

How to introduce PACA: A Guide for Donor Organisations in International Development Cooperation

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1 Introduction

The PACA methodology has gained some degree of visibility with development assistance donor organisations. As bottom-up territorial development (local economic development / LED, regional economic development / RED) increasingly becomes a focus of aid activities, there has been a search for adequate concepts and tools. PACA appeals to many development practitioners because it promises quick results, but also because it explicitly aims at generating a learning process and thus leads to an organic LED process that empowers local actors and leads to a dynamism that is sustained with local resources and skills.

A methodology as such can never be a silver bullet. Even the most adequate methodology can lead to very unsatisfactory results if it is introduced in an inadequate way. In some countries, PACA was a great hit. In others, the results were unconvincing. In either case, the outcome had a lot to do with the way PACA was introduced. After having introduced PACA in about 20 countries in four continents, *mesopartner* has developed a reasonably clear idea of the do's and don'ts around the introduction of PACA, which is what we try to outline in this paper.

The basic features of PACA are explained in the *mesopartner* Working Paper No. 1, *Participatory Appraisal of Competitive Advantage (PACA): Launching Local Economic Development Initiatives*, which is available at the following URL:

http://www.mesopartner.com/publications/mp-wp1_PACA.pdf

1.1 Why would you use PACA?

You can use PACA for different purposes. Typical purposes would be

- to introduce LED as a new activity, for instance as part of a decentralisation programme or a programme to strengthen local government,
- to refocus or energise ongoing LED activities, for instance in places where earlier approaches overwhelmed the capacity of local actors and ultimately paralysed them,
- to make a strategic planning process that has resulted in comprehensive planning documents but no action unstuck, i.e. to identify points of entry for high priority activities identified during planning
- to launch a local or regional cluster or value chain initiative, since the PACA principles and tools have proved to be very effective in this regard,
- to launch a territorial change management initiative,

- to connect the public and the private sector and motivate them to collaborate on territorial development.

When should you **not use PACA**?

- When you know exactly what you want to do, but haven't got the buy-in of local stakeholders. PACA is not a marketing tool. PACA takes the ambitions, desires and needs of local stakeholders as its point of departure.
- When you are in the middle of a strategic planning process, and key stakeholders are convinced that strategic planning is the way to go. In such a situation, you should rather wait and observe whether intended activities are actually rolled out. If that does not happen, PACA may be the right thing to do.

PACA gives you a very clearly formatted sequence of activities to launch a territorial development initiative which will keep you busy for a couple of months. However, **PACA is not only the PACA Exercise**. The PACA approach to LED consists of a package of proven methodologies that also include

- The **Rapid Appraisal of Local Innovation Systems** methodology, a tool to address very competitive locations,
- the **Compass of Competitiveness**, a performance management tool for LED that we have developed on the basis of the balanced scorecard concept,
- **GENESIS**, a methodology for quick and participatory strategic planning and the identification and prioritisation of catalytic projects.

Thus, starting LED or territorial development with PACA takes you onto an evolutionary trajectory of action and learning that leads from quick-win activities to substantial interventions to mobilise the endogenous potential of a town, city or region.

1.2 A glance at the conceptual background of PACA

PACA is based on a concept of LED as a social process, a learning process and an evolutionary process. Our research of LED experiences worldwide showed us a typical pattern that is summarised in Table 1.

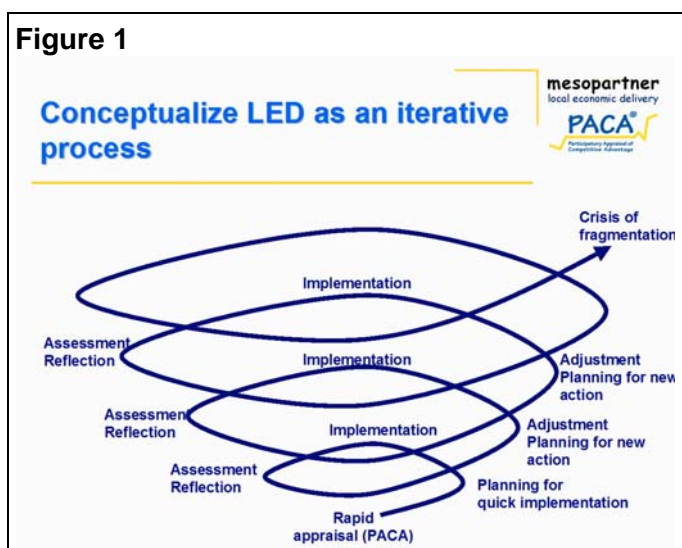
PACA has emerged in a setting that fit with the characteristics of the kick-off phase. However, its use does not have to be limited to this stage. It also fits nicely with the network phase: as a tool to launch specifically focused activities in the context of a bigger LED effort.

Table 1: The Evolution of LED

	<i>Kick-off phase</i>	<i>Lasso phase</i>	<i>Network phase</i>
<i>Focus</i>	Get LED projects moving	Get LED projects under control Formulate a strategy	Segment activities (sector initiatives, landmark projects) Delegate responsibilities Pro-forma strategy
<i>Governance pattern</i>	Informal	Clear distribution of tasks and responsibilities Possibly creation of central LED agency	Central information-exchange, decentralised responsibilities
<i>M+E pattern</i>	None	Informal	Emerging formalization
<i>Reward system</i>	Excitement Personal motivation	Discipline and suffering Salary	Identification with project objectives Latitude of decision-making
<i>Crisis</i>	Fragmentation, lack of co-ordination	Exploding co-ordination effort Increasing number of LED professionals = rising fixed cost Time- and energy-consuming strategizing effort De-motivation of volunteers	Network failure

Looking at the kick-off phase, we like to illustrate our understanding of a learning process by drawing a spiral (Figure 1). The first PACA Exercise gives you a number of proposals for quickly implementable LED activities. As their implementation creates confidence, motivation, trust and skills among local stakeholders, you can use PACA tools to move towards more complex and ambitious activities. In this way you create an organic LED process. At some point it will lead to the crisis of fragmentation, when you are observing duplication of efforts, lack of synergy etc. That is the point in time when local stakeholders will start to find suggestions like creating an LED agency plausible, and it is the point at which you have to address the governance of LED issue in a serious way. However, you should not spend too much energy on such matters in the very early phase. At the beginning, you need to deliver. You have to prove to local stakeholders that LED is worth the effort. And this is what you normally achieve with PACA.

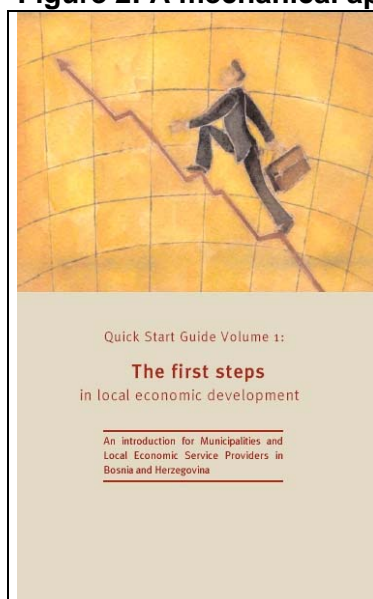
When we emphasise that PACA leads to an organic, evolutionary process of LED, we usually point at other approaches that in our view are too mechanical. An example of a mechanic approach is given in Figure 2, taken from a document we located on the



Web. Most development practitioners will agree that each step mentioned there as one of the “first steps” involves huge challenges, and a huge risk of failure. It is also important to note that with that approach you would not aim at actually delivering LED. At the end of Step 7, you would have a strategy of what to deliver. By that time, a long period of time would have passed, and local stakeholders would ask where the practical outcomes and impacts of LED are.

Figure 2: A mechanical approach to LED

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Source: www.euqif.ba

To what extent is PACA adaptable to specific circumstances? In our experience, it is highly adaptable. The core methodology is very robust. It has worked in very different settings in terms of culture, level of economic development, economic setting (e.g. industrial vs agricultural, urban vs rural), and governance framework. We encourage the adaptation of PACA to a specific setting in terms of composition of the PACA team, the workshop formats used, and the type of practical activities that come out of the exercise. We discourage an adaptation of PACA that changes its basic features, for instance by just randomly taking some elements of PACA and squeezing them into a mechanical strategic planning approach.

Is PACA exclusively an LED methodology? Not necessarily. It is a methodology that is applicable whenever a development programme has a strong territorial component (as opposed to, say, addressing national level framework conditions). PACA can, for instance, be useful in SME promotion activities at a local or regional level. It is an option to cover the economic angle of decentralisation activities. It has been applied in regional value chain initiatives. It has even been used as a tool not only to analyse a local skills market but also to facilitate a better match between supply and demand. PACA is a flexible, versatile and powerful tool.

2 Introducing PACA: The first steps

It frequently happens that higher levels of government, often in collaboration with a foreign donor agency, decide to conduct PACA in one or a few localities. At the outset, i.e. in countries where PACA is not yet an established product, it is the predominating pattern.

The basic challenge with this approach is this: You can develop real estate, but you cannot develop people, at least not directly. You can take the horse to the river, but you cannot force it to drink. You can create framework conditions and set incentives that stimulate people to enter into a personal development process, but you cannot force this. This has been one of the main frustrations of higher level development bodies and foreign donors for decades: The external agent sees an opportunity or a necessity for development at a local level, but the local players don't buy into this. The external agent then offers money to stimulate development, or tries to coerce local actors. Neither approach is particularly promising. One of our main concerns is to avoid that the introduction of PACA replicates this kind of experience.

So let us assume that you have decided to introduce PACA, for instance because you heard about it at a conference, checked the PACA website and liked the approach. What happens then? Let us assume that there are no skilled PACA Facilitators available in the country in question. In this case, it is recommendable to go to the following sequence of activities.

2.1 Proof of concept

As a first step, consider to contract experienced PACA Consultants abroad to conduct a local PACA Exercise to demonstrate the effectiveness of the method to decision-makers in your country. Even if you judge that your credibility with local counterparts is very high, we have found that this approach can be useful because the by far most effective way of getting buy-in into PACA is to have decision makers experience it first hand. You would like to involve one or a few local staff members (or local consultants etc.) into this exercise to promote learning-by-doing, plus briefings by the PACA Consultant. An additional benefit would then be the training / learning effect for one or a few local staff members, who may subsequently evolve into in-house PACA coaches and backstoppers.

2.2 Basic PACA Training

When local decision-makers are positive about PACA, we suggest to contract a PACA Trainer from **mesopartner** or a PACA trainers endorsed by **mesopartner** to conduct a Training of PACA Facilitators. We like to emphasise that this is a “Training of Facilitators”, not a “Training of Trainers”. Individual facilitators need quite some experience in applying PACA before they are in a position to train other facilitators. (Also, individuals will not be comfortable to conduct a PACA training unless they feel that they have understood it well, and that happens only after they have done it a few times.)

What is the basic idea of a PACA Training? It’s simple, really: In order to apply PACA, you need a number of local facilitators. In order to have local facilitators, you need to conduct a Basic PACA Training.

There are usually four types of possible candidates for such a training course:

- Local consultants with experience in local development, entrepreneurship development, SME promotion etc. In our experience, this is the most appropriate target group for a PACA Training Course. First, for these people PACA is a new, promising product which will complement their portfolio. They have an interest to “sell” PACA to local customers, so you have to worry much less about the sustainability of your intervention. Second, some of these people (in particular CEFÉ Trainers) are already familiar with some of the tools involved in PACA, in particular facilitation techniques. The downside is that sometimes consultants are locked into a mindset where they believe they have to solve the locals’ problems, rather than facilitating a process where local stakeholders solve their own problems.
- Government officials, possibly with a background in business promotion agencies or LED sections in local government. If you consider them to be the main target group for a PACA Training Course, you should consider two things. First, will these individuals really be available to prepare, conduct and follow up on PACA Exercises? Doing PACA work is very time-consuming. A government official who can dedicate no more than 20 – 30 % of his/her time is unlikely to become an effective PACA practitioner. Second, what is their credibility with other actors, in particular from the private sector? Will they be taken serious? Will private business-people talk to them in the first place? Involving government officials in a PACA Training Course is most useful in terms of getting advocates for PACA within government. However, there are other ways of achieving the same goal in a more time-efficient way, for instance through a 1.5 day PACA sensitisation course.

- Chamber or business association officials. For them, the same consideration applies as for government officials in terms of availability. Involving them in a PACA Training Course is most useful in terms of getting advocates for PACA within the business sector. Perhaps they can dedicate only a small portion of their time to actually doing PACA work. But they can be enormously valuable in terms of facilitating access to the private sector.
- Academics from a local university or research institute. We have found that academics often are just too academical, i.e. suffer from the ivory tower syndrome. Moreover, they are often bad facilitators, since they are used to lecturing, not facilitating. You should consider very carefully before you involve academics in PACA.
- Based on experience in Vojvodina / Serbia, where we conducted a tourism PACA in March 2004, a possible 5th type of candidates for the PACA training course are students, who are about to finish their studies soon or are in the post-graduate phase. In Serbia, students proved to be very interested, critical, motivated, curious and extremely flexible. Students participating in a PACA training (and some of them thereafter in a PACA exercise) should ideally be educated in business economics or an economics-related field, such as tourism. However, you should not rely predominantly on them, as you want to have PACA practitioners with a lot of practical experience and credibility with local stakeholders, and a few grey hairs are often an important quality in this respect.

A more detailed list of criteria to select promising PACA facilitators is given in Section 3.

From a practical perspective it will often be useful to run a Training of PACA Facilitators for a group of trainees with different backgrounds. A good size for a course is around 15 participants, and a good mixture would one third or more consultants, one third or less government officials and one third or less business association / chamber officials. This gives you a mix of skilled PACA Practitioners who can conduct PACA adequately and advocate it in their respective organisations. In our experience, it is crucial to have a number of consultants available, preferably free-lancers or from small firms, since they will be the back-bone of your PACA roll-out. When you look at Figure 3 below, you will immediately understand why you need at least four skilled PACA facilitators who are flexible in terms of time and location – and to get those four you will probably have to train six to eight.

Linking training and practice?

An option is to run a PACA Training Course, which has a duration of one week, and a first PACA Exercise shoulder to shoulder. A PACA Training Course may already involve some practical work (interviews and a Mini-workshop with real stakeholders), so it can be conducted in a location where you want to stimulate LED activities. In our experience, it is possible to have a real PACA Exercise in the week immediately after the training course. You would select a limited number of participants from the training course, approximately four to six persons, to conduct the PACA Exercise together with some local players (who would have not yet been trained in PACA). The PACA Trainer would supervise and coach the six. Immediate practice clarifies many of the issues raised in the training course, and it multiplies the impact of the training. After one week of training and one week of supervised exercise, you can rest assured that at least some of your trainees will have become competent PACA Practitioners. The risk with this approach is that you create an inadequate mindset among the newly trained PACA Facilitators. In a PACA Exercise immediately after a training, the PACA Team will predominantly, if not exclusively consist of external facilitators – who thus may learn that a PACA Team *always* consists mostly of external facilitators, which may fit with their experience and mindset as consultants, but which is not at all what we aspire in a PACA Exercise.

Let us explain this point. A PACA Exercise, i.e. a rapid, action-oriented appraisal of a local economy, is conducted by a PACA Team. We recommend that a PACA Team consists of two types of persons:

- two skilled PACA facilitators
- three to six local stakeholders with different backgrounds (business, local government, business promotion agency, NGO, training institution) who typically don't have the time to participate in a one-week PACA training course; they may pass through a PACA crash course or learn PACA on the job

The participation of local stakeholders is crucial for two reasons:

1. They bring in background information on the local economy, society and political structures, which may be touchy or embarrassing and thus not come up in the course of mini-workshops and interviews.
2. They play a key role in prioritising proposals for action, assuming responsibility for implementation or getting the buy-in of other local stakeholders who take responsibility for implementation, and explaining the process and its results to other local stakeholders.

Thus, having local stakeholders in the PACA Team is a make-or-break issue. If a PACA Exercise is conducted by external facilitators only, you will battle to get strong local support for implementation of activities.

Involving decision makers in the PACA Training?

One of the issues that typically come up in the context of the PACA is this: Should we include decision makers in the training? Decision makers are here defined as persons who will decide on the conduction of PACA exercises, or who can lobby for PACA in their respective organisations. The rationale for inviting them to a PACA training is the expectation that they will find the approach convincing and will subsequently promote it.

The downside of this approach is, obviously, that it takes a lot of effort to pull relevant decision makers into a training workshop that takes one week. It is made even more difficult by the fact that these persons quickly realise that they will most likely never apply the methodology they are just learning. The format of a PACA training is very practical, and it may pull people like national ministry officials out of their comfort zone. Their participation in the training may thus compromise the atmosphere.

To get out of this quandary, we suggest to conduct a much shorter PACA awareness building workshop, in which the participants are exposed to some of the tools and thus get a first-hand impression of the features of PACA. The duration of such a workshop can be anywhere between one and three days. There are tested formats available for such a workshop.

Ultimately, it depends on the specific situation in the respective country where you want to introduce PACA. In some countries, decision makers are desperately overburdened, and pulling them into a PACA Training may do more harm than good. In other countries, not all relevant government officials and other possible candidates are extremely busy at all times, so that inviting them to a PACA Training may be an option.

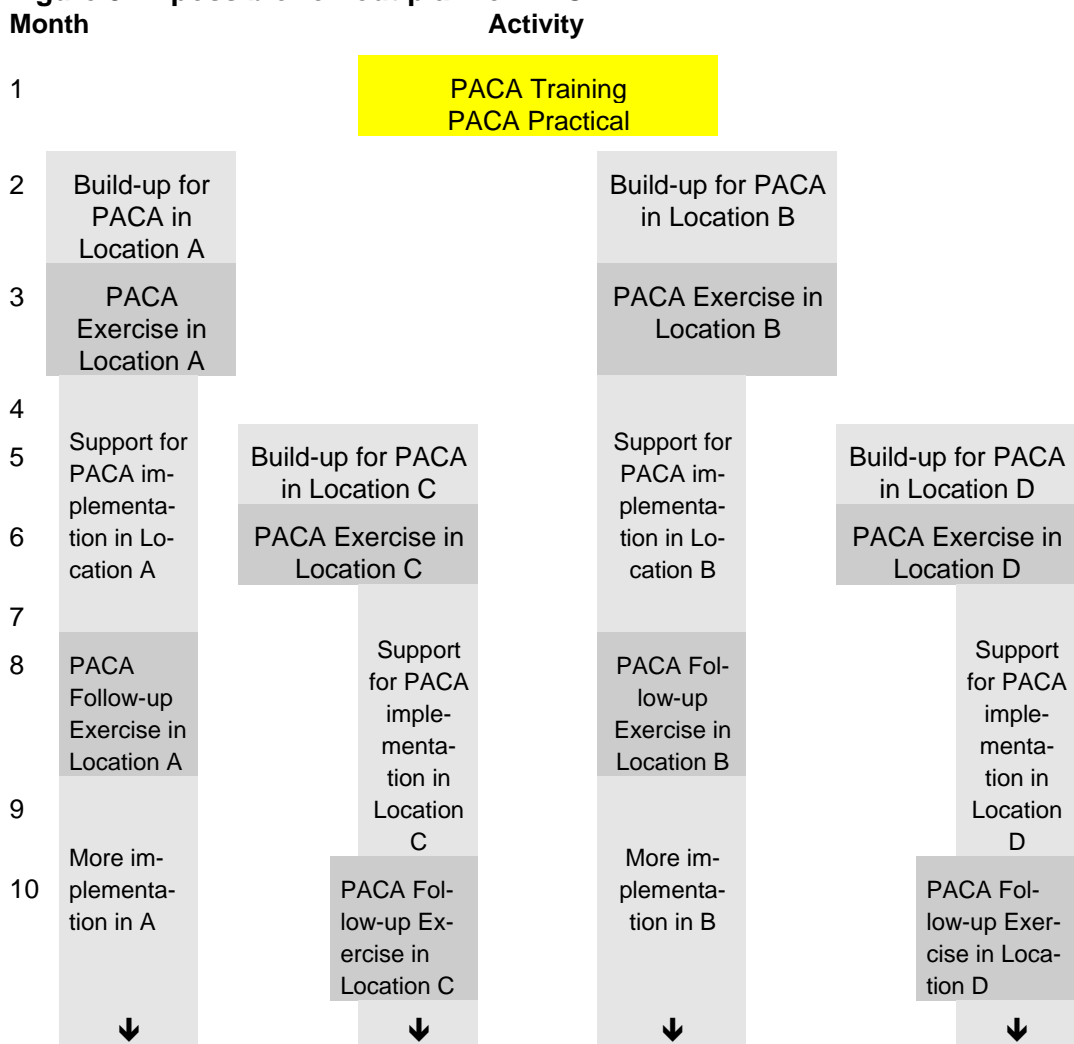
2.3 PACA Exercises

After the training-cum-exercise, you can start to roll out PACA into a number of locations. However, we would not recommend to embark on 4 or 5 simultaneous PACA Exercises which are supervised by one single technical assistance organisation. This approach was selected in Serbia first by a German technical assistance organization (2002/2003) and subsequently copied by an American technical assistance organization (2003/2004). The experience in Serbia has shown that

a single donor agency organizing and supporting several PACA Exercises at the same time is completely overwhelmed by this task, particularly taking into account the weak support given by the different municipalities. This approach is also extending the PACA Exercise to an uncharacteristically long duration of several months. The result is a negative impact on the motivation of all actors involved.

A possible roll-out plan for PACA is pictured in Figure 3. In our experience, this is a realistic roll-out plan. Of course you will have a bigger roll-out than the one visualised in this figure. But will have to cater for the learning curve of your staff, the newly trained facilitators and the local stakeholders. PACA is in many respects different from standard operating mode, and you want to permit some time and opportunity for the PACA practitioners to understand PACA properly. Thus, we would recommend to cater for an exponential growth in the number of PACA exercises, rather than starting with a huge number of exercises in the first month.

Figure 3: A possible roll-out plan for PACA



For this roll-out plan, you would need four skilled PACA facilitators: two for each location. Each of them would have to allocate time as follows:

Build-up phase	–	4 days	PACA Exercise	–	7 – 10 days
Support for implementation	–	4 – 8 days	PACA Follow-up exercise	–	3 – 4 days

The total cost of their involvement during the time covered by the table above would be as follows:

Build-up phase	4 days	x 4 locations x 2 facilitators	32 days
PACA Exercise	7 – 10 days	x 4 locations x 2 facilitators	56 – 80 days
Support	4 – 8 days	x 4 locations x 2 facilitators	32 – 64 days
Follow-up Exercise	3 – 4 days	x 4 locations x 2 facilitators	24 – 32 days
Total			144 – 208 days

The total cost of allocating a key role to PACA consultants/facilitators depends on the daily rate in your country. If this rate is high (e.g. in South Africa, competent consultants easily charge US\$ 400 and more per day), the price tag for introducing PACA can become substantial. This may then create a strong incentive for the donor organisation to rely on employees of Business Support Agencies, local government, Business Chambers etc. The trade-off is straightforward. We consistently observe that with this approach you get less value for less money, and you run a serious risk of getting no value at for some money (since there is still the cost of training, logistics etc.).

2.4 Supporting the implementation of PACA activities

Based on our experience, there are two levels of support that are necessary to assure the success of PACA.

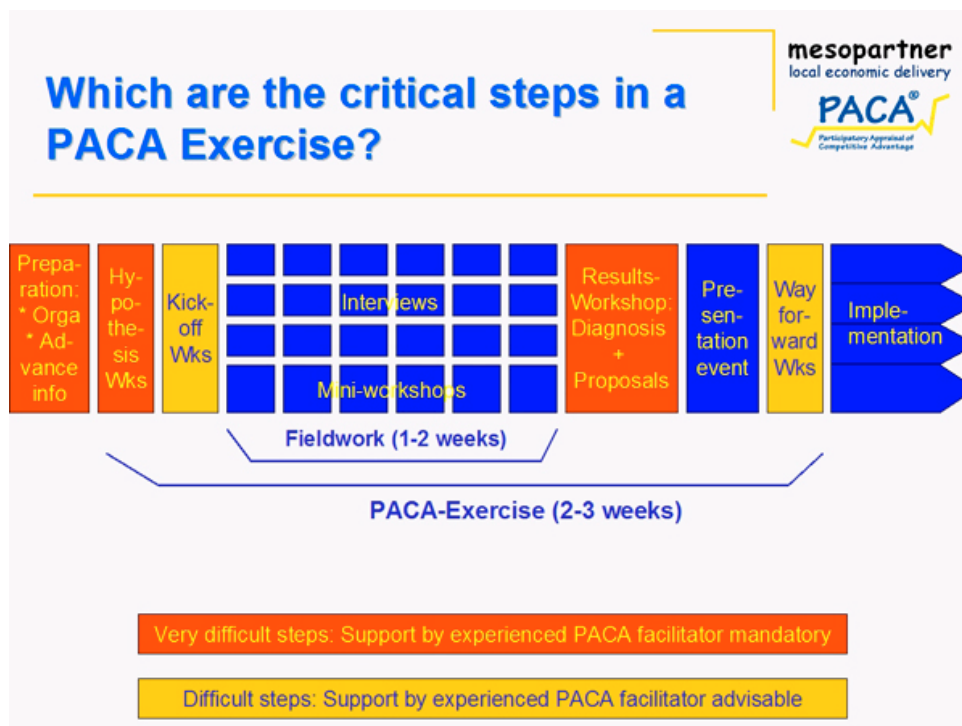
The first level of support refers to the local stakeholders in the place where a PACA Exercise has been conducted. In this place there is a PACA host, there are local stakeholders who have been part of the PACA team, and there are champions who have assumed responsibility for the implementation of PACA activities. However, we have found that it is not wise to assume that these local players can now be left to their own devices. It is rather recommendable that the PACA facilitators who were part of the PACA team return, say once a month for one or two days, to help facilitate the local process, to help local players overcome obstacles, to mediate conflict between local stakeholders, etc.

The second level of support refers to the PACA facilitators. A Basic PACA Training Course is a one-week exercise. It is obvious that you cannot transfer all the important know-how and know-why, even on methodology like PACA that appears simple at first glance, in just one week. It is crucial to offer coaching and mentoring to the PACA facilitators. This will involve the **mesopartner** trainer as

well as at least one member of your staff who dedicates more than 50% of his or her time, the more the better, to PACA.

In an ideal case, the PACA trainer is available at least during the critical parts of the first PACA Exercise conducted by the newly trained facilitators (see Figure 4). In the real world, this is often not feasible due to time and budget constraints. In this case, we strongly recommend to involve the PACA trainer in coaching via e-mail, chat, Skype, phone and other communication channels. We also recommend to have a follow-up training shortly after the first PACA Exercises.

Figure 4



We recommend to organise at least two **PACA Follow-up Training Courses** for PACA practitioners. The first course should be held after the newly trained PACA Facilitators have conducted their first one or two PACA Exercises. At this stage, two things are useful:

- A reminder of key aspects of the PACA methodology. Participants in PACA training have a natural tendency to assume that PACA is similar to what they have learned and done before, though this is often not the case. A PACA Follow-up Training Course is thus an opportunity for reflection on the difference between PACA and other approaches, and for re-emphasising the main features of PACA.

- An introduction to basic concepts of local economic development (LED). We typically introduced PACA in settings where actors have little or no experience with LED. LED concepts feature in the initial PACA training, yet it is very useful to reinforce this after the facilitators have started to gain practical experience with local economies.

A second follow-up training course introduces additional items:

- Further PACA tools, for instance more sophisticated prioritisation methods.
- Additional concepts around territorial development, for instance value chain analysis and promotion.
- An introduction to monitoring and evaluation concepts.

The following table summarises a possible sequence of activities.

Table 2: Possible sequence of activities in the introduction of PACA

Month 1	Training of PACA Facilitators
Month 2	Build-up and execution of first PACA Exercise
Month 3	Follow-up on first PACA Exercise, build-up and execution of second PACA Exercise
Month 4	First PACA Follow-up Training
Month 5 – 7	Execution of more PACA Exercises
Month 8	Second PACA Follow-up Training

2.5 The donor organisation: Internal requirements for a successful PACA experience

There is a number of cases where very strong interaction has evolved between **mesopartner** and a staff member of the local donor organisation. Both our customers and ourselves have found this strong tie very useful. PACA usually has to be adapted to each national situation in one way or another, and this involves intense communication, which typically occurs between the **mesopartner** trainer who conducted the first training and the local staff member who is tasked with PACA. Here you have the names and coordinates of some of these individuals, so that you get in touch with them and draw on their experience directly:

Shawn Cunningham	GTZ, South Africa	shawn.cunningham@gtz.de
D Ratnayake ("Ratty")	GTZ, Sri Lanka	essp_ratty@sltnet.lk
Jürgen Popp	GTZ, Ecuador	juergen.popp@gtz.de
Nathan Koeshall	CHF, Montenegro	nathan@chfcg.org
Roel Hakemulder	ILO, Sri Lanka	roelhakemulder@yahoo.co.uk
Jens Christensen	ILO, Indonesia	christensenjens@ilojkt.or.id
Vo Hoang Nga	GTZ, Vietnam	Hoangnga.sme@gtz-vietnam.com.vn

This staff member, in turn, will usually spend a lot of time supporting, coaching and mentoring PACA practitioners in your country. S/he will also play an important role in advertising PACA to other organisations, both national counterparts and other donor organisations.

Another issue around the role of your organisation in the role-out of PACA refers to funds for projects. In many cases, we have been interacting with donor projects who did not have funds available to sponsor or co-finance activities that come out of a PACA Exercise. In other cases, there donor project had a keen interest in identifying activities that it could fund. Regarding the effectiveness and impact of PACA, there seems to be no correlation. In other words, you may find PACA useful irrespective of whether your role is around facilitating and capacity-building or around delivery and funding.

3 The PACA Training

3.1 Selection of PACA Trainees / Facilitators

The first question anybody who wants to organise a PACA Training has to address is: Who will be the participants? As mentioned above, candidates include:

- Staff members of a technical assistance organisation
- Local actors (representatives of municipalities, representatives of business chambers etc.)
- Multipliers (potential PACA champions)
- Local consultants (with a business interest in conducting PACA)
- Students (recently graduated or post-graduated)

Based on our experience it is recommended to be very careful when selecting the PACA trainees and thus future PACA facilitators. The PACA champion, the external PACA expert and a potential donor organization should jointly be involved in the selection process.

You may want to apply the following criteria when selecting PACA trainees:

- Facilitation skills and experience
- Self-confidence and assertiveness
- LED and/or BDS background, understanding of economic development issues
- Ability to work under pressure, both regarding time constraints and emotional pressure
- Ability to work in a team
- Flexibility
- Analytical skills
- Communication skills
- Interviewing experience and skills
- Skills to assess interviewees and workshop participants correctly
- Conflict resolution skills
- Organization and planning experience
- Structured way of acting

- Ideally ability to communicate in a common language with PACA team members respectively with the PACA trainer

This list of requirements is very demanding indeed and will in most locations hardly be fully achieved. However, when recruiting local PACA team members we should take the full range of criteria into consideration and strive for team members which seem to meet as many criteria as possible. Since the local team members are so important not only in the PACA Exercise but also, and often even more so, in the follow-up, their lack of skills will seriously compromise the impact of PACA.

Where do we find individuals who fulfil as many of those criteria as possible? One of the first questions we tend to ask in countries where we are going to run the first PACA is: Are there CEFÉ trainers who may be interested in something new? An experienced CEFÉ trainer usually meets all those criteria. Conversely, we tend to be very skeptical when it comes to professionals from universities and similar institutions, since they are so often good at lecturing and nothing else, and lecturing is the last thing we need in a PACA Exercise.

Local government, business association / chamber and NGO professionals will often not meet many of those criteria. The objective must then be to identify individuals who have good analytical, social, and communication skills as well as self-confidence and leadership qualities. Facilitation, moderation and visualization is not rocket science. Individuals who have these qualities will learn facilitation and visualization techniques swiftly.

The following Table 3 gives an overview of possible participants and their respective appropriateness for becoming PACA Facilitators or PACA Champions or supporters. Let us briefly consider what the last point is about. The main purpose of the training is, obviously, to train PACA Facilitators who can then actually conduct PACA Exercises. But you also need local stakeholders who advocate the execution of a PACA, who organize it and who are active in the implementation phase. For such persons, it is useful to participate in the PACA Training, even if it is obvious that they will never act as PACA Facilitators, for instance because they simply have not enough time. Participating in a PACA Training means that they will be in a much better position to advocate and organize a PACA, since they understand what it is all about and can explain it to other local stakeholders.

Table 3: Possible participants in PACA Training

<i>Type of Participant</i>	<i>Appropriateness as a PACA Facilitator</i>	<i>Appropriateness as a PACA Champion or supporter</i>
Business promotion agency employee (SME promotion body, development agency)	Medium (often have bureaucratic mindset, instead of business mindset, and lack flexibility)	High
BDS provider employee	High	Medium (may lack standing in the local community)
Business association and Chamber employees	Medium (often lack time as they are overburdened with multiple tasks)	High
CEFE trainer	High	Medium (may lack standing in the local community)
Business consultants	High	Medium (may lack standing in the local community)
University researchers	Low (tend to lecture instead of facilitate, little understanding of practical issues)	Medium

3.2 Who pays what, and whom?

One of the issues that frequently come up in the context of a PACA training is payment, i.e. who pays whom, and how much. Donors in different countries have approached this issue in fundamentally different ways:

1. Participants had to pay a fee that covered the full or partial cost of the training course (e.g. all cost except the fee and travel cost of the PACA trainer). In this case, participants were consultants / professional facilitators. Behind this was a clear business proposition. Mastery of PACA is a marketable skill, consultants can derive additional income from selling days doing PACA, and participation in a PACA training is an investment.
2. Participants received a sitting allowance for the days they participated in a PACA training. Underlying this was the logic that many of the participants were public servants who received a very low wage, who needed a second job to make ends meet, and who had to skip their second job for the duration of the PACA training.
3. Participants neither had to pay a fee nor received any remuneration for their participation. They suffered an implicit cost in terms of lost revenue (in the case of consultants) or piles of work accumulating on the desk in the office (in the case of public servants and business association staff).
4. Participants were staff members of the donor who contracted the PACA trainer, so that the issue of payment did not arise.

We try to discourage Option 2, i.e. paying a sitting allowance, though we admit that in some countries there may be no way around this. We like Option 1, since it involves the clearest possible business arrangement, i.e. value for money. However, we admit that it will often not work, especially when participants are not consultants but rather public servants, business association employees, etc. Still, there should be some clear cost for participants, and preferably not only in terms of opportunity cost but also real cost.

3.3 Rough Structure of a Basic PACA Training

A basic PACA Training is a one-week exercise. The basic structure is as follows:

Day 1: Introduction to LED and PACA

Day 2: Interview methodology, conducting of interviews in real organisations

Day 3: Mini-workshop formats, conducting of mini-workshops with real stakeholders

Day 4: Elaborating a diagnosis

Day 5: Elaborating proposals, organising implementation

The training has a very practical, hands-on training format. A basic 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.

The general orientation of a PACA training is not to give presentations on all the elements of the PACA methodology in a very one-sided way and to only put the participants into the role of an audience. Rather the attempt is made to actively involve the participants as much as possible in all relevant exercises. Starting from the first day the **mesocard** exercises should mostly be facilitated by participants. By organizing working groups the participants have the chance to directly practice specific tools and instruments of the PACA methodology.

The real-world components of the training – interviews with real entrepreneurs, local government officials etc. by groups of 3-4 participants each on the second day and the execution of a PACA mini-workshop with representatives of a specific sector facilitated by two selected participants on the third day – always prove to be effective in stimulating a quicker learning process and in keeping the motivation and attention of the participants at a high level.

3.4 Selection of a location for a PACA Training

A PACA Training includes a number of practical exercises, which preferably should be conducted in a real-world situation with real stakeholders and entrepreneurs. For this reason, the perfect location for a PACA Training is a place where LED activities are about to start or have started recently. This is the main criterion in selecting a location; other criteria, such as "nice venue which creates an additional incentive for participants to come" are of less than secondary importance.

The training venue should offer

- a sufficiently large meeting room (with open space and no tables) to conduct the training and a Mini-workshop
- an additional meeting room for group-work exercises
- accommodation for all the participants

It is preferable to have all the participants stay at the training venue, even if their home-town is just an hour's drive away: informal evening activities are very important to stimulate the group dynamics. Moreover, even an hour's drive times 2 per day times 5 days means 10 hours of driving, which is tiring.

3.5 Selecting locations for a PACA Exercise

After the training, and perhaps even before it, the question arises: Where should we conduct our first PACA Exercise? It is crucial to address this question in an adequate way, not taking it too lightly. The success and impact of PACA in your organisation and region may depend on the success or failure of the first PACA Exercise. So what would you consider when choosing a location?

Before anything else, it is important to consider the perspective of local actors. From the perspective of local actors in any location it is perfectly rational to be sceptical when an external agent appears and tries to sell PACA. In many locations, local actors have seen many donors and concepts come and go, often with little or no effect. It is not rare to encounter a certain level of cynicism on the ground. An external agent must take this into account and cater for it. How can you do this? First, you can try to explain what is different about PACA. Second, you can specifically look for motivated actors.

- The main difference between PACA and other approaches is its concern with time efficiency, with business involvement and with quickly visible outcomes. You can try to advertise this to local players – not just by giving them presentations or showing them a PACA video, but also by giving them a practical

In our experience, there are two iron principles that you should respect when introducing PACA in a top-down manner:

**Don't go to places where local players
don't throw in own resources!**

**Don't go to places where local decision makers
are not interested!**

introduction to PACA tools, for instance by conducting a Mini-workshop using the Interaction Matrix format.

- If a regional organisation is looking for the first location to conduct a PACA, its selection decision can be guided by very different criteria.
 - One possibility is political / clientelist criteria; this is not necessarily the worst case, but it is often not a particularly good criterion.
 - Another possibility is to look at “needs”, which will often take the PACA to a place which is particularly poverty-stricken. This is also not necessarily the worst case, though such locations often present multiple, mutually reinforcing disadvantages that make successful development really difficult. It is not wise to start with your PACA effort in such a place, especially if you want to have a PACA success story to convince many locations and actors to apply it.
 - Yet another possibility is to look for locations which really need it, at least according to higher-level bodies, though local actors think differently. It is not rare to find that executives in higher-level bodies pursue something like an “enforced enlightenment” approach, where they try to initiate a mindset among local actors in a rather clumsy, heavy-handed way. This, in fact, is the worst case, since under such conditions it is extremely unlikely that you will find a local PACA Champion, so that the PACA is likely to fail.
 - The best case is a location where local actors are keen to become more involved with an active development effort, but are not quite sure where and how to start. This is the kind of location where you would like to conduct an initial PACA Exercise, since it is very likely that it will create a substantial impact there. Do not worry too much whether this location is “in need”. First, it is unlikely that the location is thriving, since in that case local actors would be far too busy to care much about a joint development effort. Second, remember that you cannot force development on people. In fact, motivated local actors are a heaven-sent. In the best case, *they* approach *you* (in fact, this was why PACA was introduced in Serbia by GTZ

– representatives from some locations had asked GTZ for support, and GTZ responded by offering them a PACA training course).

In other words, the preferred scenario is one where it is not you, the donor and its local counterpart, who are selecting locations to execute PACA. You would rather like to set up a scheme where locations can apply to have a PACA in their place, so that you move towards self-selection.

4 How to identify a PACA Champion?

If there is no local host or champion for a PACA, it will be a frustrating experience with little impact, and the result will look like just another consultant's report. It is particularly important for external agencies, like donors, to take this into account. Likely local PACA Champions are a local business chamber, a governmental or parastatal business promotion organisation, a local development agency, a local stakeholder forum or a NGO. In the end, the PACA Champion is an individual, but this individual should be linked to an organisation which is able to organise the PACA Exercise and to take a lead role in the implementation of practical activities after conclusion of the diagnostic.

There are two possible scenarios. One scenario is that local players decide to conduct a PACA. In this case, they are the PACA Champions. We have had this scenario occasionally, but it is the exception.

The other scenario is the more difficult one. If the PACA is initiated by an external agency, where does the local PACA Champion come from? We often observe that PACA is used to stimulate and encourage bottom-up initiatives in countries with a long tradition of top-down development policy. Local actors have little experience in defining and implementing their own initiatives. PACA creates an occasion for them to practice just this. However, they will tend to be hesitant. Even if they come up with very good proposals, and really nobody objects, they will often ask "Do I have permission to do this"? And as long as they are not absolutely sure that they have permission, they will hesitate to move forward.

In this kind of setting, it is unlikely that you will identify a local actor or agency that can swiftly move into the role of a PACA Champion, taking the lead in preparing and organising the exercise. Instead, you will to some extent use the PACA Exercise itself to identify possible champions. In the build-up phase, you will try to identify a local actor or institution that can take an active role in the organisation of the PACA Exercise. There usually is some local branch of development-oriented government bodies, and perhaps also a Business Chamber. They will hesitate to take the lead on PACA, so that you have to liaise closely with them. Allocate enough resources for an ongoing coaching. Don't consider that you manage this by phone and e-mail; our experience shows that face-to-face communication is very useful at this stage. Ask yourself: How can I package PACA in a way that appeals to the self-interest of this local actor? How can I make sure that PACA solves some of his problems (instead of creating more headache)? These considerations will lead you to a specific sales pitch for PACA.

One major challenge for the external promoter of a local PACA Exercise is to make sure that he does not discourage or overwhelm potential local champions.

For the external promoter, the guiding question at any step must be: What can I do at this stage to motivate and stimulate local initiative? What can I do to strengthen possible local champions, rather than crowding them out or discourage them by insisting on doing too much, too quickly?

4.1 What needs to be considered when inviting local stakeholders to the PACA Exercise?

PACA is not going to work without the strong support and hard work of the local PACA Champion. But it will also not work unless the local PACA Champion manages to convince other stakeholders to participate in the PACA exercise not just to be interviewed, but to become actively involved, for instance by contributing one professional to the PACA team. If the champion does not convince other stakeholders, it should seriously consider not to conduct a PACA. It should only go ahead if there is good reason to expect that other stakeholders may get motivated in the course of the PACA diagnosis or as a result of the presentation of results and proposals.

There are at least six means of communication you can use when inviting people to Kick-off and Mini-workshops: face-to-face, phone, e-mail, fax, letter, SMS. If you would now tend to ask Which is the one I should use? the answer is Wrong question. You should use more than one as a rule of thumb, use at least three of them.

- You will need a face-to-face meeting or a phone call to get people interested.
- They will then want to receive information to know what the PACA Exercise is all about, which you will send by fax, e-mail or letter.
- Call again. Sometimes the business person will claim that the fax never arrived. Be patient. Send it again.
- Then you have to confirm the date, probably with a phone call.
- Finally, you want to send people a reminder, probably by SMS; to do this efficiently, websites of cellphone companies that permit to send out one SMS to a group of people are useful.
- Make invitees listen: Get the right people to establish first contact (e.g. business leaders contact business people, political leader contacts politicians, etc.).
- Get invitees involved: Explain purpose and benefit to invitees to convince them to sacrifice time

- Use adequate media to get in touch and to convey information and raise interest

It is remarkable how often things go wrong at this stage, in particular in locations where the PACA is organised by the public sector and where the relationship between public and private sector are strained or weak. The first idea of a public sector PACA Champion is to send out letters of invitation. This, however, is a recipe for disaster. A business person who receives this letter will probably through the following sequence of thoughts: Is it a bill? Is it another fine? Is it a new silly regulation? No. It's PACA. Never heard of that, but if it's public, it can't be any good. Let's drop it right into the waste bin.

Public sector agencies are very often very bad at communicating with the private sector. They tend to choose the means of communication that is most convenient or habitual for them, not the one that appeals most to business people and other actors. What they often fail to understand is that organising a PACA is entirely different from other government interventions. If government is sending a tax bill to a company, or when it fines a business for whatever misconduct, sending a letter is the adequate means of communication. However, when it comes to effectively organising a PACA, the only promising means of communication is direct communication, possibly face-to-face, possibly via the phone.

In one major exercise in South Africa, the local PACA Champion hired a person specifically to take care of this communication task and that person was busy for five weeks (three weeks of preparation, two weeks of the PACA Exercise, calling people over and again to make sure they showed up for Kick-off, Mini-workshops and Presentation Event). It is important that this person has a good understanding of PACA, since he or she will have to explain it over and again and an inadequate explanation will create serious problems in terms of management of expectations.

A very promising option for coping with all this is to distribute the task of inviting actors among different players. The PACA Champion may convene a small group of actors from different sectors, who then communicate in their respective sectors. A government person would communicate with government entities, a business person would communicate with business people, a person from a meso-level institutions with colleagues in other such institutions, etc. It is also very useful to leverage the personal prestige of individuals. An personal invitation by the president of the Business Chamber will have a different impact than a call by an office assistant.

A particularly tricky issue concerns the involvement of local politicians in the build-up for a PACA Exercise. If they are actively involved from the very beginning, things may be fine. But this is a rare occasion. Usually, the PACA is either initiated by officials from the executive branch of local government, who then

have to sell it to their politicians, or by an external agent, which is creating an even more delicate situation. We have repeatedly observed something like this: We try to involve politicians in the build-up phase, but they are not very responsive. Anyway, we keep them informed by sending them invitations, PACA Flyers etc. During the fieldwork, all of a sudden a group of local politicians crashes noisily into a meeting of the PACA Team, demanding immediate explanation of what this is all about. In this situation, it is not wise to point out that they should have a look at their in-tray, dammit. Instead, explain patiently what the PACA is all about, who is involved, and why. We often observe that local politicians distance themselves from something they don't know and don't understand, so that they cannot be blamed if it does not lead to anything. However, as other local stakeholders start to get excited, the politicians start to feel sidelined and often react in a somewhat emotional way. You should be prepared for this and take any opportunity to get the buy-in of politicians.

Annex 1: Lessons learnt by GTZ in South Africa

- By Shawn Cunningham

Introduction

Whilst implementing several different kinds of Participatory Appraisal of Competitive Advantage (PACA) exercises in South Africa in 2003, we have come across a number of critical factors that are key to a successful outcome. During each PACA we have also tested several new ideas and approaches. This paper discusses a number of the issues and new ideas identified.

The following table summarise the PACA's and their areas of focus.

Location	Date	Focus area	PACA fieldwork
Kabokweni Township	Nov 02	Business owners in the township	12 days
Queenstown	March 03	Formal business, investigating several sectors and industries	10 days,
Hazyview	June 03	Tourism sector	6 days,
Ilembe District	Oct 03	Tourism in the district Agriculture in the district	10 days, 1 team per PACA
Lukhanji local municipality	Nov 03	Rural irrigation schemes	8 days,
Ilembe District	Feb 04	Manufacturing sector in the districts	7 days

Initially these processes were implemented directly by Mesopartner and GTZ. Over time a market of South African LED/PACA experts/facilitators¹ was developed that was able to implement these PACA processes with declining support of GTZ / Mesopartner. Over time, we adapted the preparation, fieldwork and follow-up of the PACA process to the South African environment². Mesopartner was always involved in these improvements and often updated the global PACA Body of Knowledge with these changes. Thus a development partnership between BDS/LED and Mesopartner was essential to ensure that the South African LED facilitators have access to the latest learning and developments in PACA and LED methodology.

¹See also: Gabriele Trah, Private Sector Led Facilitation Services for Local Economic Development, A Market Development Approach to LED, January 2004

² This document supplements the PACA manuals on preparing and implementing a PACA, and is not meant to replace or substitute them. In many cases the experiences mentioned here are already captured in the latest version of these manuals.

One of the GTZ teams key objectives was to introduce PACA interventions that could lead to sustainable LED, and to expand the scale and scope of such PACAs to add up to larger impact. Therefore it was essential to find local service providers to implement PACAs. The BDS/LED Programme used each PACA to give PACA trained South African consultants the opportunity to gain practical experience as co-facilitators. These consultants could then take a more active role as facilitators in the next PACAs.

Brief overview of PACA

PACA differs from traditional LED processes in that it emphasises local action and local actor mobilisation rather than the usual detailed economic study and planning process. Thus a PACA is a rapid survey of local economic opportunities and challenges combined with implementation and action learning.

Local stakeholders learn to work together, build trust in each other and in their own communal activities. Therefore the PACA initially tries to mobilise the local people towards small, easily implementable LED activities. While these small opportunities are being identified, some larger opportunities or bottlenecks that will take formal project management are also identified and should not be ignored. The facilitator should feed these activities that require more formal project management to the municipality or other identified stakeholders like a business association.

Although the main body of PACA activities only lasts a few days (5-10) we believe that a PACA is an ongoing process of local activity that runs over at least a year. During this year certain workshop formats and other LED instruments can be applied to give the local activities more momentum, and to target new interventions.

Preparation Phase

Based on our experience so far, a sector or value chain focus in LED makes the preparation and implementation of a PACA exercise easier and more likely to succeed. It also shortens the time needed to do the fieldwork from about 10 to roughly 6 days.

When a PACA focuses on a sector like tourism, agriculture or manufacturing, however, care has to be taken that other players in the value chain that do not consider themselves to be part of the specific sector are not forgotten, for example the local supermarkets, or the local police station in the case of tourism. In order to make the PACA relevant to local stakeholders, local conditions, activities and priorities should be made part of the PACA.

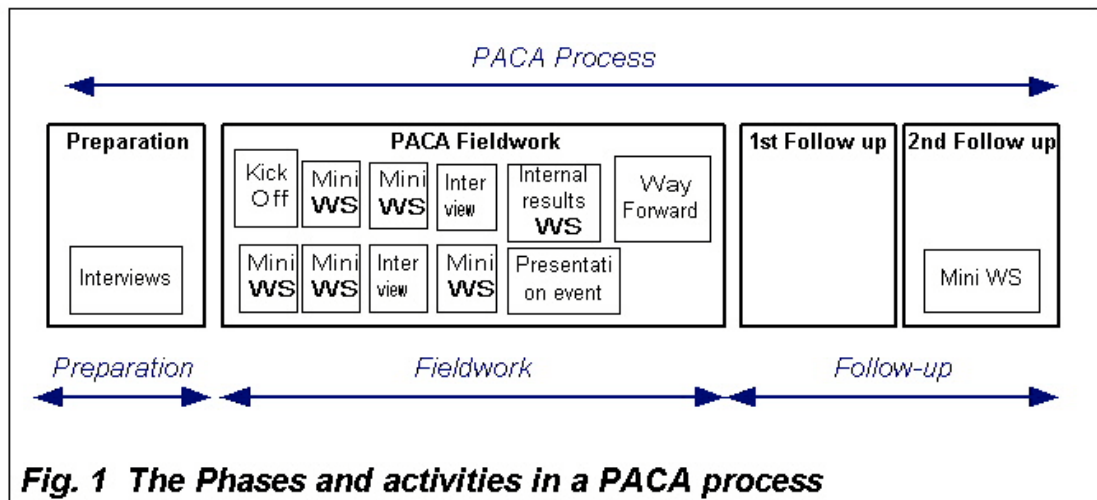
Another important local stakeholder that cannot just be ignored is the Local Municipality. Local governments often have access to other government resources and departments that are extremely useful in a PACA. Furthermore, political support from the Mayor and councillors can strongly support the PACA. Getting their “visible” and active support before a PACA is therefore essential.

Preparation Process:

1. Identify target groups
2. Identify key role-players
3. Generate interest / manage expectations
4. Draft program that includes workshop themes

In the preparation phase the local government and local stakeholders should be “prepared” for their roles before, during and after a PACA. Local government must understand their role in the enabling environment and must be ready to take their hands off certain activities and increase their support in other areas. In many cases in South Africa local governments are becoming frustrated by the lack of growth and development in the private sector. Many realise that direct support to individual businesses is not effective nor an appropriate role for them to play. When local government actively participates in a PACA they have the opportunity to refocus their services to where it matters most, and to understand and improve their critical role in creating a favourable economic environment for business to operate in.

matters most, and to understand and improve their critical role in creating a favourable economic environment for business to operate in.



1.

Step 1: Identify the target groups (sector / value chains) that will be the main focus

We found that preparing a PACA around a certain “theme” or hypothesis is a lot easier and more effective than a very broad approach of trying to involve every-

one. I prefer the approach that focuses specific target groups, for example manufacturing or the local tourism sector.

Again, it's important to not forget the other important stakeholders around the target group that support or are closely linked with this target group, but that do not always directly relate to this sector. Thus a broader view on a certain value chain is preferred over a too narrowly viewed sectoral focus. If it is impossible to decide which target groups to focus on then the PACA should be planned around certain problems or opportunities e.g. mobilising the local manufacturing sector. It is possible, though, to focus on more than one target group at a time in a single PACA. Inevitably, certain interests or proposals raised in workshops do not make it to the final list of activities to be implemented (due to prioritisation and due to the PACA filtering criteria). Greater effort upfront to identify the priority focus areas will reduce this risk.

Whom not to forget in tourism focused PACA:

- Police, health and security services
- Local retailers, wholesalers and shop owners
- Local estate agents and other service providers,
- Taxi services, craft markets
- Various government levels and agencies

Step2: Identify the key stakeholders that should be involved in the PACA

This step must be done in consultation with the local host organisation or champion because the success of the PACA hinges on the participation of committed people that have an interest in the growth and development of their locality. It is useful to get more than one viewpoint of who the important stakeholders (related to the theme of the PACA) are. Local governments view on the important stakeholders will often differ from the leading business people, and this will probably differ from the local NGO's.

The relationships between the various role-players can be depicted in a simple sector map. Looking at value chains also forces one to think a bit wider than just the primary players within a sector or sub sector (Refer to step 1). Sometimes during this step you will already identify local stakeholders that are not communicating with each other that you know should be, or you find stakeholders working with a limited number of other stakeholders. You are also likely to find several stakeholders trying to solve the same problem in different ways. These kinds of stakeholders are the ideal participants in PACA's, as they will definitely benefit from the networking that stimulated in a PACA exercise.

Step 3: Meet with some of the key actors in the local economy and secure their support / buy in and manage expectations.

It is critical to meet key people like a local bank manager or the chairperson of a business association before the PACA fieldwork. This often leads to the identification of additional key participants and could also generate ideas for formats / themes of the mini-workshops. These meetings should be used to also manage expectations and establish support for the PACA.

The ideal PACA team:

1 or 2 external PACA facilitators

At least 1 person from local government

If possible 1 person from the private sector

A few more part-time local participants

If possible, involve local players in the PACA team that can provide local knowledge, relationships and access to local networks. A second benefit relates to the sustainability after the event. Their active participation allows transfers of knowledge from the PACA team to the local stakeholders. This builds local capacity and credibility, and it is useful to have basic local PACA facilitation abilities especially for the follow-up phase. As far as the composition of the PACA team is concerned, it is important to get local team members that are known and respected by the local stakeholders to participate in the team.

Step 4: Draft a program for the PACA activities

The PACA activities for information gathering and participation are extremely efficient, and necessarily very intense. Many activities need to happen in a very short time. Very often there are some surprises, like new sources of information being discovered during the fieldwork. It is therefore necessary to prepare a flexible program that allows for changes.

Outsourcing logistics

In a PACA in Ilembe District in the Kwa-Zulu Natal province in South Africa, the local champion decided to contract a local logistics person that had to arrange all the meetings, appointments, venues, press releases etc. This worked really well and the well-organised events had a very positive impact on the overall PACA.

The team leader should be careful in planning the various mini-workshops in such a way that the workshop themes involve different people and to avoid that the same people are participating over and over again. A local person should check the program in order to verify how many overlaps in themes and participants exist.

Step 5: Logistical arrangements

Usually this part of the arrangements is left to the local champion or host organisation. In our experience

weak administrative abilities of the local champions or bureaucracy in the host organisation can spoil or cripple even the best local initiatives!

In this step the Mesopartner document “how to prepare for a PACA” becomes an essential guide that outlines many of the administrative arrangements that need to be made before the PACA.

Step 6: Briefings and press releases

We were repeatedly amused at how the local press can take a prepared press release or information received during a briefing, and then turn it into a news article that has little to do with the PACA or LED.

The press release is essential to prepare local businesses for the PACA, and to inform the local people that something important is happening. Often these press releases are also used as a tool to motivate and excite the local population. One has to be, however, careful about the expectations raised.

It may make sense to start a media campaign at least 4 weeks in advance in order to build local awareness. If business associations and other kinds of organisation are involved then they should also distribute accurate information to their members.

Fieldwork phase

During the PACA, vast volumes of information are gathered from workshops and interviews. Often people work in parallel, therefore it is crucial that the information is shared and organised systematically to prepare for analysis later.

The main objectives of workshops are to gather information, to build relationships and facilitate learning. But more is possible. Mini-workshops that are very positive and that generate many ideas should end in a mini “way forward-session” where specific immediate actions are identified and then immediately earmarked for implementation by the participants in the workshop. This gives the whole PACA more momentum, but also takes

Questions asked to launch activities:

- Does this proposal make sense to the participants?
- Is the name of this proposal appropriate?
- What would a proposal like this entail?
- What are the obstacles and risks that can be expected?
- What can be done to overcome these?
- Who should do it and when?

some pressure of the way forward workshop at the end of the PACA exercise. An “immediate action” is a simple activity that does not require any project management and could be as simple as arranging a meeting, where different stakeholders can exchange information or organising a networking event, where an invited guest gives a presentation on a topic of interest to the participants (see figure 2).

Follow-up phase

Having identified a range of LED activities, now what? For sustainability, locals, within the reality of their resource constraints, must implement these activities. This step leading to practical implementation is the key decider of whether these activities ever get done or not.

In the way forward workshop (at the end of the PACA fieldwork) the proposals generated by the PACA team are presented to the local stakeholders. Tasks and responsibilities are then assigned to individuals and groups, and milestones identified using the questions in the text box on the right.

Motivating champions:

In Ilembe district the municipal manager hosted a “champions breakfast” at an upmarket restaurant to recognise the efforts of the champions. This small gesture had a highly motivating effect on the +- 20 champions involved.

About a month after the completion of the PACA the first follow-up workshop takes place. During this workshop the facilitator meets with the people responsible for each activity/proposal for an update. Next milestones and additional resources are identified. The main task for the facilitator is to keep the momentum going. This may also include assistance or advise on how to access finance or on appropriate organizational structures.

Another important role for facilitators is to link local initiatives to ongoing strategic projects (e.g. regional or national initiatives) and funds where appropriate (Fig 2). He or she may also discuss new activities or proposals with stakeholders. Some of them may already have come up during the PACA fieldwork but did not

meet all the criteria to be put on a priority list (e.g. more complex proposals that require more experienced LED activists and more time, see list of criteria below).

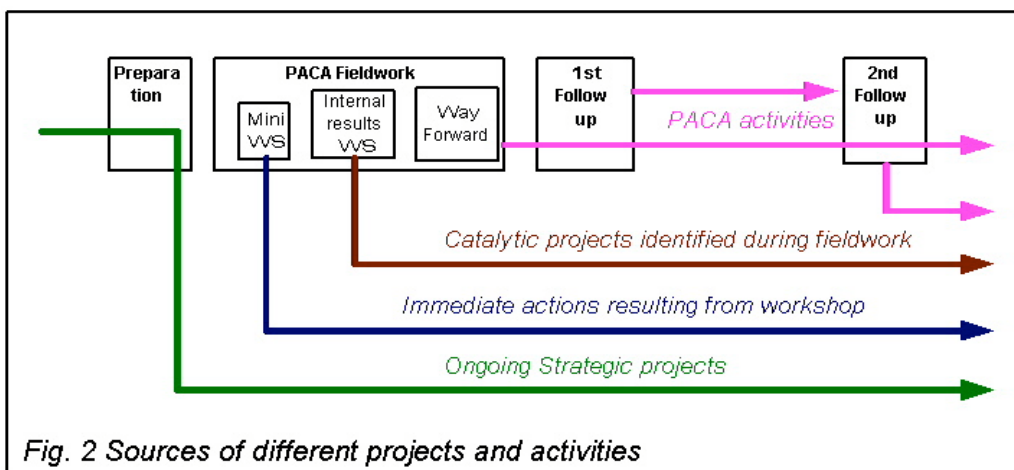


Fig. 2 Sources of different projects and activities

Activities and projects

Projects selected for implementation during a PACA exercise should adhere to the following criteria:

- Activities must be implemented in a short time (3-6 months)
- Activities must be implemented with local resources
- Activities must be highly visible

The proposals come from a number of sources:

- Participants of a workshop or an interview can explicitly identify them
- The PACA team in order to exploit an opportunity or overcome a bottleneck can identify specific proposals
- It could be an already existing initiative that will get additional support and momentum by being included in the PACA follow-up

Local volunteers (champions in the South African terminology) who are not paid for their contribution most often implement these activities. Sometimes the activities have commercial value for them, which help putting the task high on their priorities. In all other cases the facilitator must ensure that the tasks are simple enough so that they do not take too much of the champions time. In most cases these activities do not require formal project management, although all these activities will be formally managed at the follow-up workshops.

Progress should be publicised and new resources and people should be marshalled to participate in the ongoing process. It may be necessary to host new mini-workshops at some point in this follow-up process that will identify further opportunities etc. This will basically then restart parts of the PACA process and will turn the PACA into a continuous process that constantly grows in reach and scope.

It is important to continuously motivate the local champions, as they often give up hope if they face obstacles or resistance when they implement their activities. Before the PACA, the typical paradigm of business individual is the span of control is limited to their businesses. They do not realise or confidently consider local government and other key stakeholders as levers for them to use or resources for them to draw on.

From our experience we realised that some key activities that would have a catalytic effect on the local economy are often discarded due to the PACA criteria mentioned above. These catalytic projects usually require more co-ordination, more resources and time and more project management than the typical PACA activities. An example would be an urban design project of a town undertaken by the municipality as a result of a PACA that identified the town's appearance as a major obstacle for tourism.

Criteria for catalytic projects:

- Catalytic in nature (must unlock or boost the activities of as many stakeholders as possible)
- Must be highly visible

These catalytic or strategic projects can be used to reinforce all other LED initiatives and in most cases, strong synergies between these more formal projects and the informal PACA activities can be fostered (Fig 2).

Conclusion

We see the PACA methodology as an essential component of our activities in South Africa, and continue to build the capacity of both the private sector and the public sector to engage in local economic development activities.

We have applied the PACA methodology in various settings, and continue to learn from these experiences. We are planning several PACA's with various role-players like development banks, provincial development agencies and others in the near future, and will continuously try new approaches and enhancements that make the PACA methodology more robust in the South African environment.

The learning and improvements made to the methodology are in most cases done in collaboration with Mesopartner (the developer of the methodology) who have proven very willing to accept and integrate our recommendations into the methodology, These changes are also shared with several other GTZ programmes and the private sector in South Africa.

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Annex 2: How not to introduce PACA – the experience in Central Serbia in 2003/2004

ACDI/VOCA's Community Revitalization for Democratic Action (CRDA) project implemented pilot PACA activities in four municipalities in Central Serbia (Kragujevac, Jagodina, Smederevska Palanka and Svilajnac) between November 2003 and March 2004.

PACA was expected by USAID and ACDI/VOCA to be potentially valuable to BDS practitioners and mission staff as a market assessment and planning tool for BDS interventions and design.

mesopartner provided the technical expertise required for starting a PACA Exercise including the initial PACA basic training of all local PACA teams in November 2003. **mesopartner** coached the teams during the Kick-off Workshops, gave remote support during fieldwork (November 2003 – January 2004), facilitated the Results Workshops (February 2004) and supervised the Way Forward Workshops (March 2004). From the start, the American BDS expert Richard Hatch evaluated the whole PACA project in Central Serbia on behalf of ACDI/VOCA and USAID.

Apart from some minor successes as a result of the PACA Exercises in Central Serbia (skills upgrading of team members from local municipalities, identification of some technical assistance projects to be funded by ACDI/VOCA) the PACA project did not meet the expectations formulated in advance. The PACA teams basically terminated their activities after the first series of Way Forward Workshops without following up on activities already discussed.

The limited success of these PACA applications are mainly due to four reasons: deficiencies of the PACA facilitators, the unsuitable composition of the PACA teams, the organization of four concurrent PACA Exercises and the absence of a real PACA champion in each municipality.

1. The municipal authorities did not comply with the selection criteria of trainees ACDI/VOCA had provided to them. Thus, a considerable number of PACA team members lacked skills and experience in facilitation, economic development, BDS, English language, as well as having only a weak standing in their respective communities. They also suffered from limited motivation. Consequently, they were unable to identify and motivate the right local actors at the various PACA events.
2. Since most of the team members are low ranking officials in the local municipalities, the teams lacked a variety of perspectives and disciplines.

3. The approach selected to organize and support four PACA Exercises concurrently overwhelmed the small number of staff in charge at the ACDI/VOCA project office, particularly taking into account the unexpectedly weak support given by the different municipalities. This approach extended each individual PACA Exercises to an uncharacteristically long duration of several months. The result is a negative impact on the motivation of all actors involved.
4. The four municipalities in Central Serbia apparently did not consider themselves as PACA champions, seemed to be uninterested in PACA and obviously only accepted to embark on PACA Exercises in order to further receive the financial support by ACDI/VOCA to upgrade their infrastructure.

Even though this exercise was not successful, we think that it is extremely instructive to other donor programs that are considering to employ PACA in their work:

(I) Carefully select the PACA trainees and the PACA facilitators. Take the selection criteria provided by **mesopartner** into consideration, as they are based on ample experience in numerous countries.

(II) Do not conduct a PACA training only with representatives from municipalities. It proved to be a better approach to also train consultants and multipliers (like we did with GTZ in Indonesia – see the last edition of the PACA News). Alternatively, train only local consultants and give them the perspective of widening their product portfolio with PACA (the approach pursued by GTZ in South Africa in 2003).

(III) Secure the strong commitment and support of the municipalities or other organizations expected to champion a PACA Exercise . A strong champion is needed to organize and supervise a PACA Exercise, particularly in terms of assembling an adequate PACA team and being involved in the invitation process.

(IV) Conduct PACA Exercises over a very short period of time (2-3 weeks) along the original lines of the PACA methodology in order to keep motivation high and maintain momentum. An experienced PACA expert should supervise and guide the teams for the duration of the PACA Exercise.

(V) Advise donor organizations to keep a low profile in PACA Exercises. You don't want to create expectations among local stakeholders that the donor organization will solve their problems. On the other hand, the endorsement by a foreign organization can be helpful to increase the credibility of the PACA methodology and to persuade local actors that a PACA Exercise is a worthwhile effort. Therefore, the build-up of the PACA Exercise should be done properly.

Annex 3: Equipment and Material

For conducting the PACA training, the following basic material and equipment are needed:

Checklist for Equipment and Materials- PACA Training (ca. 20 participants)	
Equipment	Quantity
Pin-boards	4
Flipchart	1
Printer	1
LCD beamer (for PowerPoint Presentations)	1
Screen	1
Materials	
Kraft Paper (118 x 140 cm)	50 Sheets
Flipchart paper (72 x 99 cm.)	30 Sheets
Rectangular cards in 3-5 colours (9.5 x 20.5 cm.)	4,000
Black Markers (with 2-6 mm. pen stroke)	40
Markers in different other colours (blue, green)	5
Pins (Ø 6 cm.)	500
Masking Tape (2.5 mm stroke)	1 roll
Adhesive transparent tape	2 rolls
Glue sticks	2
A4 paper in white (80 g/ m2)	500 Sheets
Pencils	30
Scissors	1

Annex 4: Checklist for Preparing a a combined Basic PACA Training and Immediate PACA Exercise

This checklist is based on the assumption that it is a Technical Assistance Organization which is arranging the PACA Training and the subsequent PACA Exercise.

<i>When?</i>	<i>What?</i>	<i>Who?</i>	<i>How?</i>
x –9 weeks	Raise interest for PACA Training among decision-makers in localities	Donor	<ul style="list-style-type: none"> • presentation conducted by organization's staff • presentation by representative from location with positive PACA experience • presentation by PACA Consultant
x –8 weeks	Identify local host for PACA Training	Donor	criteria for identification: <ul style="list-style-type: none"> • good local standing • good connection to both business sector and local government • ability to sustain the PACA process
x –8 weeks	Contract PACA Trainer	Donor	PACA Training is provided by meso-partner
x –7 weeks	Define date for PACA Training and PACA Exercise, including dates for interviews and Mini-workshop	Donor and PACA Training Host	agree with PACA Trainer
X –7 weeks	Define venue for PACA Training	same meeting as before	
X –7 weeks	Start selection process for PACA Training participants	Donor	
X –5 weeks	Start selection process for PACA Team	PACA host with assistance from Donor	criteria for identifying possible candidates: <ul style="list-style-type: none"> • available for at least 50% of time during PACA fieldwork • certain prestige and standing in the local community, not too junior • good understanding of business and economics issues • from public sector, business sector, NGOs, training institutions
x –4 weeks	Collect Advance Information	Donor and PACA Training Host	Using the mesopartner checklist on localities
x –3 weeks	Define invitation list for kick-off workshop	Meeting of Donor, PACA Host and PACA Team	Potential invitees: <ul style="list-style-type: none"> • locally present government institutions • business associations • important companies • business support organizations • banks and other important service providers • professional organizations and trade unions • education and training institutions

			<ul style="list-style-type: none"> • NGOs with interest in LED • media Size of targeted audience = 30-50 persons
x –3 weeks	Define date and venue for kick-off workshop	same meeting as before	criteria: <ul style="list-style-type: none"> • adequate size • easily accessible • sufficient parking space • cocktail and snacks after workshop?
X –3 weeks	Draw preliminary list of candidates for interviews and mini-workshops	Meeting of Donor and PACA Training Host	Define which sector(s) you want to invite for Mini-workshops
X –3 weeks	Invite participants for mini-workshops	PACA Training Host	
x –3 weeks	Invite participants for kick-off workshop	PACA Host	
X –3 weeks	Start to make appointments for interviews	PACA Training Host	
X –3 days	Arrange transport for training interviews	PACA Training Host	As you will split the participants into several interview teams, you will need several cars.
X –3 days	Reiterate invitation for kick-off workshops and appointments for interviews	PACA Training Host	
x –1 week	Make appointments with local media to advertise PACA to community	PACA Host	
x –1 week	Reserve venue for PACA Presentation	PACA Host	Date and venue for the PACA Presentation, after the fieldwork, should be announced at the Kick-off Workshop
X – 10 days	Start of PACA Training		
x –3 days	Finalize selection process for PACA Team	PACA host with assistance from Donor	criteria for identifying possible candidates: <ul style="list-style-type: none"> • available for 100% of time during PACA Exercise • fulfil the selection criteria for PACA facilitators according to training impressions
x –4 days	Reiterate invitation for kick-off workshop	PACA Host	
x –4 days	Reserve meeting room for Hypotheses Workshop	PACA Host	
x –2 days	Hypotheses workshop	PACA Host	Use it also to clarify open issues with the PACA Team members
X	Kick-off Workshop	PACA Host	

Annex 5: Detailed Structure of a PACA Training

Day 1 Morning	<p>Introduction by TA Agency</p> <p>Introduction by the trainer</p> <p><i>Mesocard</i>: Presentation of participants [name, organisation, background, experience with LED]</p> <p>Example of a local economy</p> <p><i>Working groups</i>: Mapping of each participant's local economy / a local economy well known to participants</p> <p>Presentation of local economy maps by rep. of each group</p> <p>Presentation: A training workshop (level of confusion / level of frustration)</p>
Day 1 Afternoon	<p><i>Mesocard</i>: What is your motivation to participate in a PACA training?</p> <p>The Stone soup story</p> <p>PACA-Presentation: What is LED?</p> <p><i>Mesocard</i>: What LED activities are already going on in your location?</p> <p>PACA-Presentation: A summary of PACA</p> <p>PACA Video I (GTZ Indonesia)</p>
Day 2 Morning	<p><i>Mesocard</i>: What was the biggest surprise / biggest disappointment during the first day?</p> <p>PACA-Presentation: Sequence of a PACA diagnosis</p> <p><i>Working groups</i>: Elaboration of interview guidelines</p> <p>Presentation of interview guidelines by rep. of each group</p> <p>Presentation of PACA interview guidelines</p> <p>Briefing for Interviews</p>
Day 2 Afternoon	<p>Interviews in firms and institutions: participants form group of 3-4 persons, each group conducts two interviews in companies and business support institutions (total number of interviews = (number of participants / 3) * 2)</p> <p>1st round of interviews</p> <p>2nd round of interviews</p>
Day 3 Morning	<p><i>Mesocard</i>: What was the biggest surprise during the interviews?</p> <p>PACA Video II (mesopartner)</p> <p>Repetition of basic PACA tools</p> <p>Parallel Working groups: The location in the perspective of Interaction matrix, Porter's 5 Forces, Porter's Diamond (based on information from interviews) = introduction of the kick-off workshop and mini-workshop format)</p> <p>Presentation by representative of each group</p> <p>Briefing on Mini-workshop facilitation</p>
Day 3 Afternoon	<p>Mini-workshop, with a group of 8 - 12 representatives from a specific local sector, facilitated by two selected participants</p> <p>Remaining participants observe and assess the mini-workshop according to 4 criteria: Quality of answers, facilitation, application of Porter's Diamond, <i>Mesocard</i> application</p>

<p>Day 4 Morning</p>	<p><i>Mesocard:</i> What was the biggest surprise during the mini-workshop?</p> <p><i>Mesocard:</i> What can we do better at the next mini-workshop (assessment of the workshop according to 4 criteria)?</p> <p><i>Mesocard:</i> What proposals could be derived from the mini-workshop?</p> <p><i>Mesocard:</i> What proposals did come up during the interviews?</p>
<p>Day 4 Afternoon</p>	<p>Prioritizing of Proposals (Pareto)</p> <p><i>Working groups:</i> Refining of 5 selected proposals (4-5 participants per proposal) [technical implementation, responsibilities, resources needed, time schedule]</p> <p>Presentation by representative of each group</p> <p>Exercise: PACA assessment procedures of refined proposals (results workshop format)</p> <p>PACA-Presentation: Typical proposals</p>
<p>Day 5 Morning</p>	<p>2-3 Real PACA Presentations:</p> <p>Presentation: Way-forward workshop format (Pfeiffer’s 6 criteria)</p> <p>Application of Way-forward workshop format on refined proposals</p>
<p>Day 5 Afternoon</p>	<p>PACA-Presentation: The PACA Business Model</p> <p><i>Mesocard:</i> What are the two most important open questions now?</p> <p>Response to open questions</p> <p>Handing out of Certificates</p> <p>Closing remarks by the trainer</p> <p>Closing remarks by TA Agency</p>