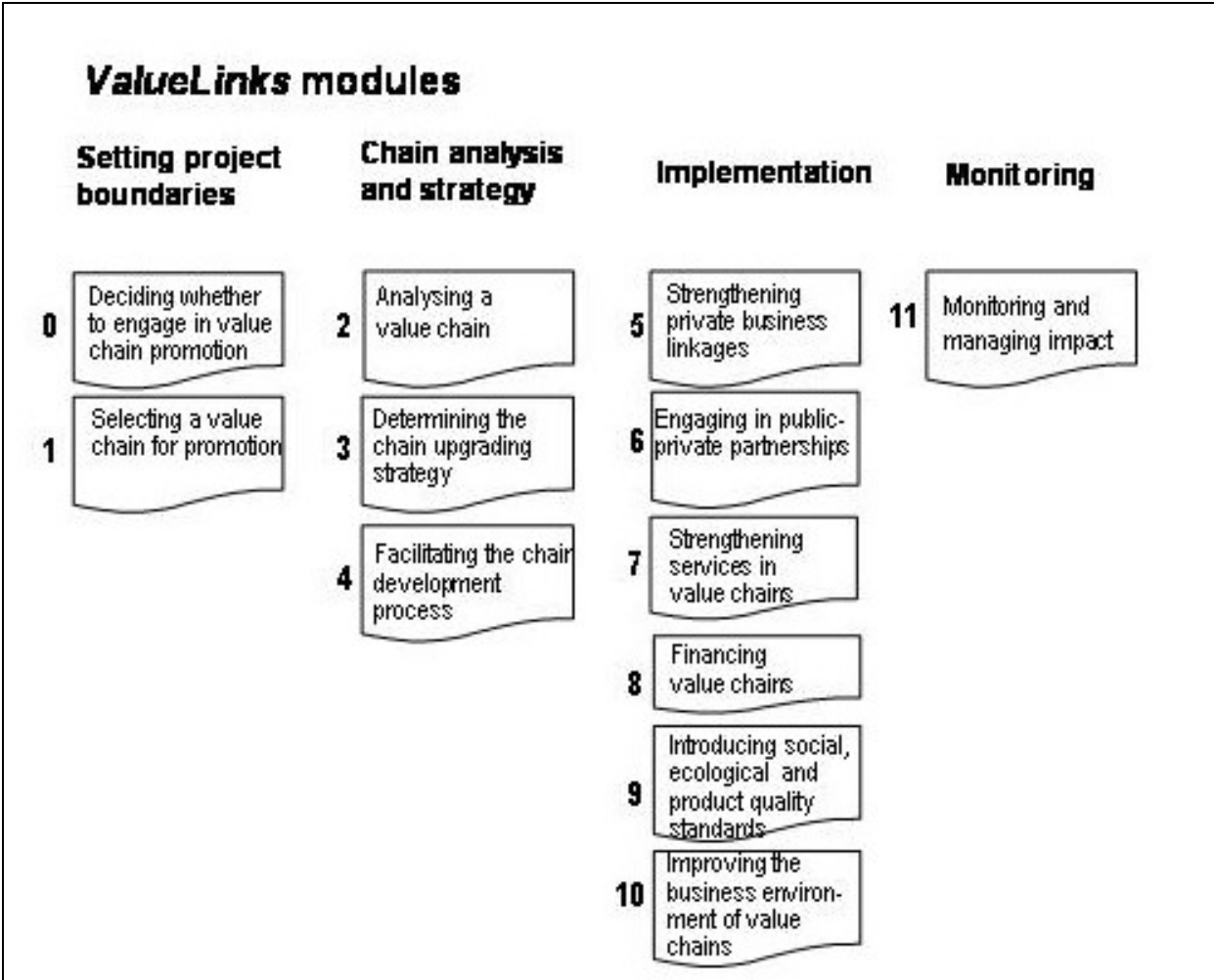
The *ValueLinks* manual structures the know-how of value chain promotion into 12 modules organised according to the project cycle.

It starts with the decision whether to engage in value chain promotion at all, and how to combine VC promotion with other development approaches (module 0). The first step in value chain promotion is the identification of a value chain to promote (module 1), followed by value chain analysis (module 2) and the formulation of a chain upgrading strategy (module 3). Module 4 presents know-how for facilitators of value chain promotion projects. The following modules (5-10) are all devoted to the implementation of projects. Three major fields of action are distinguished – business linkages (modules 5-6), services (modules 7-8)

and the business environment including standards (modules 9-10). Finally, module 11 closes the cycle with know-how on monitoring impacts and managing for development results.

The core of the *ValueLinks* methodology is contained in modules 1-4 and 11, which consist of know-how that is specific to the value chain concept. Modules 5-10, on the other hand, utilise and adapt knowledge from other related fields of development work.

The graph below shows how modules relate to a project cycle of value chain promotion:



ValueLinks does not prescribe any particular sequence in which the modules should be used. In fact, the methodology is iterative. Practitioners usually have to move between implementation and analysis. Monitoring is placed at the end in the above graph, but should certainly be conducted throughout the process.

Each module specifies recurring tasks that business organisations and facilitators of value chain promotion have to perform. Users can choose among a total of 37 tasks, e.g. “value chain mapping”, “agreeing on a vision” or “engaging private partners in development work”. Text boxes present tools and templates as well as concrete examples of value chain projects supported by GTZ around the world. This therefore provides users of the methodology with the building blocks with which they can construct their own VC promotion projects, selecting elements of *ValueLinks* according to their specific needs.

A complete overview of the tasks is presented in Table 2 (pp. 4-5).

Characteristics of *ValueLinks*

Value chain promotion is not a new concept. Nevertheless, there are a few defining features of *ValueLinks* that distinguish it from other guidelines. The features listed in Table 1 below are relevant for the major criteria that determine the quality and impact of development cooperation:

Table 1

The <i>ValueLinks</i> methodology...	...and its relation to criteria of aid quality:			
	Efficiency	Outreach	Impact	Sustainability
addresses value chains as economic, institutional and social systems	*	*	*	*
is entirely oriented towards action and implementation	*		*	
creates synergies by combining value chain promotion with other economic development approaches	*	*	*	
clearly distinguishes between the upgrading undertaken by value chain actors and the role of external facilitators	*	*		*
promotes close cooperation between the public sector and private companies (public-private partnerships)	*		*	*
uses a specific visual language that facilitates cooperation and exchange	*	*		

ValueLinks is an evolving concept. In its present state, it embraces the generic methodology of value chain promotion. Its application in different industries and in countries with varying degrees of economic development calls for additional situation-specific tools. Of particular interest is its application to business opportunities at the bottom of the pyramid. It is planned to produce sector-specific as well as country-specific versions of *ValueLinks* that address specific needs.

Overview of the *ValueLinks* modules and tasks

The following table presents an overview of the *ValueLinks* tasks, structured into two parts. The first set shows the analytical and decision-making tasks for preparing a value chain promotion project, while the second covers the fields of implementation action and monitoring.

Table 2

Analytical and decision-making tasks preparing a value chain promotion project

<i>ValueLinks</i> Modules	<i>ValueLinks</i> Tasks
Module 0 Deciding whether to engage in chain promotion	<ul style="list-style-type: none"> • (0.1) Assessing potential and limits of value chain promotion • (0.2) Combining chain promotion with other development approaches
Module 1 Selecting a value chain for promotion	<ul style="list-style-type: none"> • (1.1) Determining the scope of value chains to be promoted • (1.2) Conducting and supporting market research • (1.3) Setting priorities across alternative value chains
Module 2 Analysing a value chain	<ul style="list-style-type: none"> • (2.1) Value chain mapping • (2.2) Quantifying and analysing value chains in detail • (2.3) Economic analysis of value chains
Module 3 Determining the chain upgrading strategy	<ul style="list-style-type: none"> • (3.1) Agreeing on a vision and strategy for value chain upgrading • (3.2) Analysing opportunities and constraints • (3.3) Setting operational upgrading objectives • (3.4) Identifying actors to implement the upgrading strategy • (3.5) Anticipating the impact of chain upgrading
Module 4 Facilitating the chain development process	<ul style="list-style-type: none"> • (4.1) Clarifying public, private and donor roles • (4.2) Designing a process and setting entry and exit points • (4.3) Organising the chain promotion project and scaling it up • (4.4) Institutionalising the collective action of chain actors

Table 2, continued

Fields of implementation action and monitoring

ValueLinks Modules	ValueLinks Tasks
Module 5 Strengthening private business linkages	<ul style="list-style-type: none"> • (5.1) Brokering vertical collaboration: Supplier – buyer contracting • (5.1) Fostering horizontal collaboration of value chain operators • (5.1) Business matchmaking
Module 6 Engaging in public-private partnership	<ul style="list-style-type: none"> • (6.1) Engaging private partners in development work • (6.2) Concluding private-public partnership agreements
Module 7 Strengthening services in value chains	<ul style="list-style-type: none"> • (7.1) Assessing service needs and service markets • (7.2) Strengthening private service markets and arrangements • (7.3) Improving the responsiveness of public service providers • (7.4) Strategic use of temporary support services
Module 8 Financing value chains	<ul style="list-style-type: none"> • (8.1) Brokering value chain financing arrangements • (8.2) Publicly funding chain development
Module 9 Introducing social, ecological and product quality standards	<ul style="list-style-type: none"> • (9.1) Facilitating the development of standards • (9.2) Accompanying the implementation of standards • (9.3) Developing the capacity for the verification of standards
Module 10 Improving the business environment of value chains	<ul style="list-style-type: none"> • (10.1) Supporting private initiatives addressing macro-level constraints • (10.2) Fostering a coherent value chain promotion policy
Module 11 Monitoring and Managing Impact	<ul style="list-style-type: none"> • (11.1) Formulating impact hypotheses of value chain promotion • (11.2) Verifying impact hypotheses • (11.3) Managing for development results