Integrating sustainability standards into value chain approaches: GIZ ValueLinks Tool

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Introducing GIZ

(Deutsche Gesellschaft für Internationale Zusammenarbeit GmbH)

- As a federally owned enterprise, we support the German Government in achieving its objectives in the field of international cooperation for sustainable development.
- Therefore, supporting sustainable development in international value chains belongs to our core business.

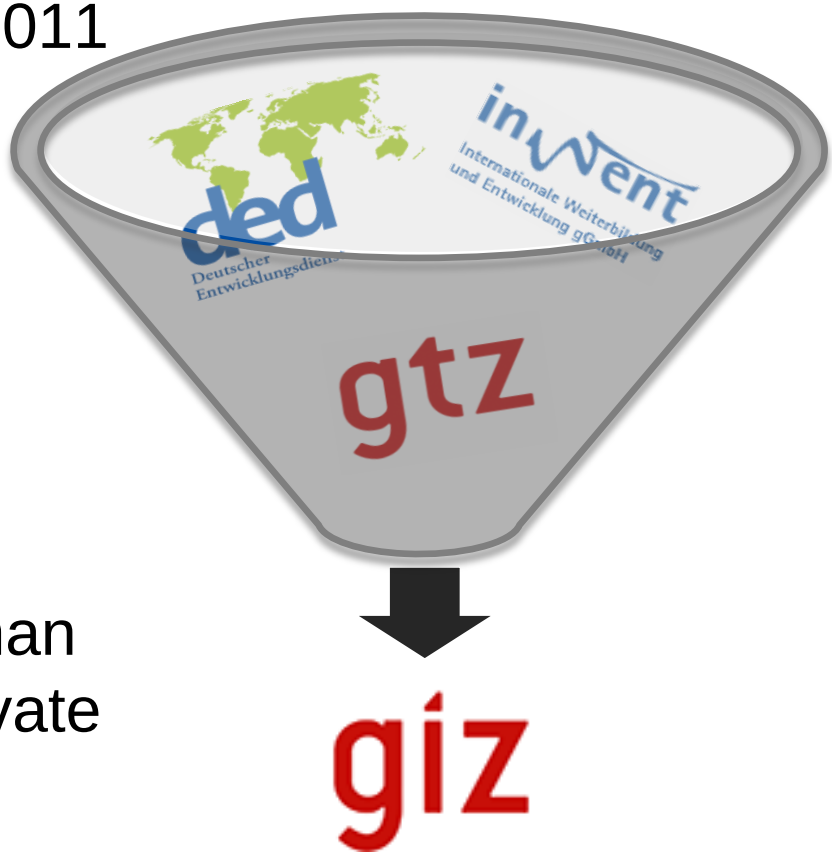
Introducing GIZ cont.

- Established on January 1, 2011

GIZ combines

- **DED -** German Development Service
- **GTZ** – German Technical Coopertation
- **InWEnt** – Capacity Building International

- Operates on behalf of German Government, public and private sector clients



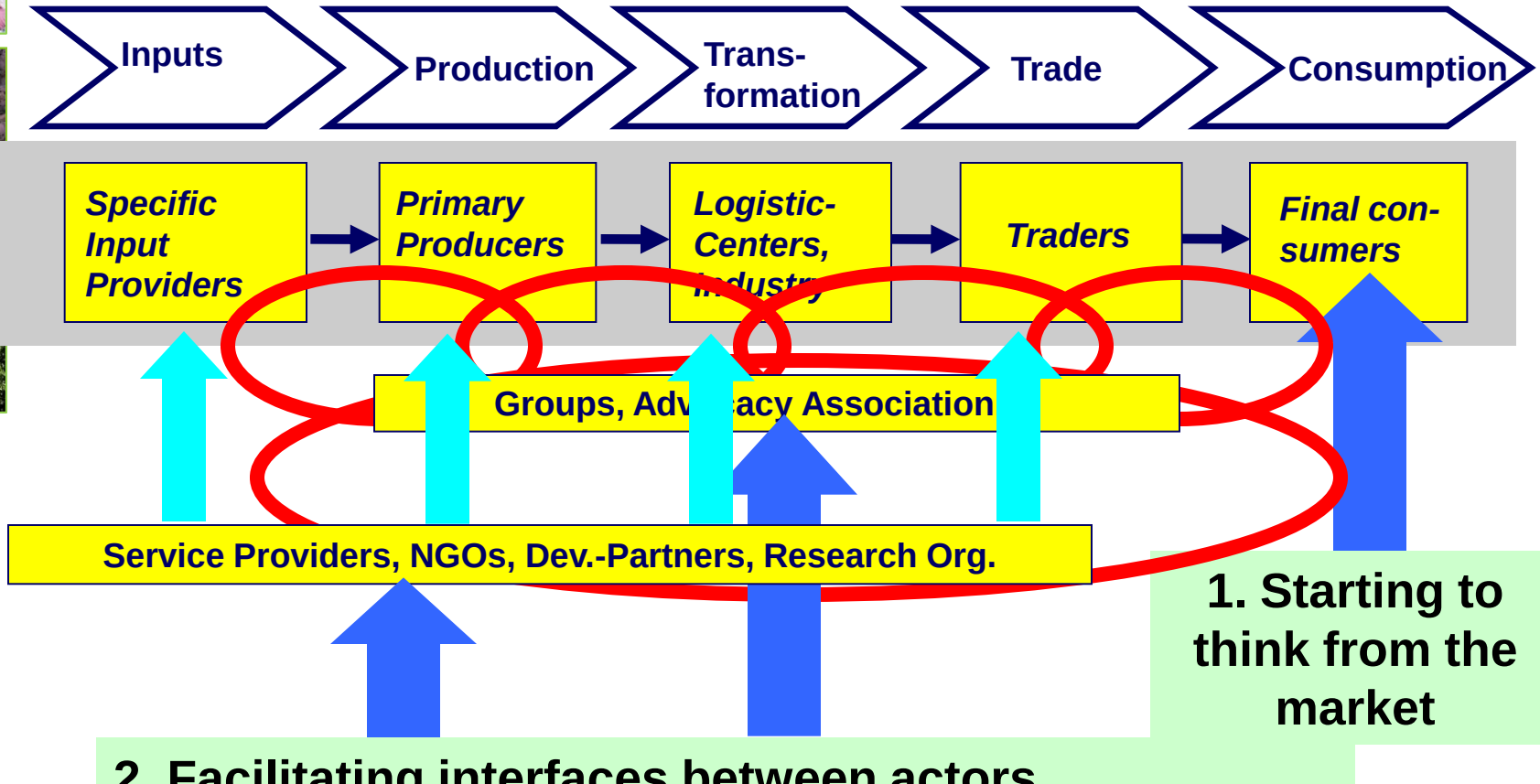
Introducing GIZ cont.

- Operates in **>130 countries**
- Approximately **17,000 staff members worldwide.** In addition, there are 1,135 development workers, 750 integrated and 324 returning experts, 700 local experts in partner organisations and 850 ‘weltwärts’ volunteers.
- Operates in many fields, including economic development and employment; governance and democracy; security, reconstruction, peace building and civil conflict transformation; food security, health and basic education; and environmental protection, resource conservation and climate change mitigation

Motivation to support the development of sustainable value chains

- **Employment creation (pro-poor growth orientation)**
- **Economic viability / sustainability:** Funding of private (as well as public) services out of the VC income
- **Creation of linkages / economic structure:** Economic development is conceived as increasing division of labour & cooperation between actors (systemic competitiveness), bridging different interests of VC actors through neutral fora
- **Coordination of public and private roles:** Combining entrepreneurial development at the micro level with institutional change at the meso- and macro levels
- **Self-reliant development:** Focus on facilitating of economic development process building on own initiatives

Usually critical areas in VC Development



1. Starting to think from the market

2. Facilitating interfaces between actors

3. Capacity building and org. develop. via service providers

How we go about making value chains more sustainable – ValueLinks

- GIZ has developed the **ValueLinks** concept (VL) and has been successful in supporting value chain development in Africa, Asia and Latin America in a large variety of commodities ranging from horticulture, to manufacturing, to agroindustrial, to handicraft products, ...
- VL is a set of methods for promoting economic development with a value chain perspective
- It is addressed mainly at small-sized agricultural enterprises

ValueLinks – modules

Setting project boundaries → **Chain analysis and strategy** ⇄ **Implementation** ⇄ **Monitoring**

Setting project boundaries

- Deciding whether to engage in chain promotion
- Selecting a value chain for promotion

Chain analysis and strategy

2. Analysing a value chain
3. Determining a chain upgrading strategy
4. Facilitating the chain development process

Implementation

5. Strengthening business linkages
6. Engaging in public-private partnership
7. Strengthening services in VC
8. Financing value chains
9. Social environmental quality standards
10. Improving the biz environment of VC

Monitoring

11. Monitoring and managing impact

Obligatory

according to priorities

Value Links – introducing sustainability standards

- The Value links module provides information about the functioning, opportunities and challenges of sustainability standards systems for value chains
- The Module includes the following elements
  - Providing basic information on role and function of standards systems
  - Presentation of example standard system
  - Learning from project examples (implementation of standards in value chain development)

Example: Certified Sustainable Cocoa Production in Côte d'Ivoire 2005-2009

- PPP with GIZ, USAID, Kraft Food and Partners
- The main objective of the project:
  - Improving the living conditions of cocoa farmers in Côte d'Ivoire through the production of sustainable 'Rainforest Alliance Certified' cocoa with the SAN standard.
  - better market access for smallholder farmers
  - increasing the income of farm households
  - improving the living and working conditions of cocoa farmers and their families and workers
  - advancing the condition of the cocoa farmers' natural resources

Certified Sustainable Cocoa Production in Côte d'Ivoire – project partners

Production → Fermentation, Drying → Bulking, trade → Export → Chocolate production → Black Chocolate Market

VC-Operators

Micro

- Cooperatives (6) / >5600 farmers
- Armajaro (Trader)
- Kraft Foods Company

VC-supporters

Meso

- RA, GBCC; STCP; EDE Consulting; ANADER
- GIZ,USAID

Certified Sustainable Cocoa Production in Côte d'Ivoire – project activities

- Introduction of the Sustainable Agriculture Network (SAN) standard.
- Incorporation of the standard into a set of instructions and tools for cocoa cultivation, formed the core of a capacity building program that was first disseminated through the training sessions for the ANADER trainers.
- GBCC trained cooperatives in the specific sustainability-related aspects of the SAN standard.
- Project partners were active in enhancing cooperation at the political level, fostering negotiations between exporters, traders, cooperatives and cocoa farmers.

Certified Sustainable Cocoa Production in Côte d'Ivoire – outcome & impacts

The economic dimension

- ✓Improved market access; increased income
- ✓Increased quality and quantity of cocoa (increase in productivity of 49.5%)
- ✓Integrated pest management

The environmental dimension

- ✓selected areas were marked for wildlife protection; 188,000 shade trees were planted
- ✓security perimeters were established
- ✓waste management improved

The social dimension

- ✓Improved living and working conditions
- ✓Empowerment of cocoa farmers and their cooperatives by helping them to get better organized. (increase in memberships of 25%)

Certified Sustainable Cocoa Production in Côte d'Ivoire – beyond project end

3

- Production of certified sustainable cocoa continued to be viable after the project ended in 2008
- In 2009, several cooperatives did not continue with certification because they opted to sell their output to traders that did not require certification and which also offered good prices.
- 2010, when certification had become well-established in the international chocolate market, all re-applied for certification.

Further information

VL Manual and Modules:

http://www.value-links.de/manual/distributor.html

International ValueLinks Association:

http://www.valuelinks.org/

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giz Programme Social and Environmental Standards

On behalf of
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for Economic Cooperation
and Development