

PACA[©]

News

Participatory Appraisal of Competitive Advantage

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Why PACA NEWS?

What started as an ad-hoc response to a conceptual problem of local policy-makers in some places in Santa Catarina, Brazil, has evolved into an increasingly visible alternative to conventional approaches to Local Economic Development (LED): PACA, the Participatory Appraisal of Competitive Advantage methodology.

PACA exercises have now been conducted in four different countries on three continents: Brazil, South Africa, Sri Lanka and Thailand. Further PACA exercises are about to be conducted in Serbia and Indonesia, and PACA training courses are scheduled for Latin American countries. The purpose of PACA-NEWS is to keep the persons who are involved in those activities updated about the evolution of PACA. We are planning to publish PACA-NEWS three to five times per year.

PACA is still very much work in progress. Initially, it was designed as a diagnostic tool. Sustaining a LED initiative is an issue that only came up later, as PACA exercises indeed succeeded in launching successful LED projects. Accordingly, it is useful to distinguish two different meanings of PACA:

- A PACA Exercise is a rapid appraisal of a local economy or parts of it, leading to a diagnostic and practical proposals.
- A PACA Project is a LED initiative which starts with a PACA Exercise and builds on a philosophy with three main elements:
 - Start LED by doing something immediately useful for businesses. Don't get lost in endless strategizing. Initially, you don't really need a huge, elaborated strategy document.
 - Start an LED initiative by addressing those challenges which you can easily sort out. You want to create motivation, not frustration, so you need quick successes. Don't start by addressing the most important, but also most complicated problems.
 - Conceptualise LED as a learning process. Accept that learning-by-doing is one of the most effective ways of learning.

Why PACA anyway?

Maybe PACA would not exist if weather conditions would not occasionally wreak havoc on Brazilian air traffic. I wrote the first version of the PACA manual in early 1999, while being stranded in Navegantes, waiting for a flight to São Paulo which was delayed by several hours.

I had just conducted the first three PACAs in Santa Catarina, Brazil: in Mafra, São Bento do Sul and Blumenau. At that time, PACA was an exciting alternative to doing academic work, but I never figured that it might become a viable business idea.

Why is it that PACA has become increasingly popular? My guess is: Other approaches to LED are not quite fulfilling the expectations of local stakeholders and donors. I have been observing at least four types of approaches which so far have dominated LED in developing and transition countries:

- Strategic planning tends to be successful in producing enormous printed volumes, but less successful in the implementation of any practical activities to promote a local economy.
- The LEDA approach, focussing the creation of Local Economic Development Agencies, tends to lead to endless stakeholder motivation and mobilisation and consensus-building exercises, without much practical LED going on.
- The consultancy company approach, which leads to a huge and fancy Powerpoint file with lots of sophisticated proposals, whose implementation requires additional contracting of the same consultancy company.
- The community development approach has its focus at poverty alleviation. The economic component is a dependent variable, and the emphasis is not on competitiveness.

These approaches tend to take too long to arrive at any goal. PACA is designed as a very different type of intervention: The diagnosis takes no more than two weeks, and the implementation leads to visible results within a few months. PACA delivers. That's why it's becoming popular.

– Jörg Meyer-Stamer

What do you do if you want to do PACA?

Until recently, the response to this question was “get in touch with Jörg Meyer-Stamer and try to contract him”, with the corollary being “but he probably doesn’t have time”. To sort out this problem, we have created mesopartner – a consultancy partnership which is offering training and consultancy on PACA and other LED-related issues (<http://www.mesopartner.com>).

If you consider to do PACA, we suggest the following sequence of activities:

1. Get in touch with Ulrich Harmes-Liedtke (uhl@mesopartner.com), Jörg Meyer-Stamer (jms@mesopartner.com) or Christian Schoen (cs@mesopartner.com) to discuss your specific demands and the applicability of PACA. We will send you background information on PACA so that you can take an informed decision.
2. **PACA Training:** If you decide to go for it, we recommend that you organise a PACA Training. We would train local specialists so that they can apply the PACA methodology, i.e. conduct a PACA exercise. A PACA Training is a one-week affair, and the basic structure is as follows:
 - Day 1: Introduction to LED and PACA
 - Day 2: Interview methodology, conduction of interviews in real organisations
 - Day 3: Mini-workshop formats, conduction of mini-workshops with real stakeholders
 - Day 4: Elaborating a diagnostic
 - Day 5: Elaborating proposals, organising implementation

You will perceive that it is a very practical, hands-on training format. A PACA Training should be conducted in a location where you can plug into LED activities. The number of participants should be between 8 and 20.

3. **PACA Backstopping, Phase I:** After the PACA training, the local PACA trainees will start to prepare and conduct PACA Exercises. In order to do this properly, they need backstopping and supervision. In order to organise this, we offer three types of support:
 - a manual and detailed checklists,
 - guaranteed 24 hour response to e-mail requests,
 - a website which is constantly updated.
4. **PACA Follow-up Training I:** Towards the end of the first PACA Exercise, we strongly recommend that the PACA Trainer returns
 - to guide and assist the local PACA specialists in the Results Workshop,
 - to conduct additional training, focussing on implementation, after the PACA Presentation Event.
5. **PACA Backstopping Phase II:** This involves essentially the same type of support as in Phase I.
6. **PACA Follow-up Training II:** This ought to occur approximately six months after Training I. It should be part of an appraisal of the ongoing PACA project.

What about the cost of this sequence of activities? This table gives you an idea:

Exercise	Appr. fee	
PACA Training	€ 5,500.-	(1)
PACA Backstopping, Phase I	negotiable, minimum € 1,100.-	
PACA Follow-up Training I	€ 4,400.-	(1)
PACA Backstopping Phase II	negotiable, minimum € 1,100.-	
PACA Follow-up Training II	€ 3,850.-	(1)
Total	€ 15,950.-	(2)

(1) Assuming that you hire one trainer. If your organisation is based in Germany, the price will very likely be plus MWSt.

(2) On top of this, you will have to cover travel expenses and daily allowance.

If you want to hire one of us to actually conduct one PACA Exercise, you should expect a minimum price of approximately €11,000.- plus travel expenses and daily allowance. However, we would like to encourage you to go for the training option in order to create local capability and make PACA sustainable.



One of the reasons for the success of PACA:
Very effective and efficient Mini-Workshop formats

PACA and Locational Policy

In a recent paper, Jörg Meyer-Stamer has elaborated a number of systematic obstacles to successful LED initiatives (see <http://www.meyer-stamer.de/2002/JMS-LocParadox.pdf>). He also argues that there are three distinct types of LED efforts:

- Generic locational policy aims at improving the overall conditions for doing business in a given place, without specifically target certain sectors. It looks at issues such as streamlined permit and registration processes and vibrant business development services.
- Reflexive locational policy organises knowledge-enhancing processes which involve various stakeholders, in particular businesses and business analysts, to improve the information basis for each businesses' decision-making.

- Strategic locational policy tries to formulate and implement an overall strategy for a given place, trying to organise a location just like a business venture.

Looking at the history of LED efforts, it appears that there are very few cases of successful strategic locational policy – even though it is often presented as the ideal model of LED. But the obstacles which stand in the way of strategic locational policy are enormous – just think of political fragmentation.

How does PACA fit into this typology? It is decidedly not about strategic locational policy. But it fits with both generic and reflexive locational policy:

- A PACA Exercise is a very useful way of preparing for a generic locational policy. It will tell you the main problems companies have with clumsy regulations and permit processes, and with the lack of appropriate business services. From this angle, a PACA Exercise can even be an alternative to a costly BDS market survey.
- A PACA Exercise is also a useful contribution to reflexive locational policy. PACA has already made a valuable contribution in places which did have some history of LED efforts – by appraising the effectiveness of those efforts. However, in such places PACA should be complemented with other tools.

PACA Terminology	
There tends to be some confusion regarding PACA terms. For instance, many people use the term "PACA Workshop", which does not exist. In this table you can find definitions of the different terms which are used in the context of a PACA Project.	
PACA Exercise	Diagnostic at the beginning of a PACA Project
PACA Project	Sequence of diagnostic, implementation of LED projects and interim appraisals, based on the PACA Philosophy
PACA Philosophy	LED is a learning process Look at strengths and potentials instead of weaknesses and problems Start with simple projects for quick, visible results
PACA Fieldwork	Interviews and mini-workshops to gather information
PACA Interview	Structured, qualitative interview with local stakeholder ("conversation")
PACA Mini-Workshop	Structured 2-hour-exercise with homogeneous group of local stakeholders
Hypotheses Workshop	Workshop of the PACA Team before the Kick-off
Kick-off Workshop	Workshop with local stakeholders at the beginning of the PACA Exercise
Results Workshop	Workshop of PACA Team to identify findings and proposals
PACA Presentation Event	Event to present findings and proposals to local community
PACA Team	Group of PACA Consultants and PACA Facilitators who conduct PACA Exercise
PACA Consultant	Specialist in LED and PACA, not from the locality
PACA Facilitator	Local person who is conducting the PACA Fieldwork and available for follow-up activities (repeat presentations, conducting or accompanying projects)
PACA Champion	Local organization which initiates and sustains PACA Project



One of the principles of PACA:
Active participation of stakeholders

How does PACA work in practice?

A PACA Exercise involves a group of between five and ten persons, most of them from the respective location, who conduct a rapid appraisal of the local economy: The PACA Team. The sequence of their activities is like this.

It starts with a preparatory phase where available data and information are assessed.

Then there is a phase of intense research, involving the following activities:

- a hypotheses workshop, where the PACA Team clarifies its expectations,



PACAs can be conducted in very different settings!



- a kick-off workshop, where additional information is gathered from key stakeholders who are at the same time informed about the PACA Exercise,
- Mini-workshops, where a number of specific formats are applied to gather sector-specific information in a very efficient way,
- interviews with key companies, institutions and informers,
- a Results Workshop of the PACA Team to elaborate findings and proposals,
- a Presentation Event to present and discuss diagnostic and proposals with local stakeholders,
- a series of Way Forward Workshops to plan the details of the implementation of proposals.

This phase lasts no more than two weeks. After that, a first phase of implementation begins. A first series of PACA Appraisal Workshops should be organised after six months, to assess the progress and to define a new round of activities.

The things to look forward to

New PACA activities

When	What	Who
Feb 03	PACA Training in El Salvador (GTZ)	Ulrich Harmes-Liedtke
Feb 03	PACA Exercise in Central Java, Indonesia (GTZ)	Christian Schoen
Mar 03	PACA Exercise in Mbombela, MP, South Africa (GTZ)	Jörg Meyer-Stamer
Mar 03	PACA Exercise in Queenstown, EC, South Africa (GTZ)	CS
Apr 03	PACA Exercise in Joinville, SC, Brazil (Local government)	JMS, UHL
Apr 03	PACA Training in Bolivia (InWEnt)	UHL, JMS
May 03	PACA Training in South Africa (GTZ)	JMS

Ongoing PACA activities

Where	Contact
Thailand: various locations	Ricarda Meissner, GTZ, meissner@ssipp.org
Sri Lanka: Kundasale, Kandy, Central Region	Simone Lehmann, GTZ, essp_simone@sltnet.lk
South Africa: Mbombela, Mpumalanga	Manie Ferreira, Mbombela Council, ManieF@mbombela.gov.za
Serbia: various locations in Vojvodina	Zarko Maletin, GTZ, zarko_gtzns@neobee.net

What else?

- Jörg Meyer-Stamer is about to produce two brief videos about the PACA experiences in South Africa and Sri Lanka. To get a copy, send a mail to jms@mesopartner.com
- If you think that somebody else might be interested in PACA, please let us know!

We are planning to publish PACA-NEWS three to five times per year. If there is something you want to contribute, send an e-mail to Jörg Meyer-Stamer at jms@mesopartner.com.