


English edition



**PACA[®]
NEWS**

**Participatory
Appraisal of
Competitive
Advantage**

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Editorial: Managing polarities in LED

We often see that LED practitioners start playing off different concepts or methods against each other. Methods or tools are compared as if the method can solve problems in a mechanical and guaranteed way. Very often LED practitioners are confronted by local problems that are difficult to solve. It is very tempting, yet dangerous, to simply take ‘best practices’ from other places and contexts and to just apply them locally. The ideal solution depends on the demands and the circumstances of the local development effort. We all know that we have to contextualise our recommendations and approaches to the unique requirements of a local situation, but this still does not give us any idea of how to manage the interaction between different approaches.

Polarity management as a change management instrument

According to Johnson (1992), many problems that we face today are not really problems to be solved, but polarities to manage. Johnson argues that we can continually try to solve these problems and then find that we are stuck with some negative consequences that we never intended, even if we were aware of them.

Polarity management is an instrument that is used by change management practitioners to understand and manage these polarities. The strengths and the weaknesses of alternatives must be understood, and then managed in balanced way. An example would be “team work” vs. “individual performance”. Many organisations are continually shifting between these two poles as if either of them could ever be the final solution to a problem. Members of the organisation become worn out over time as management switches from one great scheme (teamwork) to individualism and back. Or maybe the organisation manages teams but rewards individuals. These kinds of double standards not only confuse organisation members but could even be counterproductive. Another well-known example is free markets vs. government guidance.

A LED specific example would be “strategic planning approaches” vs. “participatory or bot-

tom-up process” (see Figure 2). There are instances where strategic planning¹ is the ideal approach, and in other cases participatory process² is more adequate. But how do we manage these alternatives, especially if we want the best of both worlds?

A well managed polarity exists when we do not have to choose between two poles, but rather can have the benefits of the strengths of both alternative options.

Steps to analyze a polarity.

1. Fill in the headings of the two polarities (see figure 1)

Figure 1: Example of a polarity matrix between two alternatives

+ of alternative 1	+ of alternative 2
Strength 1 Strength 2 ...	Strength A Strength B
- of alternative 2	- of alternative 2
Weakness 1 Weakness 2	Weakness A Weakness B

2. Capture the strengths and the weaknesses of both under the correct heading
3. Determine if there is a movement of preference between the quadrants (typi-

cally from the negative of one pole to the positive of another)

4. Determine if there are ideal paths of change or ways that exploit the strengths of both worlds can be exploited while
5. minimising the negatives of both alternatives

Challenges highlighted by the matrix

On the next page there is an example of a polarity matrix between participatory methods in LED and the more strategic planning-like methods (Figure 2). Participatory methods are often grounded in the principles of learning-by-doing and learning-by-interacting, and by change management. Strategic Planning methods are very often grounded in urban design, engineering or return on public investment. But in LED we need both in order to make good public investments and to promote continuous improvement in the locality. So it does not make sense to pursue either the one or the other. The strategic planning approach is a very logical choice for the public sector because it draws on standard project management principles and structured approaches. But this approach does not mobilise the private sector, in particular SMEs, and does not get them involved in changing their own behaviour. Although most strategic planning approaches involve intensive consultations with the private sector, these are mainly to gain support or to identify concerns based on existing options. While proper economic research is required before the public sector makes an investment, the data often is not valuable to the private sector nor does it lead to a change in the behaviour of other stakeholders.

What then typically happens is that some stakeholders move from the negative quadrant of the current approach to the positive of the other. Other are more traditional and do not want to go to the other approach because they see the strengths of the current approach and the negatives of the other. The stakeholders are trapped in a polarity that needs to be managed!

¹ Strategic planning approaches are approaches where one of the key deliverables is a strategy document that is then seen as the main reference point for a future LED implementation process. These approaches typically take several months to several years to complete.

² Participatory processes are known for their highly interactive and dynamic nature. Well known examples are PRA and PACA. These processes typically take anything from a few weeks to a few months to complete.

Figure 2: A polarity between strategic planning and participatory LED approaches

+	Strategic Planning approach	Participatory approach	+
	<p>Suitable for capital intensive development</p> <p>Good for long term projects with large budgets</p> <p>Ideal when the expected result is clearly defined</p> <p>Public sector takes lead and stays in control</p> <p>Often leads to investment opportunities for the private sector</p> <p>Bankable plans can be used to raise additional finance</p> <p>Can be used to control and co-ordinate the inputs and activities of the different public sector actors</p> <p>Creates a good looking document</p> <p>Can be managed using standard project management procedures and software, and good meeting practices</p> <p>Low risk route for the public sector</p> <p>Makes sure that the priorities of the public sector are addressed</p>	<p>Mobilise stakeholders into improvement processes</p> <p>Start incremental upgrading and improvement processes at the same time as the analysis takes place</p> <p>Leverage the creativity and skills of local stakeholders</p> <p>Ideal when the expected result is contentious or fuzzy</p> <p>Create new networks and configurations of stakeholders that often outlive the project</p> <p>Private sector benefits directly and immediately from the process</p> <p>All stakeholders involved learn about LED as they go along</p> <p>Develops and enhances trust and social capital in locality</p> <p>Can be driven by the private sector for the private sector</p> <p>Outlives public sector interest in the process</p> <p>Closer co-operation fosters better collaboration and flows of information</p>	
-	Planning approach	Participatory approach	-
	<p>Consultations with other partners do not necessarily draw on the strengths or creativity of the private sector</p> <p>Dependent on the creativity of a core group that is driving the process (or external consultants)</p> <p>Excludes SMEs, whose owners operate under severe time constraints</p> <p>Forces the public sector to make many decision on little information and much uncertainty</p> <p>Very often strategies and documents do not lead to much change in behaviour</p> <p>Often over-dependant on historical analysis and economic data analysis</p> <p>Takes very long to show results (other than documents or meeting minutes)</p> <p>Mainly dependent on funding and leadership from the public sector</p>	<p>Often does not lead to a concise strategy document</p> <p>Dependent on the continued goodwill and willingness of champions to stay involved</p> <p>Does not directly lead to bankable investment opportunities</p> <p>Risky approach for the public sector as the outcomes cannot be controlled</p> <p>Intolerant of political agendas and power-plays</p> <p>Due to incremental and shorter focus it can become out of sync with public sector planning methods and cycles</p>	

Conclusions

From the matrix it becomes evident that the participatory approach is better at starting LED processes or taking an existing activity to a next level. But a weakness of the participatory approach is that it often does not provide the public sector with longer term programmes or investment opportunities. It is therefore important that a strategic planning approach is used to develop some of the themes or issues that arise from a participatory process, and that this is part of the design of the process from the start. This further strengthens the LED process by releasing public resources that support private initiative, while it reduces the need of public officials to take many important decisions in a very short time. There are also many issues that will not be explored by the private sector initially but that is of interest to the public (like education or other locational factors). This is not a minimalist role of the public sector, in fact, it proposes a critical leadership and investment role to the public sector.

By starting a LED process in a more participatory way, local stakeholders also learn to work together and to form new networks. These new relationships and forms of governance make it easier to do specific economic research that supports an ongoing LED process. This transforms economic research from a document generating activity to a valuable exercise where specific analysis is done in support of investment or development opportunities. The strength of the public sector is the management of capital intensive long term projects and an enabling environment, while the strength of the private sector is a fast response to changes in the environment and the direct creation of employment and growth. Managing the polarity in this way reduces the need to make compromises and instead builds a synergy between the strengths of both approaches. It also shifts some of the burden of economic development to the private sector in a mode that they are comfortable with, growth through increased competitiveness and learning. The public sector can concentrate on its core areas of infrastructure development, social inclusion, equity and fair competition.

Additional reading

JOHNSON, B. (1992) *Polarity management: identifying and managing unsolvable problems*, Amherst, Mass, HRD Press.



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Do you have any interesting news to share with the PACA community? Send your comments and contributions to sc@mesopartner.com

Learning experiences from LED tour in Germany and challenges ahead

When Frank Wealtring asked me to write a note on my learning on German experiences from the study tour organized for LED experts from SEE¹, I responded promptly with: “Yes, with pleasure”. But, a hidden thinking mechanism was activated immediately. Instead of writing instantly lessons learned from that fertile and funny experience, I started to think about my ways of learning.

I am a consultant and director of EDA², a non-governmental development agency from Bosnia and Herzegovina. In both roles, I coach, what should mean my job is coaching, not learning. But, people learn from me, and, of course, I learn from them... The question *Do I learn?* is not the right one. With no doubts, in order to do my job, I have to learn. And I do learn, almost every day. The right question is: *How do I learn?*

¹ The study tour on Local and Regional Economic Development, organized by InWEnt (www.inwent.org) and mesopartner (www.mesopartner.com) for private economic consultants and representatives of economic promotion agencies and institutions of South East Europe between 19th and 28th of November 2007.

² For more details please visit our site (www.edabl.org).

There are at least seven ways of learning that I combine almost every day: by thinking, by doing, by watching, by questioning, by listening, by reading and by writing. During the study tour to North-Rhine-Westphalia (NRW) I had the opportunity to use all of them, except writing. Now, it is time to complete my learning experiences from that outstanding visit to NRW, this time by some writing.

Lessons (not) learned

Bellow are my key lessons (not) learned. I will start from Local Economic Development (LED), the main topic of my interest, and then continue with regional development and substantial changes in regard to the role of government and the way of planning.

- LED cannot be observed as an isolated, one-level development policy (as it is still in almost every transition country in Balkans); it has to be an integral part of multi-level policy. In NRW, LED efforts are harmonized with EU policy, Federal Government regional policy, State Government regional policy and development policy at the sub-state regional level. But, a strong role and initiative of the city is crucial. One of the best cases was the visit to the Technology Centre Dortmund (*TechnologieZentrumDortmund*), an excellent example of multi-level efforts aiming to promote highly innovative sectors and start-ups.
- Changed role and behaviour of government: the key role of government is to facilitate development, by criteria and funds, instead of trying to manage it. Local (and regional) development should be run as a business, not as an administration.

- Changed way of planning: from top-down to a harmonized combination of top-down and bottom-up, on one side, and from planning to shaping the future, on the other side. Neither local nor regional development is conceptualized as a very systematic, well-controlled top-down process with clear and simple structures, as it was some 30-40 years ago. Consequently, the planning is not a serial process, with long and detailed analyses, very formal set of vision-goals-objectives-programmes-projects sequences, very detailed proposals and a complicated selection process. Shaping the future has nothing to do with bureaucracy: it is a more artistic, creative process with shared vision, few larger projects with structural impact and a lot of interactions between players. What is very important for both regional and



The Gasometer is now a famous tourism site in the industrial heritage route

local development is a rhythm, not procedures. Instead of insisting on bureaucracy in planning, “*where a lot is planned, little is implemented and nothing is achieved*” (J. Meyer-Stamer), the new approach is more like *quick planning (planning by playing), intensive communication and flexible implementation (planning by doing) and presentation/promotion of achievements*, almost every year. The best demonstration of this approach – the art of regional development – is Regionale 2010, based in Cologne.

- Development is about interactions and therefore about communication, networking and partnerships. Institutions are nothing without proper interactions, not only interactions between science and businesses, but also synergies between local government agencies and highly innovative institutes (as demonstrated during our visit to Bocholt to the University of Applied Science, the Institute of Entrepre-

neurship and Innovation, as well as the Mechatronic Institute).

- There is no easy cooperation and it is very important not to have an easy cooperation, if something significant is to be made. This is especially a useful lesson for transitional countries where a lack of cooperation culture is very often an excuse for doing nothing, particularly in regard to clustering or networking.



Shopping centre complex developed on a brown field

- Transformation (of a city or a region) is not about losing previous identity, but about keeping it (creatively!) and adding the new identities relevant for the new economy and new society. Amazing transformation of NRW from heavy industries to leisure industries was also a transformation from an ascetic to aesthetic approach (Inner Harbour Duisburg, Landschaftspark Nord, Gasometer (figure 2), World Cultural Heritage Zeche Zollverein in Essen...). The link between industry (as main lever of “old economy”) and culture (as main lever of “new economy”) was exactly the industrial culture, recognized and promoted by NRW.

What about the challenges ahead? What we learned in NRW is not directly transferable to our countries (the “transformation countries” of Balkans). What we can do is to speed up the conceptualization and effective implementation of LED (and RED) in our countries based on almost fifty-year long process of learning (trials and errors) in NRW.

Fortunately, my organization (www.edabl.org) is initiating the new project - FIELD (Framework for Innovative and Effective Local Development in BiH), what is found to be a good opportunity for my team to adapt and apply some of the learning experiences from NRW. Besides that, we are about to begin with the strategic development planning in Trebinje, one of the most beautiful cities in BiH. I see this as a great challenge for the application of innovative combination of “old” and “new” identities.

With love

Coming to the end of this *learning by writing* exercise I would like to mention three more (and more personal) learning experiences.

Firstly, I learned how to keep under control my fear of heights (acrophobia, vertigo). There were some sightseeing challenges that I could not miss to experience: *Cologne Cathedral, Gasometer Oberhausen, Landschaftspark Duisburg Meiderich, TV Tower Duesseldorf...* I do not know what happened on the Cologne Cathedral, but after a strong fear I was feeling while going upstairs, I overcame it at the top.

Secondly, I was very lucky to be with a group of younger (than myself) colleagues from BiH, Serbia, Montenegro, Macedonia and Slovenia. We had a lot of fun intertwined with learning and I realized (again) that learning is an aesthetic, not an ascetic, activity. If we want to make our learning more effective, we have to put fun back into our training and learning activities (as it was in the time of our childhood).

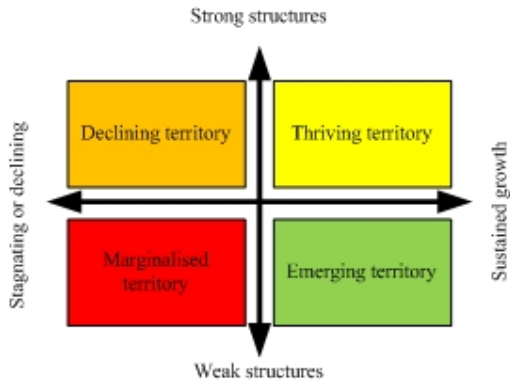
Last but not the least, we experienced a great hospitality by our hosts from **mesopartner**, Frank Wältring, and his sister, Ursula. For us it was much more than learning and for them it was more than organizing and training. They did it with such an incredible energy and enthusiasm. I will say it precisely: They did it with love.



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How to support LED initiatives in marginalised territories such as Region 10 in Guyana?

Region 10, one of ten provinces (called “Regions”) in Guyana is surely a marginalised territory taking the simplified typology of territorial economies into account. This matrix is about two axes: growth (stagnation-decline vs. sustained growth) and structures (strong vs. weak). The matrix is illustrated in below.



Region 10 stagnates in economic terms while dealing with exclusively weak organisational structures, be they of governmental or private nature. Economically, Region 10 is characterised by the decline of the bauxite industry and massive lay-offs after privatisation since the 90’s. Apart from the outstanding role of the bauxite firm (a Chinese one since 2007) as the main employer in the region whose decisions affect most citizens in one way or another, there are more reasons for the economic stagnation in other sectors:

- despite its enormous geographical size, Guyana has a small internal market with only 750.000 inhabitants mainly in its capital Georgetown,
- rather low purchasing power with the exception of a few better-offs despite ...
- inflow of substantial remittances which allow for an “excellent survival”,
- Infrastructural isolation of Guyana from its direct geographical neighbours,

- an overall negative image of relatively high crime rates, frequent flooding in the capital and money laundering,
- ongoing territorial disputes with Venezuela and Suriname about oil areas,
- “red tape”, inefficient bureaucracy and corruption, and finally ...
- ongoing ethnical disputes between Indians and Africans leaving Amerindian, Chinese and Portuguese minorities as spectators.

The Linden Economic Advancement Programme (LEAP) started in 2002 with the aim to diversify the economy and to ultimately create 1,700 jobs in Region 10, be they self-employed or employed.

The Project was designed as a “hawker’s tray” offering assistance in a number of sectors such as infrastructure (greatest budget allocation), agriculture, business services, credit, tourism, handicraft, logging, business incubation, etc. apart from its institutional development efforts with the local Chamber, business associations, the provincial Government and the Linden Town Council. The general improvement of the labour market with reintegration training for discharged employees and specific job training for personnel of newly opened enterprises (call centre,



hospitality) was another focal point. LEAP acted as the quasi governmental development organi-

sation in Region 10 with the benediction of the Ministry of Finance keeping the focus on micro and meso level.

Among the multitude of activities, LEAP has also organised two PACA interventions in collaboration with **mesopartner**. It was meant to provide a stimulus to local economic development through the exploitation of competitive and comparative advantages based on the identification of endogenous development potential. More than two years after the first PACA activity, it's time to analyse the outcome and to ask some crucial questions such as: "Does it make sense to start with an LED initiative in a marginalised territory?" or "What are the major initiatives – if any – that can be called successful (and why)?" , "What were the major challenges?" , and finally "What are our learning experiences?" .

PACA intervention results

Two PACA interventions have been carried out in April 2006 and April 2007. Now in January 2008 the following results can be reported:

- The locally trained "PACA Consultants" were financially supported by the Project for only four months. Later on, one became President of the Farmers' Association, and another one is now member of the LEAP local staff.
- The loggers' provincial federation: inactive despite a number of activities for loggers initiated on the national scale.
- Handicraft association: diverse interests contributed to the sudden death of this group though it was already organised as a full-fledged association.
- Agriculture association: its success was due to the Project's assistance to provide a lot of external consultancy inputs, pay for its secretary, hire some active members as supervisors in a land-clearing exercise, link members to agricultural exporters, and pay for information newsletters and financing of stands during exhibitions.
- Transport entrepreneurs: no single meeting or activity.

- "Region 10 Tourism Development Association": the end of an external consultant's term marked the end of clearly defined and well-planned activities with two exceptions: the acquisition of external funds (another EU micro project programme) for the construction of a tourist lodge at Rockstone and the set-up of a web site (www.lindentourism.com). The "Rockstone Tourism Association" (RTA) was directly supported by LEAP personnel as a pilot activity in this promising sector; the Rockstone Fish Festival was successfully organised in October 2007 for the second time.
- Local Chamber: divided as ever over minor questions, quarrels for posts and general in-



Handicrafts in Linden

activity regarding major economic questions. A Chamber web site has been produced with LEAP assistance www.lindenchamber.org.gy. A town development and -beautification project (again with financial LEAP assistance) was started.

- Regional Democratic Council (RDC): the Provincial Government fully concentrated on the elaboration of the 5-year development plan with intensive consultations of all communities, sectors and relevant institutions in the Region. By June 2007 the first draft has been accomplished, again with massive support by LEAP.

Expectations were much higher compared to the meagre results achieved which again were only possible through massive interventions from LEAP. What went wrong? Did we underestimate the well-pronounced receivers' mentality in Re-

gion 10 which every citizen in this area mentions with an excusing smile (“Sorry, we are like this!”)? So, Region 10 was not only an economically marginalised territory but also a desperate one in sociological terms (dependency syndrome). But what were the options? Were there any?

A typology of local regional economic development (LRED) projects differentiates between three different types: community-, sector- and poverty-oriented LRED. The Project officially opted for community- and sector-based strategies. However, the poverty-orientation silently (and unofficially) became the major focus due to two reasons: the Regional Government as major partner had a clear-cut poverty-oriented direction, and the expectations / attitude of the population which strongly claimed to benefit directly from Project interventions (no training fees, no business services to be paid for, “You are here to help us!”). The Project never got to the point where sheer spoon-feeding was transcended and developed into business-like behaviours.

Crucial questions and answers

What are the major initiatives that can be called successful (and why)? The results in the tourism sector are tangible; a lot of visitors have been motivated to visit the Rockstone Fish Festival hence creating a certain hunger for more recreation activities within the vicinity of the capital Georgetown. The same is valid regarding the “Region 10 Tourism Development Association” which set up a web site, opened the local museum and identified a few services with future prospects. This “success” is based on comparative advantages of the region (natural beauty), the hunger for relaxation of the Georgetowners and the comparatively high motivation of people at the helm of the associations (presidents).

The elaboration of a 5-year Development Plan (the first of its kind!) by the Regional Democ-



Torsten has worked for 2½ years as International Business Advice Expert in the LEAP Project

atic Council is definitely a step forward into the right direction. But the motor behind the success was entirely the Project.

What were the major challenges? Looking closely at all efforts and initiatives undertaken, the main challenge was surely on the psychological level: how to convince the main actors that THEY are the key personnel for any development and that the latter cannot be sustained with permanent inputs and interventions from outside (Project)? Or to ask the more provoking question: Did the Project apply too much spoon-feeding in view of pursuing one’s own objectives in-

stead of taking its time to empower the various target groups? From my point of view, the simple answer is YES!

But the sustainability issue is crucial! If the Project can’t achieve its objectives during the limited time period, there ought to be a way to empower an existing or new institution to take over and carry on. I personally think that this is the greatest challenge of all which should have been pursued since the very beginning: a Project with quasi-governmental functions in any given location/ territory ought to strive for the set-up of a sustainable follow-up institution (Local Economic Development Agency <LEDA> or “Small and Medium Enterprise Development Agency” <SMEDA>).

Does it make sense to start with an LED initiative in such an environment (marginalised territory)? This question cannot be answered in general terms because Linden and Region 10 are just one example of a marginalised territory! The type of marginalisation plays a key role: Linden suffers from the “employee and dependence syndrome” where the population is only used to make physical manpower available for bauxite excavating firms leaving crucial life decisions to concern-, town and regional authorities. Entrepreneurial activities are simply not stipulated in

this environment in a short period of time. The decisive challenge was and still is: How should externally induced development activities be designed to assist the local (regional) economy to take the own destiny into one's hands? What are its conditions?

Our experience shows that a crucial number of active, energetic and motivating local business people in different sector are decisive to get "the ball rolling". If they occur only in one or two sectors, then you get only positive results in one or two! Hence, there is a need to scan the entrepreneurial society for doers and motivated activists ready to go "the extra mile"! PACA is not a tool to provide basic motivation to actors; it's rather a tool to channel existing enthusiasm and motivation of individuals into powerful activities. So, in Linden we were missing the critical mass of basically enthusiastic people in all sectors. Wherever they were, it worked (tourism, agriculture, and regional authorities); wherever they weren't, it simply didn't work (other sectors).

What are our learning experiences? Local economic development is not a methodological approach which can be applied among many different other activities; at best, it should be the overruling strategic backbone along which any project intervention should be designed. For LEAP it was just one facet as there were many others. With the elaboration of the 5-year development plan (which should have been tackled earlier during the process³) the Region now avails of a strategy document but it still lacks the manpower to implement it. So, there might be late success stories if this plan is implemented one day! Maybe a two-year period is still too short to draw final conclusions! It's cumbersome to dissociate PACA's failure and/or success from the Project's other activities:

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³ One must admit that this was planned but not put into practice by the Regional authorities.

Using PACA in the Formal Transport Sector – a Paradox?

It is commonly associated with state interventions, huge financing requirements and large scale enterprises: The transport sector is not a "sexy" sector for SME development or local economic development. Too many market distortions, very high entry barriers or too much state intervention are commonly heard arguments. The case of freight transport analysis in two Vietnamese provinces proves them wrong.

Historically, the overwhelming majority of freight and passenger transportation in Vietnam has been associated with state-owned enterprises (SOE). In market oriented economies that are associated with increased private sector participation, this changes. Private contractors in road construction, minibus operators for passenger transport, small-scale truckers or sophisticated logistics service providers usually develop very quickly, if the markets are opened. They quickly



The container depot in Haiphong

become a major force for employment and contribution to the economy.

The EU Vietnam Private Sector Support Programme (VPSSP) has conducted economic potential studies to determine areas of interventions for local economic development and private sector growth. In two Vietnamese provinces – Haiphong and Danang – the freight transport sector emerged with significant potential. That both provinces (cities) operate important sea ports for a wide (Danang) or economically thriving (Haiphong) hinterland has certainly influenced that result. But equally important are the following parameters:

- Private sector participation in road freight transportation has moved beyond 96% in 2005
- The number of trucks doubles every three to five years (statistics are somewhat inaccurate), and
- The number of private companies grows even faster, with almost all new market entrants being very small.

Similar trends, albeit not to the same degree, can be observed in logistics service provision, mostly in or around transport centres (ports, container depots, industrial zones).

Processes for participatory appraisal of competi-



Danang port

tive advantage (PACA) were started in the two provinces in order to unfold the existing economic potential for the local economy. In both locations, comprehensive training sessions prepared team members for the task. The PACA exercises were supported by international sector expertise and process facilitation. But there were distinct differences as well: In Haiphong the analysis involved the local trucking association as major partner right from the outset. The team consisted largely of members from the trucking community and consequently the hypothesis workshop and the ensuing analysis process concentrated on road freight transportation issues. For Danang a preliminary scoping exercise was carried out and yielded a broader approach for the analysis. The Port of Danang as a major service provider for SME importers and exporters also featured strongly in addition to road freight

transportation. The PACA team was much more broadly chosen.

The analysis came up with very explicit findings:

- (a) De-regulation is going at an incredible pace, with Vietnam's road transportation law being considered insufficient from policy and implementation point of views to govern the ever more complex sector. Compared with other countries, vehicles weights and dimensions and speed limits are very low. This has a significant impact both on unit transport costs (through smaller vehicles and lower speeds) and quality of service (delivery speed and reliability).
- (b) Law enforcement is characterised by inconsistent application of regulations by local authorities and police, coupled with frequent security checks and informal levies. Government structures dealing with the sector, especially provincial one's, have not been able to follow suit with regard to policy, manpower and instruments or methods applied for governing the sector.
- (c) The private sector is largely competing on price, without due consideration to service quality, safety, environment and efficiency. Although required by law, professional knowledge and behaviour is not enforced in the sector. At some stage the unorganized growth of the industry will lead to poor service, price dumping and poor safety records. The ability of the industry itself to enter into meaningful public private dialogue and to capacitate its operating entities is poor. So is the provision of business development services.
- (d) The Port of Danang grows substantially slower than the other ports in Vietnam, not delivering fully on its economic potential. This is partly a consequence of lack of certain infrastructure and an uncoordinated approach to port development in Central Vietnam, but it also re-

Haiphong	Danang
<ul style="list-style-type: none"> • Haiphong Automobile Transport Association (HATA) starts a skills development program in the industry • Establish a regular forum for consultation between the industry and Government institutions • HATA to start a campaign to promote the HATA brand name via formal and informal channels • Organize annual shippers meeting for HATA members to discuss matters of joint interest • Establish a task-force for investigating the potential of bulk-buying for HATA members • Conduct a study tour to HCM city for HATA Executive to meet associations there 	<ul style="list-style-type: none"> • Have regular client conferences on how to increase cargo volume with the producers / traders and relevant institutions, e.g. VCCI • Organize regular business meetings on import, export and transport topics using business practitioners • Bring in an international expert on port marketing and business development for strategic planning and pilot implementation • Investigate possibility to reduce transport time to overseas market. • Da Nang Port establishes a regular electronic newsletter for its clients • Establish a Road Freight Transport Operators Association in Da Nang using the experience of recently established business associations • Establish a transport management course for truckers and run it regularly

flects shallow customer relationships and an insufficient business development effort.

Subsequently, proposals were developed in the fashion well known from other PACA exercises: A results workshop with Pareto assessment of proposals and prioritisation steps yielded the proposals which were then vetted in presentation workshops with major stakeholders. In the end for Haiphong 14 proposals focussing on road freight transportation were developed, 25 proposals in Danang aimed at trucking, but also at enhancing the business development function of the Port of Danang.

Since the process up to this point is largely a facilitative one, banking on the initiative and self-help ability of the involved stakeholders when it comes to action, result and impact, the decision was taken to adopt an opportunity-led approach in respect of further VPSSP support: After three months for each of the proposals the progress should be assessed regard-

ing the achievements so far, the level of importance that it showed viz-a-viz the stakeholders and the chances of success. With the assistance of the international expert the proposals in both cases, Haiphong and Danang, were boiled down to six and seven key proposals respectively.

A key aspect for considering the chance of success was if and to what degree the initial proposals found “takers”, people in relevant positions or institutions that were willing and able to take the lead in implementation. But of course, features like funding requirements, time constraints or complexity were also taken into account. As result a manageable set of recommendations remains – quite different for the two provinces – that can be concentrated on. This does not reflect on the correctness or suitability of the initial proposals, nor does it necessarily mean that the most important proposals are being followed through, but it makes best use of scarce resources, especially the motivation of stakeholders.



The Transport PACA team in Da Nang

It has proven very successful in Danang to allow for an initial scoping of the exercise. This seems especially useful, when there are uncertainties regarding the immediate approach or possible implementation partners or simply the information base for planning the exercise is incomplete. The positive developments in Haiphong have certainly benefited from the existence of an active and proficient private sector association as partner for implementation.

Surely, a distinct complexity of the sector arises from the fact that its productive activities are performed in a public space. The level of interaction with Government (provision of infrastructure!) is probably higher than in many other economic sectors and market entry depends on a fair degree of capital and management skill, but this in no way hinders participatory techniques for the development of the private sector to be successful.

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Christian Matschulla operates a consultancy for business linkages, private sector development and international cooperation. He has been the international expert involved in the analyses in both provinces.

The latest LEDCast episodes

The LEDCast series is growing in popularity! We have recently exceeded 5,000 downloads from across the world. Visit www.ledcast.net or search for 'LEDCAST' in your favorite podcast application.



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Gerry Delany explains the concept of Business Retention and Expansion.

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If you would like to listen to the LEDcast but your Internet connection is not good enough to download our files or your organisation is blocking downloads of MP3 files, then you are perhaps interested in getting the LEDcast on a DVD. We will send out a DVD with all the LEDcasts that we have published so far to the first five persons who send an e-mail to contact@ledcast.net and explaining to us how they think the LEDcast will help them in their work.

Shawn Cunningham
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Announcements

“Strategies for Local Economic Development” – ILO Turin, Italy

The International Training Center of the ILO offers a two-week training course on “Strategies for Local Economic Development” which will run from 19 to 30 May 2008. There will be parallel courses in English and Spanish language. On the 22 and 23 of May, two of the mesopartners will offer trainings with the following topics: *Competitive Advantages of a Territory*, *Governance of LED* and *LED tools*.



Campus of the ILO Training Centre

For details and registration please have a look at: www.itcilo.org/led.

PACA Newsletter in English and Spanish language:

Please be aware that the English and Spanish editions contain completely different articles and topics. You may be interested in taking a look at both Newsletters.

This time the Spanish articles are coming from Nicaragua, Peru, Chile, Honduras and Italy.

The mesopartner Summer Academy on Local Economic Development

14 - 18 July 2008

The mesopartner Summer Academy is an event that targets experienced LED practitioners. It offers inputs on current topics and opportunity for exchange of experience. The next Summer Academy is open for registration. For more information please consult:

www.mesopartner.com/summer-academy

With this edition, Shawn Cunningham has taken over the editorship of the PACA News from Jörg Meyer-Stamer. This reflects the re-distribution of responsibilities within mesopartner. Jörg remains responsible for the mesopartner Working Paper series, and he is also responsible for a mesopartner book series that we will launch shortly. Frank is now responsible for the development of the new website

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