

English edition

PACA[®]
NEWS

**Participatory
Appraisal of
Competitive
Advantage**

A Product by mesopartner

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Editorial: Is PACA at the fringes or at the heart of Local Economic Development?

Over the past few years, several international and bi-lateral donor agencies – the World Bank, UN Habitat, OECD, the EU, USAID – have published primers and comprehensive manuals on local economic development. Most of them share one feature, namely the emphasis on strategic planning –

Good practice indicates that local economic development should always be guided by a strategy. Ideally, an LED strategy will form a component of a broader strategic development plan that includes social and environmental components. (World Bank)

Strategic planning for local economic development is important. It is a cornerstone of sustainable development. It involves wise resource use, integrating values and thinking ahead. These are demanding tasks that can be intimidating, and at times overwhelming. They need not be. (UN Habitat)

Local Economic Development is a process of strategic planning through partnerships between local government, the business community and NGOs. (USAID)

At least one of those approaches appears to argue explicitly against PACA:

Of course, demonstration projects and other visible results can help maintain momentum in the short-term. And, in some cases, simply initiating a single project focusing on one critical issue will pave the way for long term success in LED. Ultimately however, LED is about sustainable development in the long-term, for it takes time to change local conditions, build capacity, organize participatory processes, and empower stakeholders, especially the marginalized and poor. (UN Habitat)

LED Summer Academy 2005

mesopartner's first Summer Academy on Local Economic Development was a big success. 25 LED practitioners from 14 countries participated in the event. Apart from mesopartner staff, trainers included Hubert Schmitz (Institute of Development Studies, Brighton, UK) and Peter Knorringa (Institute for Social Studies, The Hague, Netherlands). The Summer Academy consisted of a series of workshops, presentations, and excursions to experience the unique approach to economic restructuring in the Ruhr Area. An illustrated report on the Summer Academy is available at <http://www.mesopartner.com/summer-academy>

mesopartner will organise the second Summer Academy on LED as an event in Spanish and Portuguese, to be conducted in Argentina from 6 to 10 March 2006. The third Summer Academy, again in English and in the Ruhr Area, is scheduled for July or August 2006. To be among the first to receive detailed information as soon as it becomes available, please send a message to Ute D. Mayer at udm@mesopartner.com

Participants in the Summer Academy on LED

Indeed, there appears to be a tension between LED approaches that are based on strategic planning and PACA with its much more pragmatic, business-like approach. However, this tension can be resolved quite easily. PACA is, of course, all in favour of strategy. If an LED process lacks strategy, it will meander aimlessly, and ultimately it will not make much difference. When we apply PACA, we often do that in a setting where local actors have little or no experience with LED, and often diverse and contradictory conceptual understandings of LED. In this kind of setting, a strategic planning exercise will tend to evolve into a political discussion (around issues like: Are we in favour of or against private business? Should LED be oriented at competitiveness or direct poverty alleviation?). This is even more so as local stakeholders are deep in their comfort zone when they can conduct fundamentalist yet unconcrete political discussions, whereas actually doing LED pulls them way out of their comfort zone. But do we want to encourage aimless political discussions? Of course not. We want to get practical LED activities going as quickly as possible. We won't achieve that with a strategic planning exercise. We will achieve it with a PACA exercise.

So where is then the link between PACA and strategy? Strategy does not necessarily equal a written plan. Alignment among key stakeholders, a shared vision of the assets and potentials of the local economy, a shared vision of how to build a local competitive advantage – that is also strategy. Management guru Henry Mintzberg has elaborated this in his classic article “5 Ps of Strategy”: strategy can be plan, ploy, pattern, position or perspective. In this perspective, PACA clearly contributes to the creation of a strategy, since it creates a pattern, highlights the competitive position of a locality, and creates a shared perspective among key stakeholders.

Moreover, we strongly recommend to introduce strategy tools like GENESIS as an LED

process matures and local stakeholders expect more significant interventions than those that result from PACA exercises. GENESIS combines the scenario technique, a participatory approach and the concept of “strategic intent”. Whereas PACA is about incremental change, the concept of “strategic intent” encourages the formulation of a strategy with ambitious aspirations.

What does the practical experience with PACA in a planning-driven setting look like? South Africa is a country where local government is by law obliged to be “developmental”. The main tool for local government’s developmental approach is the “Integrated Development Plan” (IDP), a document that, once prepared with a five year horizon, is updated every year. The main focus of the IDP is the construction of physical and social infrastructure. IDPs contain a section on LED, which, however, also tends to be infrastructure-oriented. Yet sometimes they include projects such as the development of a tourism route. In theory, an IDP is developed in a participatory way, with all segments of society contributing their ideas. Practically, businesses tend to get impatient very quickly since they see a lot of workshopping but no action, and tend to drop out of the process. Thus, a local government can end up with good LED ideas in the IDP but no buy-in from the private sector. We have run PACA exercises in exactly this kind of setting: The strategic plan, i.e. the IDP, was in place, it contained good ideas on how to develop a competitive advantage, say in tourism, but local government lacked the resources and know-how to put the ideas into practice. The PACA exercise identified a series of businesses that were not only relevant for the implementation of the IDP but actually very much interested in partnering with local government. PACA thus helped to turn the strategic plan into practice.

This is the conclusion on PACA and strategy: We emphasise the importance of strategy. We

are sceptical about the merits of conducting a strategic planning exercise at the very early stages of an LED process, before local stakeholders have developed a shared understanding of LED and a local competitive advantage. With PACA, we hope to unleash a process that will lead to alignment, strategy and possibly strategic planning over time. Yet we also find that PACA can be very useful to put an existing plan into practice.

Now, we hope you will enjoy the latest edition of our PACA-Newsletter.

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PACA experience in Southern Montenegro

Since May 2002, IRD has been implementing a USAID-funded community development programme in eight municipalities in southern Montenegro. The primary aim of this programme was to bring together citizens and authorities to engage in joint decision making about the political and economic future of their communities using needs assessment, project development and implementation as a tool. Under this programme, IRD worked with 60 community action committees, staffed by volunteer citizens who represented the population of 360,000, to implement

The PACA team in Bar during an interim workshop

infrastructure, environmental, social and economic projects.

After three years of running this program, significant progress had been made in citizens believing that joint action was possible and could achieve results. Some groups had gone on to implement projects and programmes outside of IRD, using the skills and tools learnt during the programme as well as relying on the trust that they had built up among their community members during the three years. Moving these communities forward to focus on local economic development was now deemed possible and PACA was the vehicle that we chose to utilize. IRD staff received a training course from Mesopartner in December 2004 to prepare them for the delivery of the exercises to follow.

The build up to the PACA roll out started in earnest in January 2005 through a series of public meetings and open town hall presentations to introduce the new ideas to those that we have worked with over the past three years. Through this process, we established municipal level groups that comprised our old community action committee members; representatives of the private and public sectors; members of agricultural and tourism associations and local government representation. Twelve new Local Economic Development Planning Teams (LEDPTs) at the municipal level and in various districts of Montenegro's capital Podgorica are the mechanism through which we will work for the next two years. In a change to standard PACA practice, it was members of these teams that formed the PACA teams and IRD became the local PACA champion.

What we have implemented possibly does not fit with the PACA-purist's definition of a PACA exercise, however, we have tempered the exercise with the reality of our funding situation and targets given to us by our donor.

Between February 28th and June 3rd of this year we carried out 12 two-week long PACA exercises across the eight municipalities of Southern Montenegro. Each exercise was led by a team of at least four staff from IRD who worked with the LEDPT members to identify and conduct the activities. Two IRD

A tourism miniworkshop in Budva

staff members were also allocated to conduct the two week pre-PACA build up work. As a general rule we had two exercises running simultaneously every two weeks as well as two build ups running parallel to the exercises. In staffing terms it was hugely demanding, especially when one considers that the exercise is pyramidal in the demands that it places on you. So in Mid-March, we were running two exercises, building up to two exercises and keeping the two teams that had finished motivated and moving, by the end of March, we were running two exercises, building up to two and keeping the four teams that had finished motivated. By the end, we were running two exercises, and keeping ten teams that had finished motivated.

In each case, we worked with the LEDPT members to identify the key economic activists in their community and then from this starting point helped them to identify what they perceived to be the main economic sectors in their area. These were almost exclusively focused around tourism and agriculture, although in some cases we also had reference made to trade and SMEs. We then worked with the LEDPTs to put the schedule in place of whom to interview,

which workshops to develop and who would be involved, when and where. Having done all this work prior to the PACA exercise starting, we then changed the nature of the kick-off workshop, so that it was not repetitive.

Our set up was not ideal in that we sometimes needed to coerce the participation of the LEDPT members during the PACA exercise. Some members were only too aware that even if they did

not turn up to a workshop, IRD staff would be there to implement it anyway. However, we had to persist with the methodology given that our programme guidelines demanded the establishment of municipal level councils that would guide the work over the next two years. Subsequently, we have revisited the LEDPT composition in each area, removed inactive members and added in new, committed members who appeared through the PACA exercises.

We were surprised by the level of economic ability demonstrated by those attending workshops. It became clear that many of those that we were dealing with were in that line of business more as a matter of survival than entrepreneurial judgement. It also became puzzlingly clear that the majority were just looking to earn enough to get by and were not driven by a desire to expand their client base or compete with rival firms to obtain market advantage. Questions around the manner in which customer demand drove companies and producers to be competitive were almost null and void as producers are selling to the same people that they have been selling to for years, from whom they make enough money to get by and consequently see no apparent reason to change that.

The primary result of the twelve PACA exercises that we conducted was to highlight to those who took part from the LEDPTs that actually there is very little competitive advantage to the Montenegrin economy. Comparative advantages are numerous, but there is little being added to increase their value and in some cases assets are actually being destroyed by wild development and short-term thinking.

The PACA team in Bar during the Results Workshop

As a result of the PACA exercises, each LEDPT now has a rolling Action Plan developed which comprises the original PACA presentation as well as a number of project-specific action plans that IRD staff facilitated the development of. We are now working with each LEDPT to help them develop a small project of 10,000 US\$ to get them started, as well as helping them by facilitating the meetings and actions that would enable them to get other projects listed in their presentations started.

In addition, we are tracking the knock-on effects of bringing so many people together for the workshops and presentations who had previously not met collectively to discuss their specific sectors of activity.

As a result, we have wine producers in Nahije region who have formed an association in order to become competitive and gain advantage from cooperation with each other; we have a one-stop-shop being set up in the municipal office of Kotor; we had a festival put together by a number of tourist agencies in Ulcinj that attracted over 500 tourists; citrus producers in Ulcinj have held meetings among themselves to determine the nature of their sales difficulties and to identify mechanisms to overcome it; livestock producers have also gathered to determine their development potentials; an NGO helping single juvenile

mothers has got together with a privately owned and run kindergarten who have offered job placements to get the young mothers back into the workforce.

These are just the beginnings of what has happened without IRD facilitation following the PACA exercises, now that our staff is free to go back into the communities, we can also help with the facilitation of discussions and round tables to make more linkages. For example, in August we will be hosting two round tables at which the 12 LEDPTs will be able to come together to inform each other of their tourism plans and their agricultural plans. These round tables, will provide the opportunity for regionalization of ideas as well as the opportunity to see potential linkages between different developments. Group meetings will also be facilitated around specific ideas, for example, where a number of LEDPTs have listed the same idea within their LEDAP, we will start the project development process off by bringing them together to explore the development potentials collectively rather than singly and spread the web of individuals who are meeting to develop solutions to economic problems.

Lessons Learned

Our experience was perhaps a little different as we were using PACA within a programme that has its own objectives, criteria and timelines. While these are not completely alien to the goals of PACA, they are rigid enough to mean that we had to make some alterations. IRD acting as the PACA champion was not the ideal solution, but the only one possible given that we had to conduct the exercise in all 12 locations in a short

time frame and use them as a method to get the LEDPTs mobilized and operational.

The firm basis that we had built through the community action committees over the last three years, really served us well in terms of this exercise as we found ourselves working with many who had participated in or benefited from the activities conducted by the communities, who were therefore more trusting of the possibilities than they might otherwise have been. Subsequent project and programme development is also proving to be easier than it might otherwise be, given the community's familiarity with the concept of participation and active involvement.

Sue at work

The human resources required to run six pairs of exercises back-to-back are significant. IRD Montenegro devoted twenty one staff to it in total, nineteen of whom were working on it almost fulltime for thirteen and a half weeks. Having completed the task, we know that had there been a lesser commitment than this, we would not have been able to pull it off. Subsequent to the exercises, there is still a huge demand on staff time and resources, as almost every meeting convened seems to generate another two or three types of meeting which in turn generate more meetings, that generate more meetings, and so on. It is really not an undertaking to be embarked on without due consideration of how absorptive it is of human resources and staff time.

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CHF's PACA Experience in Northern Montenegro: Two questions, two answers

- *How did you manage to move -- in your thinking and working -- from community development to local economic development? What did you have to change?*

The extension of the program CRDA was approved by our main donor USAID, but only with regards to the new focus of the CRDA – and that is economic development on the north of Montenegro (CRDA-E).

Now, internally our change in thinking and working was to be complete, i.e. we had to “forget” about some things that we did during CRDA, and to take along only the important heritage of knowing people, that is: crucial local actors and basically very good cooperation with our 13 municipalities and their local authorities. Everything else, in my opinion, we had to change. The focus in CRDA used to be mainly local citizen participation in activities through the projects they identified and developed themselves, partly with financial support from us, i.e. CHF/USAID, and partly invested by their contribution.

Now the focus is to help and support economic stakeholders in our municipalities, giving the chance to everybody, not just overall communities and their representatives, but to everybody who can help stimulate and support the economy in their localities, through various sectors like tourism, agriculture, SMEs... In order to do this and help them in accessing the resources that we can make available, we had to change our attitude completely (that was difficult from time to time, but we did it) and to offer them new key

indicators for measuring what they propose. We also want to make them start thinking that all the types of projects that in our view are relevant for CRDA-E program can compound many interesting and creative ideas, and that no matter that some investments are “small” (since the investments in CRDA and the budget then was much bigger) they can make a lot of change in the long run. Moreover, regarding the increase of income and new permanent or short-term employment, the more activities are happening, no matter whether it is in tourism, agriculture or another field, the better the conditions are for the long

term and more strategically focused development in the future. This change happened in our minds, as well as facilitating that change on the field.

The change was perhaps painful sometimes, since we all got used to doing community driven projects and people of the north of Montenegro are still eager for infrastructure improvements, that is actually really a big problem. Now all of a sudden we are doing promotional campaigns, business skills education projects etc. You can imagine what a “disappointment” that was for some people. But as I am

prone to say from time to time, we are not government or local authorities, we are here to help them stimulate development and support them, so that eventually they can build even something bigger in the north of Montenegro. Fortunately, we are happy to say that people are interested and want to know of how they can help their localities with their development ideas and programs, which can bring income and better life for the north of Montenegro.

- *Looking at the expectations you had after the PACA training, to what extent were*

The first winter sports PACA

those expectations matched by your real experience as you conducted PACA exercises?

Regarding our expectations after the PACA training and after conducting PACA, opinions differ. For myself, my expectations were fulfilled in the sense that we indeed scanned the localities in a new way. I didn't really expect that people would actually accept some of the tools from PACA, knowing our people's mentality and mindset. Now, of course, depending on the locality not all of them were dynamic and happy, but some were and it was a delightful job to do. What I am most happy about is that after some of the PACAs we really succeeded in beginning networking in the places where it was really necessary and that those people are still connected and working on practical projects. If you remember the Tourist Workers' Association in the locality Zabljak, that was formed after PACA exercise there, I see, though I don't work there now, that they are actually developing projects. They already submitted applications for funding of some of them to us, which means that they now see their common interest. Before PACA they knew they had something in common, but simply didn't talk to each other, seriously.

Maybe some of us thought that PACA was just a game, but I wouldn't agree with that since it was useful for us in our first steps to launch our program and to use the experiences and ideas from PACA further. The reports on PACA exercises will be shared with our LED Councils and when our people lack ideas (realistic and quick-wins) we can always look back at what we saw in the field and continue to "dig deeper". For myself, I would also add that the interviews were so helpful for me in gaining the deeper knowledge about some things that I didn't know before or knew vaguely. And I thought they would be boring ☺, but people really have so many interesting things to say. And what I found interesting was that once you share all those opinions, with all who participate, first one gets confused with all the contradictory information, but then it is much easier to find the solution and say "aha!".

Of course, to be sincere, that was not true in all places.

So like I said, expectations might have been bigger with some or lower with some, but the truth is that there were surprises.

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Jointly for Local Economic Development

The "Joint LED Initiative" of GTZ, SEQUA and ded in Nepal

Why not do it together? It was in August 2004, after several discussions and presentations in and outside of Kathmandu, in villages and urban centres, in central Nepal as well as in the western region, that the decision to jointly work in the field of LED was taken by three German development agencies.

Without any hesitation, the four parties put their resources in the new basket with the label "Joint LED Initiative". There was the 'Private Sector Promotion (PSP)' Project, GTZ, with 'extensive experience in the issues of promoting Business Services and Trade for the private sector' as striking argument. And the 'Urban Development through Local Efforts (udle)' Program, GTZ, with sound knowledge of how municipalities

*LOCA Introductory Workshop (Kick-off)
 in Lekhnath / Nepal*

work in Nepal and an extensive network. The German Foundation for Economic Development and Vocational Training (SEQUA) with its long experience, established network and sound competence in capacity building of Business Membership Organisations (BMOs) and last but not least the German Development Service (ded), with a large number of experienced development workers in selected municipalities, BMOs and NGOs.

A “LED Steering Committee” for strategic issues as well as a “LED Team” for the operational level were formed. It goes without saying, that members from all partner organizations were included. In order to formalise the Initiative a Letter of Understanding comprising the shared vision and details on how to proceed was signed in February 2005.

First combined LOCA¹ Training and Exercise

The first LOCA Training took place in January 2005, conducted in cooperation with mesopartner, with 31 participants from the Federation of Nepalese Chamber of Commerce and Industry, the Municipal Association of Nepal, ded, the Ministry of Local Development, consultants and members from the municipalities and chambers of the three selected pilot areas, Lekhnath, Butwal and Tansen/Palpa..

To keep up momentum, the first LOCA Exercise in Lekhnath, in central Nepal, took place immediately afterwards. Lekhnath is a medium sized municipality, with highly committed people in the chamber and municipality. SEQUA had prepared a good basis for starting here with intensive capacity building efforts in the past, and in the following 10 days interviews and mini workshops were held in the following sectors: Mandarin oranges, bee keeping, fishery, poultry, fresh vegetable and tourism.

Group Interview in Nepal

The team ended up sitting together, a team of 10, for hours and hours to identify 18 main activities to be implemented quick and visible until the end of 2005 in Lekhnath. It was like a marathon, full concentration required for long stretches. Well done, so far.

Then, unexpectedly, a political strike was called in the area and the final presentation had to be postponed. When the strike finally came to an end and the Team got prepared for the final presentation, His Majesty the King took over the Government and suspended basic human rights, such as the freedom of assembly, denying us to go ahead with the presentation. A time in which the international community wrestled with how to deal with the new political situation followed, and the decision not to conduct any events attracting publicity was taken, again postponing the final presentation.

Back in Kathmandu, with a lot of results, new experiences and new friendships, the Team reflected upon the Exercise and modified the LOCA sequence with experiences made in the first pilot area.

¹ The abbreviation LOCA was selected as PACA means „bad fellow“ in the Newari language.

Selected key lessons learned so far

One of the most important lessons learned was to manage expectations, in particular in the build up phase. After a LED Mission and the training at the location, our partner's expectations soared. A big kick off workshop, a big final presentation and media coverage would have led to expectations increasing even more.

The LOCA hosts and champions in Lekhnath (Municipality and Chamber) are very committed and can manage the process nearly completely autonomous. As described very often, a key factor for success.

As the manual suggests, we felt that limiting the LOCA Team to about 5 people would lead to better results, as information can then be processed more efficiently, and consensus finding is eased.

Contrary to stressed business people in highly developed urban centres, where time is money, rural entrepreneurs in Nepal like to discuss and were quite surprised about mini workshops, demanding more time to discuss.

A key lesson learned was "thinking for a local economy – not for a sector". Approaching an Exercise with selected sub sectors, and assigning team members specifically to investigate these sectors only, leads to neglecting interlinks and possible "cross-pollination" of sectors.

Status quo

After the state of emergency was lifted, and our partners in Lekhnath were getting impatient to

conduct the formal results presentation, finally things got underway. The proposals were discussed, a mix of short and medium term activities, and finances pledged with a considerable total volume of approximately € 30.000. The LOCA Exercise turned into what the partners had expected: A big project (for Nepali standards), owned and managed by the local stakeholders. Implementation plans envision the activities to be completed by the end of this year.

Overall, the joint initiative proves to be a success, and with continuous learning and fine tuning, the Team is confident to make it a model for cooperation among German development agencies.

Interim Assessment of the LOCA Team

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First PACA Training and Exercise of mesopartner in Westafrica and Ghana

In March 2005 mesopartner was contracted by the GTZ Rural Trade and Industry Promotion Project (RUTIPP) in Ghana to develop and implement a promotion concept and strategy for "Local Economic Development" (LED) in rural regions in Ghana in order to improve their economic competitiveness. A mesopartner LED training in September 2004 with representatives of different national and regional ministries paved the way for a sensitisation process followed by a PACA training in Sunyani and a PACA exercise in Kintampo in March 2005. 14 consultants participated in the

training. 5 of them were selected to facilitate the exercise.

Kintampo, a city with around 40,000 habitants, is the capital of the Kintampo district in the Brong Ahafo Region of Ghana. Its economic advantages are mainly based on agriculture and trading. Kintampo is located at the trading route towards Burkina Faso and the north of West Africa. Main trading products are mango, maize, yams, ginger and other fruits and vegetables. Additionally the location is blessed with several waterfalls and other tourism potentials.

The PACA project was a success and the resulting 12 proposals, supported by a high motivation of the local stakeholders, are currently on the way of implementation. The proposals focused mainly on agricultural sectors like yams, mango, maize and ginger production, as well as tourism, and environment and health.

The PACA-Training and Exercise in Sunyani and Kintampo was the first one conducted in Westafrica. The GTZ organised a second exercise in Berekum in May 2005, executed by the trained consultants and supported by some staff of the German Development Service (ded).

These first experiences include learning processes regarding of the adjustment of the PACA-methodology to the local reality. They especially concern the build-up process, the exercise itself as well as the follow-up procedure. Below some of the learning processes from the Kintampo exercise will be summarised.

The build-up phase

Whereas RUTIPP started with the build-up phase of the first PACA exercise very early, it was the first time that the project itself entered the Kintampo district without having worked

in the location before and without having mature networks with the private sector and the district assembly. In this case, a PACA exercise gives a good opportunity to understand the locality and the relevant economic actors. On the other hand an unknown locality always involves the risk of not identifying the most motivated host and the most motivated district assembly.

Participants of the PACA-Training in Ghana

In the case of Kintampo a host (the Business Development Centre) and a local PACA team with representatives mainly from the Ministry of Agriculture or the District Assembly were finally identified. Our learning processes that have come out of this experience are the following:

- If a location is unknown to the organizer of a PACA exercise it will be useful to select the locality according to a contest where the most interested stakeholders demonstrate their buy-in. For a donor supporting LED it is not enough to select a location along criteria of needs and geographical criteria. Identifying a motivated host and a supporting political organisation should become one of the main criteria to select a location.

For the second exercise in Berekum, the GTZ project adopted some criteria for the selection of target districts and tendered a contest to identify the most interested district assemblies that wanted to support PACA. A Memory of Understanding was signed in which the district assembly had to commit to bear part of the costs of the exercise, to support the local PACA team members, to support the implementation of the proposals identified during the PACA exercise, and to assist in the identification of the PACA host and the local PACA team.

- The PACA exercise itself enabled GTZ to create a strong network in Kintampo. PACA is a good instrument to analyse the stakeholders, their motivation, and their competencies. Nonetheless it also depends on the identification of a real committed host and a political backing.

Field work

In 7 days of field work the PACA team conducted 41 interviews and 5 mini-workshops. Before the hypothesis workshop a walk over (walk through the city and short chats with several business owners) was conducted with the PACA team. This gave everybody some first impressions about the local business setting.

In the final presentation event it became obvious that the 12 proposals matched the demands of the local economic stakeholders. But during the field work some other difficulties came up:

- the illiteracy of the participants involved: in Ghana as well as other African Regions there exists the necessity to adopt and explain some tools and methodologies (e.g. use of mesocards) in a more simple way. The PACA team decided to add more symbols, pictures and drawings in future

exercises. The use of the mesocards is an important participatory tool in the PACA philosophy. Due to the circumstances it was decided to create groups of persons to write down ideas of other illiterate persons or to use symbols that explain the message. It was also decided to improve the explanation and demonstration of the tools for future activities. The consultant team and the GTZ in Ghana will work on these issues in the next months.

Interview with yam sellers and market queen

- keeping track and exchange of the information gathering procedure: the PACA rapid appraisal has the objective to collect many important information in a very short period of time. In Kintampo most relevant outcomes of the interviews and mini-workshops were documented. This took a lot of time and energy for the consultants and was mainly done during working sessions in the evening. Although the documentation of the information is important, even more important is the exchange of information and the further development of hypotheses among the PACA team members. It was decided to use a more simple exchange format in the future, having meetings in the evening where everybody points out the most important outcomes on a flipchart to the other colleagues. This can

be done along the 5 forces or diamond model or another structure. Most important in this regard are 4 questions: What important information did we discover that we did not know before? What important information is missing? Which new questions emerged from these information? What are possible ways to get further information to answer the questions?

- Keeping the PACA team small: in the Kintampo exercise around 12 persons participated in the PACA team. Although mesopartner recommends a team of 5 to 8 persons it was the interest of the GTZ to train more consultants in the application of PACA. Additionally the local PACA team was not clearly selected in advance and therefore several local representatives were motivated to participate. When conducting a first exercise in a country, a larger PACA team is justified due to reasons of training and network building. Nonetheless it is suggested to keep the team smaller in future activities combined with a more intense selection process of the facilitators and the local PACA team members.
- Involving the private sector into the local PACA team: in Kintampo representatives of the local PACA team were mainly working for the public sector. This enabled the project to create closer links to these institutions. Nonetheless private sector representatives were not presented sufficiently. The latter will become important to involve the business logic and business views into the team.

The follow-up process

After the presentation event and the way-forward workshops the PACA projects start with their implementation, supported by the local economic stakeholders themselves. To undermine network failures, conflicts, and to keep a certain degree of motivation it will be important for RUTIPP to accompany this process. The role of the facilitator is crucial for the success of the projects. In general this should be the role of the host although in many cases the host also is overwhelmed by this facilitation role due to limited experience in this field. Learning processes regarding the follow-up process have been the following:

Night work with PACA-team

- The host has to be prepared and informed in advance about its role and responsibility during the implementation phase.
- The donor organisation (in this case, RUTIPP) needs to have a clear strategy how to facilitate the implementation of the projects during the 3 month implementation phase and also has to make this transparent to the stakeholders, i.e. pursue a consistent approach to communication and management of expectations.
- It will be important to keep the right equilibrium to leave the group room for self management as well as to observe the process through continuous observation from some distance
- Before PACA exercises are conducted it will be useful to have a short scenario-workshop with the leading donor agency about its expectations of the exercise and its outcomes, as well as of its strategy for next steps after the 3 month period. This

can either be done via telephone, email or via internet telephone conference (e.g. Skype and Vskype, www.skype.com, www.vskype.com).

In Ghana the next PACA exercises are planned for the beginning of 2006.

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First PACA in Kintampo/Ghana: Observations of a consultant

I feel Participatory Appraisal of Competitive Advantage (PACA) has a great future. I have developed this conviction because in most of the developing countries including Ghana, seminars and workshops are conducted every day. Round table discussions and breakfast meetings are held with the view to finding solutions to problems afflicting our communities. The foot-steps of time have shown that most of these blueprints never leave the boardroom. Again this has been the case because solutions suggested either lack funding, lack appropriate persons to implement them, procrastinations, or lack political or administrative will to have suggestions implemented. PACA as a concept and a machinery effectively tackles these hindrances. PACA is a quick solution oriented tool which recognizes and diagnoses societal problems through its various tools, offers short-term, less capital intensive “on the field” solutions, and as an addition encourages people to embrace the project as their own. Administrative machinery made of people from the community is left to ensure that the implementation continues. It is of little surprise when this concept was met

with huge success at Kintampo even with just two weeks of its introduction.

I work with a consultancy firm called Consultants for Training and Development (CONTRAD). I am the operations manager and the consultancy is into research, capacity building, environmental auditing, training and facilitation. I have truly benefited a lot from PACA since it has given me a new way of looking at issues pertaining to society as far as environmental auditing is concerned. It has given me an impetus for greater effectiveness in environmental auditing; given me the ability to diagnose societal problems and offer short term implementable solutions which could be executed with the stakeholders and not just the technocrats.

My Observations and Experiences

From the outset of the programme I learnt a lot concerning the use of tools like the Porter’s Diamond, the Interaction Matrix, the various mapping exercises like the Sectoral Mapping, Value Chain Mapping and the Life Line mapping and the different scenarios and situations within which these tools can be used. These tools were new to me. This has certainly deepened my knowledge as far as environmental auditing;

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participatory approaches and facilitation techniques are concerned. I am still in the process of developing a proposal to the Upper Denkyira District in the Central Region of Ghana. I strongly believe this technique could be used there and even replicated to the other regions of Ghana.

I have been involved in committees and teams brought together to find remedies to problems plaguing certain societies. In as much as I would admit that we had talked to stakeholders concerning the issues at hand and had written our recommendations, I would also admit that our recommendations had been drafted and given to the agencies that contracted us for those assignments. Most of these recommendations had been left to collect dust on shelves. My moment of intense learning and experience as far as PACA was concerned had therefore to be when I learnt about giving feedback of the findings to the community and encouraging the community itself to find, there and then short term solutions to the problems inherent without leaving them to the technocrat. Allow me to use the success story of the PACA programme at Kintampo, a town in Ghana as a case in point to buttress my point.

Kintampo through our environmental scanning realized to have as its major problems spaces for cars (especially huge trucks) and filth management. The use of workshops which brought the team into contact with the local authorities

PACA radio exercise in the Training

enabled the authorities, through the use of tools like the sectorial mapping, to identify the cankerworm eating the community, and there and then come out with solutions to overcome these anomalies. Groups of people were allotted, given the mandate and deadline to perform specific assignment concerning issues mentioned above. At the time the team was leaving, Kintampo had embarked on a massive campaign the rid the town of filth and decongest its roads by providing appropriate car-parking spaces.

Conclusions and Recommendations

My area of concern had to do with the massive use of the mesocards which could not be used in every environment. To this end every community where this concept is introduced can modify it to suit local conditions as far as it does not change the basic principles the concept teaches. PACA Ghana, the team of consultants who have come together to embrace this idea have had a review meeting on this concept and also regularly meet on the net to share ideas on how to make PACA more flexible and better suited for local community consumptions.

It is suggested that more bulletin and updates of training programmes should be mailed to us to enable us get abreast with what is going on with other communities as far as PACA is concerned. It is of my candid opinion that members of PACA Ghana should also be invited to help with training programmes that go on in areas where this concept is being implemented even if it is outside the country.

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Kick-Off Workshop

The mesocard corner

What questions do you still have in regard to PACA ?

PACA proposals have to meet 3 criteria. They should be

- 1) implementable within 3 months,
- 2) be able to start directly,
- 3) be feasible with local resources!

Within our PACA trainings and exercises we are often asked the above question. For many participants “local resources” is an abstract term and raises several questions, especially the one of responsibility. Often participants announce their doubts: “But somebody has to take over the financial responsibility, an organisation, a donor, a company, or a government representative. Otherwise it will not work out.”

Often participants and local experts are still caught in the understanding that LED is a cost intensive process which needs, first, a huge development fund before starting with anything else. Their logic: “First we need the money, then we are able to implement projects”.

In addition they often think that the financial issue is mainly the task of the public sector or the donor, not the private sector or anybody else.

mesopartner distinguishes between the resources needed for the initiation of a PACA process on the one hand, and the implementation of PACA projects with the local stakeholders on the other hand. The initiation of the PACA process requires some financial resources. This is especially the case in the build-up as well as in the training and exercise phase. Major cost items are the international and local consultants for training and exercise, the organisation costs for the agency that is organising PACA (e.g. donor, host) and for accompanying the follow-up. Compared to outcomes of other projects these costs are quite low.

What about implementation of PACA activities? Whereas some financial issues might come up at a later stage of LED, in general lack of funds is not the key reason for the breakdown of LED activities. PACA emphasises this and focuses more on the critical success factors of LED. Successful LED needs other, more dynamic local resources: the motivation and engagement of the stakeholders, their willingness to learn and change traditional ways of thinking, their skills, abilities and experiences, combined with their willingness to be more competitive, their capacities to cooperate where useful for the business, their awareness that learning and improving competitiveness of a territory or a

company is not something which you will get as a give-away. Additionally it involves voluntary work and enthusiasm without getting always a short-term redemption. Yet a business networking meeting, a meeting between training providers and companies, or an effort by local government to attend businesses in a more consistent way cost (next to) nothing.

When we think about local financial resources, we do not only think about resources contributed by the PACA project participants. It also includes efforts to locate available but sometimes "hidden" resources. Financial support possibilities could come from institutions willing to invest or working in the locality

(e.g. donors, NGOs, MNCs, etc.) as well as other funds from local bodies (regional, district, or local government, business institutions). But due to the 3 PACA criteria it must be possible to start the project immediately. In summary, local resources include more important aspects than financial ones: human capacities and experiences, creativity and motivation, time and the buy-in of several actors that are ready to cooperate for a common economic good. These are the main criteria for a successful PACA project and an LED process. To strengthen them is a challenging task.

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Announcements and Observations

We would like to draw your attention to the fact that the *Spanish edition* of this PACA-Newsletter No. 8 is of completely different content. Take a look and find more information.

PACA in Peru: informal settlements

Among various other topics we introduce you to the PACA experiences in Peru, with very large informal settlements and also to Chile, where PACA has been applied in small rural communities.

PACA in small communities: Dichato, Chile

Also, we are happy to inform you about the upcoming *Academia de Verano* which will be the first Latin American Summer Academy, held in Spanish. It is scheduled for 06 to 10 March 2006 in Buenos Aires. Soon, we will provide further information on the event.

The new **mesopartner** Working Paper No. 8, "*How to Promote Clusters*" is now available at: www.mesopartner.com/englisch/e-publ.html

PACA® is a product by **mesopartner**, a consultancy firm specialised in local economic development. **mesopartner** was created by Dr Ulrich Harmes-Liedtke (uhl@mesopartner.com), Dr Jörg Meyer-Stamer (jms@mesopartner.com) and Christian Schoen (cs@mesopartner.com).

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mesopartner offers training and advice on local economic development in general and PACA in particular.