

# Participatory Appraisal of Competitive Advantage (PACA)

*Customised to the Nepali context*

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# Manual

## Participatory Appraisal of Competitive Advantage (PACA)

*Customised to the Nepali context*

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### ABOUT THE MANUAL

The manual is complete handbook on how to conduct a Participatory Appraisal of Competitive Advantage (PACA) exercise in the context of Nepal. The manual is based on the PACA experience gained in nine municipalities of Lumbini, Karnali and Sudurpachshim provinces under the Local and Provincial Economic Development Project (LPED) implemented by GIZ. This manual provides detailed process description on how to conduct a PACA exercise in the Nepalese context. We recommend that each PACA exercise is facilitated by an experienced PACA expert.

The LPED project – a joint Nepal German initiative under the guidance of Ministry of Land Management, Cooperatives and Poverty Alleviation and with technical support from GIZ on behalf of the German Government has been initiated in June 2019 for three years. The project aims to improve the framework conditions for local economic development in selected municipalities and value chains at local and provincial levels.



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This PACA manual is a knowledge derivative that contains the collective learning from nine PACA exercises, conducted in the provinces Lumbini, Karnali and Sudurpashchim from November 2019 to March 2020. The manual serves as a guide for future implementation of PACA exercises by LPED partners and other organizations in Nepal.

The consortium acknowledges all local PACA teams for their valuable insights and commitment to local economic development. We appreciate the role of all PACA teams, as champions of the Local and Regional Economic Development (LRED) process in their respective municipalities.

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## ACRONYMS

CAO	Chief Administrative Officer
DAG	Disadvantaged Group
DCED	Donor Committee for Enterprise Development
IDB	Inter-American Development Bank
ILO	International Labour Organization
IT	Information Technology
GIZ	Deutsche Gesellschaft für Internationale Zusammenarbeit GmbH
GTZ	Deutsche Gesellschaft für Technische Zusammenarbeit GmbH
LED	Local Economic Development
LPED	Local and Provincial Economic Development
LRED	Local and Regional Economic Development
NGO	Non-Governmental Organization
MAPs	Medicinal and Aromatic Plants
MoC	Master of Ceremony
MSMEs	Micro, Small and Medium Enterprises
PACA	Participatory Appraisal of Competitive Advantage
PRA	Participatory Rural Appraisal
SDGs	Sustainable Development Goals
SME	Small and Medium Enterprises
SWOT	Strength, Weakness, Opportunity, and Threat
TAED	Technical Advisor Economic Development

## INSTRUCTION ON HOW TO USE THE PACA MANUAL

This manual provides a complete outline on how to conduct Participatory Appraisal of Competitive Advantage (PACA) exercises in the context of Nepal. Based on the experiences gained during the PACA exercises, conducted in nine municipalities in the provinces Lumbini, Karnali and Sudurpachshim under the Local and Provincial Economic Development (LPED) project, this manual offers a compilation of processes and procedures that enable facilitators and community champions to conduct similar appraisals in other municipalities or regions in Nepal.

### This document includes two different materials:

1. The PACA manual
2. Facilitation guidelines for implementing PACA exercises

The PACA manual contains tested theories, methods and tools that are applied during the PACA exercise, while the guidelines offer facilitation techniques for successful implementation of the PACA process and exercises. Both, the manual, and facilitation guidelines, were continuously modified throughout the nine PACA exercises to suit the Nepali context and can be further adapted to similar contexts and situations.

### Who should read the PACA manual?

This manual is designed for facilitators and community champions, who are eager and willing to identify and implement Local and Regional Economic Development (LRED) measures based on PACA exercises.

### The PACA Manual is organised in three chapters:

- Chapter I explains the concept and history of PACA. The chapter focuses on the key principles and objectives in organizing and implementing PACA exercises.
- Chapter II gives a comprehensive and detailed explanation of the process, procedures and methodologies applied in a PACA exercise. This chapter is crucial for the implementation, as it covers each step in preparing, executing, and monitoring a PACA exercise.
- Chapter III provides an overview of the main frameworks that are used during a PACA exercise.

In Annex 1, the facilitation guidelines offer a simple, yet comprehensive solution to the successful preparation and execution of a PACA exercise. It contains a variety of standard templates, forms and agendas that can be adopted while implementing PACA exercises in any given context. It is a handy and practical reference document and serves as a toolkit for PACA facilitators and moderators when conducting trainings, preparing, and carrying out interviews and mini workshops, collecting and analysing data, and facilitating workshops during the PACA process. Making proper use of the guidelines is a precondition for successfully implementing a PACA exercise.





# CHAPTER - I

## Introduction to Participatory Appraisal of Competitive Advantage (PACA)



### 1.1 The PACA Concept

PACA is a participatory, bottom-up, pragmatic and market-oriented approach to sustainable local and regional economic development (LRED). PACA is used to diagnose and assess a local economy and its potentials, and to plan and formulate activities and projects in a participatory manner with the purpose of stimulating the local economy and strengthening its resilience. PACA is highly action-oriented with emphasis placed on follow-up activities for realizing short-, medium- and long-term economic development opportunities, with the aim of generating income, creating jobs, and enhancing capabilities of local actors.

PACA is particularly useful to kick-off an LRED initiative or to investigate why existing initiatives show little or no economic development impact. Learning and the transfer of LRED skills are key elements of the approach, as the PACA team mostly consists of local actors.

PACA has been applied in more than 40 countries worldwide, including countries like India, Myanmar, Sri Lanka, Thailand, and Vietnam.

### 1.2 The History and Progression of PACA

In 1999, Dr Joerg Meyer-Stamer (1958 – 2009), a co-founder of Mesopartner, started writing the zero-draft manual of the rapid participatory approach under the title of Participatory Appraisal of Competitive Advantage (PACA) at an airport in southern Brazil. Some days earlier, he had designed and facilitated the first application of the method in the state of Rio Grande do Sul. Soon PACA spread to countless cities, local economies, and regions of the global south. With the support of PACA, local stakeholders identified and implemented important and sustainable impulses for bottom-up development.

At that time, PACA was very innovative in terms of combining common tools, frameworks, and development principles in a new way, with the aim of identifying the potentials, shortcomings, and solutions of local economies in a rapid and highly participatory manner.

An additional and indirect contribution of PACA, in support of developing and emerging countries, has been the training of development practitioners. Even years after attending their first PACA training, our colleagues confirmed that the PACA approach and method had a decisive influence on their capacities as practitioners and determined the way they tend to approach economic development.

There has been an enormous demand for PACA, which by now was applied in more than forty countries. Many development practitioners were trained in PACA and became enthusiastic about the pragmatic and participatory approach. Its systemic view, the creation of motivation among local actors, its activation of momentum through quick-wins and the emphasis on using locally available resources have become best practices in international economic development.

For a considerable time, PACA and related instruments like the Hexagon of LRED or the Compass of Competitiveness were dominant methodologies used by the former Deutsche Gesellschaft für Technische Zusammenarbeit GmbH (GTZ), which is now GIZ. These instruments significantly inspired the approaches to local economic development, value chain development and cluster promotion of the International Labour Organization (ILO), the Inter-American Development Bank (IDB) and the Donor Committee for Enterprise Development (DCED).

During the last decade, Mesopartner has explored ways of applying PACA to new thematic areas, such as the pro-poor PACA approach, the merger of PACA and market system development, the application of PACA in the context of refugees and in regions of failed states, or the gender-sensitive value chain promotion. We frequently learn from PACA practitioners that they continue to work successfully with this method. A PACA facilitator from Latin America recently shared that the method was used in over a hundred agro-industrial areas in Mexico.

However, despite its success and popularity in the past, a method like PACA needs an occasional revision and update to be able to respond to the changing development agenda, new trends and emerging needs.

**The following three aspects are the main reasons for this consideration:**

- A shift from merely focusing on the competitive advantages of local economies to including sustainability aspects in local development agendas, such as social problems in the local labour force, environmental effects of local production, impacts of climate change on agriculture, infrastructure, and trade etc.
- Strengthening systemic thinking aspects of PACA, for example, by considering decision making in times of uncertainty, as well as the complexity of the development context.
- A shift from targeting mainly quick economic wins and catalytic projects to building the resilience of local economies in overcoming external shocks by being healthier, stronger, and more robust.

In the customization of PACA to the Nepali context, we tried to follow all three considerations by 1) putting a stronger emphasis on sustainability, resilience, and inclusiveness, integrating 2) systems and complex thinking into the approach and (3) use the collective knowledge of the PACA team to prioritize value chains. Various tools were translated into the local language for the best use of the approach in the Nepali context.

## 1.3 The PACA Principles and Values

PACA is guided by a specific set of principles and values, and has its roots in business thinking, processes, and structures. The fundamental insights that underlie the PACA approach are summarised in Table 1.

Table 1: Fundamental insights underlying PACA

1. A shift in the development paradigm	<p><u>Development policy has changed:</u></p> <ul style="list-style-type: none"> <li>• from long-term planning to short-term action – good practice involves process facilitation, not the preparation of complex blueprints.</li> <li>• from top-down to bottom-up – development policy is not only delivered, but also designed at local and regional levels.</li> <li>• still, a top-down approach continues to play an important role by observing successful local initiatives, encouraging their replication elsewhere and adjusting higher-level legal frameworks to facilitate LRED.</li> <li>• from government-driven initiatives to public private partnerships – development becomes a shared task of various actors.</li> <li>• from clear cause-effect relationships to understanding the complexity of local economies.</li> </ul>
2. Development work is process facilitation	<ul style="list-style-type: none"> <li>• There is no linear sequence: hypothesizing, analysing, designing interventions and implementation – all these elements of development can happen at any given time.</li> <li>• The most relevant elements of learning are therefore learning-by-doing and learning-by-experimenting.</li> <li>• A key challenge in development work is to create a learning-by-doing approach, and to identify the best solutions through safe-to-fail experiments.</li> </ul>
3. A shift in the approach to LRED	<ul style="list-style-type: none"> <li>• LRED must be driven by economic and development opportunities – the private sector plays a key role in the formulation, implementation, and evaluation of LRED activities.</li> <li>• LRED initiatives are not necessarily addressing leading economic sectors, but rather sectors that contain clusters and networks with motivated actors, who are willing to collaborate and drive the change.</li> <li>• There is little emphasis on strategy as a written plan – strategy is understood as a shared vision and a strategic intent for future change.</li> <li>• LRED is an open process with changing constellations of actors and measures, as well as an open-ended process with defined interim objectives instead of a final goal.</li> <li>• The main role of LRED actors is facilitation, i.e. connecting stakeholders and stimulating self-help potentials.</li> </ul>

<p>4. An emphasis on leveraging local resources for LRED through facilitation</p>	<p><u>A PACA exercise is efficiently facilitated if it:</u></p> <ul style="list-style-type: none"> <li>• mobilises local knowledge and resources</li> <li>• connects local knowledge and resources</li> <li>• connects and contrasts local and external knowledge and resources</li> <li>• empowers local actors to learn that they can do things they had never considered before</li> <li>• contrasts perceptions and facts, and uncovers myths</li> </ul>
<p>5. A new understanding of government's role in development</p>	<p>It is crucial to deal constructively and pragmatically with the fragmentation of government agencies, for example, via solution-oriented connections between agencies.</p> <p>A key challenge is to unburden governments by:</p> <ul style="list-style-type: none"> <li>• expecting less delivery by governments</li> <li>• reducing red tape created by government</li> <li>• enabling governments as facilitators</li> </ul> <p>A PACA exercise enables local governments to understand and to commit to private sector development needs, to establish communication channels with local businesses and to engage them in joint problem-solving.</p>

Here are some frequently asked questions about PACA principles:

**Does LRED in the PACA mean “doing things differently” or “doing different things”?**

The answer is: Both!

“Doing things differently” means having an LRED process that is:

- driven by opportunities
- looking at short-term results, and
- maximising the efficiency in the use of time and actors involved.

PACA suggesting “doing different things” means:

- addressing market and government failure
- stimulating business networking
- addressing fragmentation of institutions and actors in an opportunity-driven way, and
- improving the overall health of an economic system, i.e. strengthening resilience.

**Is PACA designed to be an alternative to the predominant approaches to LRED?**

The answer is: Yes and No.

Yes, PACA is an alternative when it comes to launching LRED processes in countries and locations without a tradition in local development initiatives. We would argue that in this kind of environment PACA is clearly superior to planning-driven approaches.

No, since PACA will initiate an LRED process, that over time, will take local stakeholders to the point where they may find it useful to formulate an LRED strategy and/or create an LRED agency, which are two traditional ways of approaching LRED.

## 1.4 The PACA Objectives

What are potential outcomes from a PACA exercise?

- The identification of sub-sectors and/or value chains that offer economic potentials and income opportunities.
- An assessment of the local institutional landscape at the meso-level relevant for LRED, i.e. the availability and capacities of enterprise support organisations such as associations, vocational training schools or development agencies.
- A list of proposals for feasible activities that stimulate the local economy in a sustainable and inclusive way.
- Quick and visible results ("quick wins"), rather than a time-consuming strategy development process.
- A foundation for a mid-term economic development strategy.
- A support to municipalities in the transformation process during the initial years of federalization in Nepal.
- The initiation of various stakeholders in the discussion of economic development issues in the location.

What do local actors achieve with a PACA exercise?

- Local actors get skilled in participatory LRED tools and needs-oriented resource planning.
- A better connection between public institutions, businesses, and cooperatives.
- Improved networking between various societal groups and economic sectors at the local level.
- Better inclusion of disadvantaged groups into economic activities.
- The integration of local enterprises and cooperatives into value chains and better access to end markets.
- The opportunity for theme-based stakeholder dialogues with relevant outcomes.

## 1.5 Understanding the PACA Process

In this chapter, we outline the PACA process and implementation schedule. The preparation of a PACA exercise takes 3 to 4 weeks, while the duration of the PACA exercise itself is 12 days, including the training of local team members. Depending on the kind of project proposals identified and the speed of implementation, 6 to 12 months should be scheduled for the implementation and follow-up activities.

When setting a date for a PACA exercise, it is recommended to consider the local context, for example, specific planning requirements of municipality. In Nepal, the initial PACA exercises were scheduled in a way that the results could feed into the budget planning process of the municipalities for the following year.

Figure 1: The PACA process and timeline in Nepal



Source: the authors

A PACA process is prepared by scanning and summarizing secondary literature, statistics, facts and figures about the location. The PACA exercise itself starts with a 2-day intensive workshop to build hypotheses about the local economy and to train the local PACA team on relevant tools, concepts, and techniques required during the entire process. On the last day of the hypotheses workshop, the local PACA team prepares a half-day kick-off workshop for key stakeholders, who are crucial for local economic development in their location.

During the half-day kick-off workshop, the prioritised sub-sectors for local economic development are presented to the larger stakeholder group, validated and/or amended based on the feedback of different stakeholders. The second half of the day is used for planning the fieldwork, including interviews and mini workshops. For the planning process, the PACA team is divided into groups based on the identified sub-sectors. Each group draws their interview schedules and propose dates for the sector-specific mini-workshops.

Throughout the following nine days, the PACA team members conduct the PACA exercises in their specific location. The time allocated to the fieldwork depends on the size and needs of the location, as well as the prioritised sub-sectors for local economic development. The number of days required for data collection can therefore vary.

After the fieldwork, the PACA team re-unites for a two-day intensive results workshops, which includes developing the proposals for LRED activities. The results of this collective brainstorming session are then presented to the larger stakeholder group (participants from kick-off workshop and other actors involved in fieldwork) during the presentation event on the last day of the PACA exercise.

A one-day gap is usually scheduled in between the results workshops and the presentation event to complete the documentation, translate the final PowerPoint presentation into Nepali and to invite key stakeholders, such as the Mayor, Deputy Mayor, chief administrative officer, high-level private sector, and cooperative representatives etc., for the presentation and way forward workshops. In addition to the results analysis, a detailed evaluation session with the PACA team members, is conducted during the gap day as per the pre-defined format in chapter 2.10.

After the presentation event, interested stakeholders are invited for the way forward workshops. Typically, way forward workshops take place in the afternoon, after the presentation event or the following day, depending on the particularities in the location. After the PACA exercises, follow up activities are conducted during the implementation of activities and interventions that were developed throughout the PACA process.

## 1.6 Critical Success Factors of PACA

About 20 years of PACA experience and insights from nine customised PACA exercises in Nepal in 2019/2020 helped us to identify critical success factors when implementing a PACA process. The critical success factors are structured according to the different phases of a PACA exercise, which were presented in Figure 1 above.

### Preparation & Hypotheses Workshop

- Collect critical information on the municipality and its lead sectors. Prepare a preliminary socio-economic review.
- Identify an adequate local PACA host that helps organizing and implementing the PACA exercise. The main criteria are motivation for change, good reputation in the local community and institutional capacity to organise and drive a multi-stakeholder process.
- Mobilize political support for the PACA project by visiting local political leaders, explaining the PACA concept and likely outcomes to them, as well as to get their buy-in into the process.
- Organize personal meetings with the commissioning project, experienced PACA consultants, PACA hosts and other local stakeholders to explain the organisational procedures.
- Explain the PACA approach and how it differs from other approaches (i.e. strategic planning, top-down-style initiatives). Tipp: Use photos and previous PACA reports.
- Involve private sector organisations, such as chambers and associations, in the preparation of the PACA to facilitate access to firms.
- Prepare the workshops and interviews by involving prestigious persons in the invitation process, using at least three types of communication channels (phone calls, personal visits, letters, e-mails, SMS, WhatsApp) for each contact.
- Involve a wide range of stakeholders in the interviews and mini workshops. Avoid inviting only the "usual suspects" (i.e. key members of a chamber).
- Access vulnerable and disadvantaged groups through their organisations and invite their representatives as PACA team members.
- Assemble the local PACA-Team. Basic criteria: the members should not be too junior (not less than 3 years relevant work experience), available throughout the entire process, and possibly experienced in development work and/or research/analysis. Ideally, the team should be mixed with equal representation of men and women, including vulnerable and disadvantaged persons to improve diversity, gain different perspectives and thereby achieving better results and broader benefits.
- Ensure that all PACA team members speak the same language to avoid translation problems – or alternatively, ensure that PACA-experienced national consultants or team members facilitate large parts of the training and exercise in the local language.
- Lead the PACA team with the help of an experienced (national or international) PACA facilitator, who has conducted at least 2 PACA exercises before.
- Conduct a brief 2-days training for the entire PACA-team and facilitate the hypotheses workshop.
- Establish contacts with the local media and advertise PACA in local media channels, i.e. via radio, TV and/or newspaper.
- Manage expectations. Ensure that local players do not expect extensive financial support or miracle solutions to their problems.
- Take sufficient time for a detailed preparation. Do not underestimate the organisational effort involved in the preparation of a PACA exercise!

## Fieldwork

- Understand and manage the expectations of each PACA team member and check their availability for the fieldwork.
- Allocate sufficient reflection time for PACA team members. Schedule time to reflect on the initial hypotheses and before the formulation of new hypotheses (facilitated exercises during fieldwork).
- Encourage open and honest communication, and discussions within the PACA team. Reserve time for a daily meeting with the entire PACA team to exchange information, re-define hypotheses and for joint learning. Tipp: Use pin-boards and meta-cards consistently during the group facilitation to ensure that the collected data and information is documented and shared.
- Respond flexibly to new interview and mini workshop opportunities. Maintain flexibility to include unexpected contacts for interviews and mini workshops.
- Select sectors that are crucial for the local economy due to their competitive advantages and look for a workable number of sectors. Define the sub-sectors in detail.
- During interviews and mini workshops assess the suitability of actors to drive the implementation of proposals and their potential to become champions. Prepare a preliminary list of potential champions per sector (and invitees for the way-forward workshops).
- Respect power structures and try to involve all relevant actors and powerful decision-makers (i.e. prevent situations in which PACA activities could be sabotaged, because someone felt excluded from a process or decision).
- Prepare the necessary materials for conducting interviews and mini workshops ahead of time. Be punctual for the interviews and mini workshops to receive and welcome participants in the appropriate manner.
- Select suitable mini-workshop formats for different types of participants (Porter's diamond, Porter's five forces, expectation matrix, etc.).
- Facilitate the mini workshops by consistently applying the recommended mini-workshop formats. Do not lecture participants.
- Follow the PACA interview guidelines roughly and hold the interviews like conversations.
- Be critical during interviews. Tipp: Question indistinct and vague statements. Don't be satisfied with superficial answers.
- Advertise the time and venue of the presentation event in each interview and mini workshop.

## Results Workshop

- Schedule sufficient time for the results workshop (2 days).
- Question local biases during the discussion.
- Apply the four prioritisation criteria to evaluate LRED proposals consistently: 1) realistic and feasible with local resources, 2) can be implemented quickly, 3) result in visible achievement quickly, 4) sustainable, inclusive, resilient. Ask the team if a given proposal is really feasible with locally available resources, as opposed to with resources that local stakeholders can perhaps mobilise elsewhere, sometime, or maybe in the future.
- Discuss within the PACA team: How could an adequate PACA proposal be turned into a business opportunity? Avoid market distortion.
- Reserve time for triangulation of information to deepen the discussion. Work with facts and figures. Check collective assumptions.
- Categorize problems / potentials into the four domains of the Cynefin framework: 1) obvious, 2) complicated, 3) complex and 4) chaos. Consider the suitable category when designing proposals to address these issues.



### PACA Presentation Event

- Distribute meta-cards at the beginning of the event, explain that discussions will be documented on meta-cards to guide collective sense-making and to ensure transparency.
- Limit the presentation time to approximately 60 minutes.
- Allow the local PACA team members to present large parts of the outcomes. Only controversial and very critical results should be presented by external team members, such as the external PACA facilitator on the team or a representative of the development project supporting the PACA exercise.
- Be flexible to modify or even discard proposals if valid objections are raised during the discussion.
- Call for volunteers to implement proposals.
- Agree with volunteers on a date and venue for the way forward workshops to plan the implementation of proposals.
- Guarantee the presence of local decision-makers in both, the presentation event, and the way-forward workshops, to assure the continuation of the PACA process.

### Entire PACA Project

- Capitalise on the motivation and momentum created during the kick-off workshop and the fieldwork. Avoid unnecessary delays in the PACA process.
- Start the implementation of PACA proposals immediately after the PACA exercise.
- Allocate resources to monitor and technically support the implementation of PACA proposals by external actors.



# CHAPTER - II

## Phases of the PACA Process

This chapter provides a comprehensive and detailed explanation of the process, procedures, and methodology of a PACA exercise. This chapter is crucial as it covers each step to prepare, execute and monitor any PACA exercise.

### Phase I: Preparation of a PACA Exercise

Generally, the preparation of a PACA exercise starts at least a month before the exercise itself. The preparatory phase is highlighted in Figure 2. The key activities in the preparatory phase are listed and explained below.

Figure 2: Preparation of the PACA process



#### 1. Collecting information about the local economy

The initial preparation for a PACA exercise starts with the collection and compilation of relevant information about the locality where the PACA will be conducted. Usually, an external consultant is hired and assigned to this task. The consultant must produce a synopsis of the local economy from various secondary literature sources, periodic plans, statistics, and studies. The key questions and the structure of the report is shared in Annex 1.1 as a guideline.

#### 2. Identifying the local host

The role of the local host (municipality, chamber, or any other local organization) is to help the PACA team in organizing and implementing the PACA exercise. The selection of the host organization is based on a few criteria.

**The local host should:**

- 1) be a person with respected local standing
- 2) have access to private sector, other economic players, and relevant government agencies
- 3) have the ability and commitment to sustain the implementation process of action identified during the PACA.

**The roles and responsibilities of the local host are:**

- ability and commitment to represent the PACA team in the location
- inviting relevant stakeholders to participate in the different events
- facilitating access to local resources, such as contacts, venues (meeting hall, workshop rooms), financial resources, specialised local knowledge, etc.
- overseeing the implementation of planned activities after the PACA exercise

**3. Convening the PACA team**

The PACA team consists of 2 or 3 external specialists (staff of the supporting development project and/or external PACA consultants hired by the development project) to facilitate the PACA process. About 8 to 12 local members from the municipality, business associations, cooperatives, academia, and the private sector form the local PACA team. They are responsible for conducting the PACA exercise and involve different local stakeholders from all societal groups in the PACA process (interviews, mini-workshops, large-scale events) to ensure participation and inclusiveness.

**The criteria for identifying possible candidates as PACA team members are:**

- 100 % availability throughout the PACA exercise
- Being a respected member in the local community
- Having a good overview and understanding of the local economic situation
- Representing either the public, business or cooperative sector, an NGO or any other local support institution.

**4. Inviting local PACA team members**

The local team members are identified and nominated by the host organization and receive a formal invitation letter (preferably in Nepali) to participate in the PACA exercise. The letter must clearly mention the objectives of the assigned role as a PACA team member, expectations towards the participants, dates, venues, and other logistics. A sample letter in Nepali is provided in Annex 1.2

**5. Organising logistics (venue, banner, stationeries, pre-booking of translation service, vehicles during field work)**

Venue for the training and mini-workshop: The venue for the hypotheses workshop and training, the results workshop and the mini-workshops must comfortably accommodate at least 20 people and offer sufficient space for the moderator to move the facilitation materials in the room, such as pin boards. The ideal setting is round tables that can accommodate 4-5 persons per table. Two separate tables for stationeries and an LCD projector must be available in the room. The venue should be ventilated, and participants need access to drinking water throughout the day. In 1-day workshop settings, at least two coffee/tea breaks and lunch are provided by the organizers.

Venue for the back-office: The back-office set-up contains a printer and photocopying machine. If no separate back-office is available, printing and photocopying can be done in the training venue. Its use, however, must be limited during the training session to avoid noisy distractions. The back-office must be accessible throughout the whole PACA exercise.

**Venue for the kick-off workshop and presentation event:** Both venues must comfortably host about 60 to 80 participants. An ideal setting is large round tables that can accommodate 5–8 participants per table. A separate table for stationeries and an LCD projector should be available in the room. In most places, a good sound system with microphones is needed. It is important to observe the local meeting protocol. In some instances, a high table might be required to host special guests, such as the mayor of the municipality. The venue should be ventilated, and participants need access to drinking water throughout the day.

**Handouts and stationeries:** On the first day of the hypotheses and training workshop, participants receive training kits, which contain notebooks, pens, project factsheets, a PACA one-pager (available in English and Nepali), the training agenda and the timeline of the PACA exercise.

**Stationeries:** For each PACA exercise, pin-boards, brown paper, meta cards, pins, permanent/board markers, flip charts, flip chart papers, LCD projectors, laptops, printers, cameras, and much more are required. A detailed list of required stationery is provided in Annex 1.3.

**Banner:** A digital banner is displayed in Nepali (e.g. in a PowerPoint presentation) prior to any event (training or workshops) during the PACA exercise.

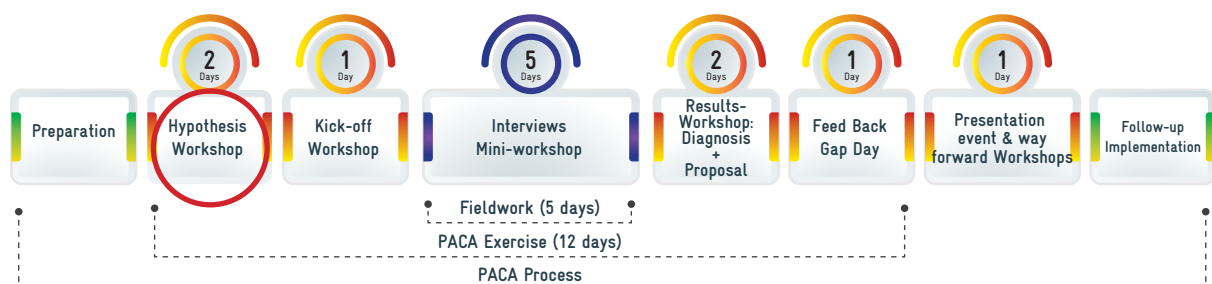
**Translation:** Based on the need and capacity of the local PACA team, the training material could be translated into Nepali beforehand. Tipp: Book the translator (English – Nepali) for any written translation or presentation into Nepali during the second day of the results workshop and the gap day.

## Phase II: The PACA Exercise and Fieldwork

### 2.2.1 Overview: Hypothesis Workshop and Training

The main objective of the two-day PACA hypotheses workshop and training is to develop a set of expectations or assumptions about the dominant economic sub-sectors and their diagnosis. At the same time, the local PACA team receives training in the relevant concepts and soft skills, including interviewing, presenting, and moderating. The hypothesis workshop and training is conducted in two days.

Figure 3: The hypothesis workshop in the PACA process



A detailed overview of the different activities and sessions in the hypothesis workshop and training follows below. An example of a detailed agenda of the workshop can be found in Annex 1.4.

### 2.2.1.1 Day 1: Hypothesis Workshop and Training

#### Session 1: Welcome of participants and a brief presentation of the project and PACA process

The training commences with welcoming the PACA team. A brief introduction of the project and PACA process are shared with a detailed timeline. The facilitator highlights the roles and responsibilities of the PACA team members along with the expectations, such as time commitment, active participation,



**Note to the facilitator:** The digital banner is displayed before the training starts.

**Facilitation tools:** Oral presentation and PowerPoint slides.

#### Session 2: Presentation of participants

Each member of the PACA team and the organizers are invited to introduce themselves. Each participant receives four meta cards in different colours (i.e. red, blue, green and yellow) and a set of black markers, which are readily available on each table.

#### The participants write each of the following items on one meta card:

1. Name
2. Organization / position
3. Exposure to economic development activities / research
4. Expectations for the PACA

Invite each participant to the front of the room to introduce herself/himself by using the four items listed above, and to pin the meta cards on the board. The external team members are asked to do the same.



**Note to the facilitator:** Provide rules and explanations on how to use the meta cards correctly.

Meta cards rules:

- 1) One idea/item per card
- 2) Write maximum 2-3 lines per card
- 3) Write readably and in big handwriting

#### Colour code example:

- Red: Name
- Blue: Organization / position
- Green: Exposure to economic development activities / research
- Yellow: Expectations for the PACA

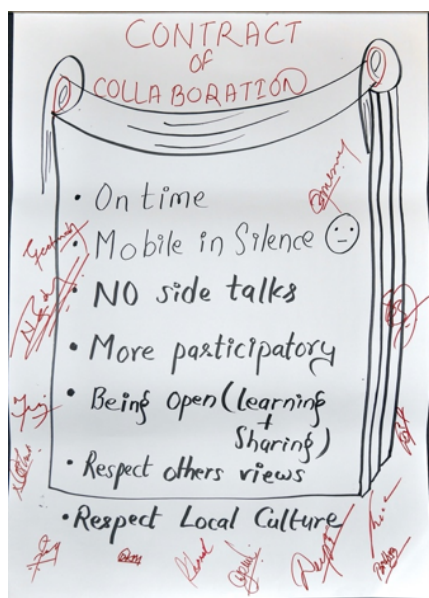
In any presentation, it is important to provide instructions on the use of time. For example, each participant has 1 minute to introduce herself/himself. The ability to speak precisely, to follow instructions and to keep to time are important learnings for many participants.

**Facilitation tools:** Meta cards, markers, pin boards and individual self-presentation.

### Session 3: Contract of collaboration

The facilitator and the PACA team establish ground rules for the whole period of the PACA exercise. The facilitator moderates an open discussion about the behavioural conduct and collaboration throughout the PACA. During the discussion the facilitator documents the agreed upon rules on a flip chart. Once the discussion is finalized, each participant signs the contract of collaboration on the flip chart. The contract of collaboration is visibly displayed on the wall of the meeting room throughout the PACA exercise.

Figure 4: Contract of collaboration (example from the field)



Source: the authors

**Note to the facilitator:** Explain to participants that ground rules ease the process and invite each participant to share what they need from other team members to enable successful participation in the PACA exercise.

Typical ground rules in the contract of collaboration are:

- 1) Respect for each other's opinion
- 2) Punctuality
- 3) Sharing of all available information to increase collective knowledge
- 4) Constant participation of all team members

Attend to the comfort of each participant and the group itself. Ensure equal participation of women and younger team members and encourage the group to discuss issues in a constructive and open manner.

**Facilitation tools:** Flip chart, markers, and a moderated plenary discussion.

#### Session 4: Presentation of PACA objectives and schedule

The facilitator introduces the PACA methodology, its objectives, and the process to the participants, using a PowerPoint presentation. This brief introduction helps participants to manage their expectations about the PACA process, especially the fieldwork. The PowerPoint slides are shown in Annex 1.5.

After the introduction on PACA process, the facilitator presents the two-day agenda for the hypotheses workshop in detail.

**Facilitation tools:** Oral presentation, PowerPoint slides



#### Session 5: Identification of key economic sectors

The facilitator explains the term Competitive Advantage as something that an organisation is very good at because it is very rare, unique, and difficult to replicate by others.

*"Competitive Advantage can be defined as the favourable position an organization or locality seeks to be superior to its competitors. To gain and maintain a competitive advantage, an organization must be able to demonstrate a greater comparative or differential value than its competitors and convey that information to its desired target market."*<sup>1</sup>

It can also be defined as an advantage over competitors by offering a product or service with a greater value to consumers, or by providing new benefits that justify a higher price.

Understanding the concept of competitive advantage lays the foundation for the brainstorming session on leading (key) economic sectors in the municipality. The facilitator encourages the participants to formulate hypotheses on sub-sectors in their locality that present a competitive advantage. The ultimate objective of this session is to identify the key economic sectors of the locality on which the PACA exercise will focus.

#### Hypotheses 1: What are the competitive advantages of the municipality?

All participants receive meta cards to document their ideas and suggestions responding to the question: "What are the advantages of your location?". Two facilitators from the PACA team collect the meta cards from the participants and pin them on the board in random order. Secondly, the team clusters the local advantages in three different categories:

- 1) natural resources
- 2) generic advantage
- 3) unique advantage of the municipality

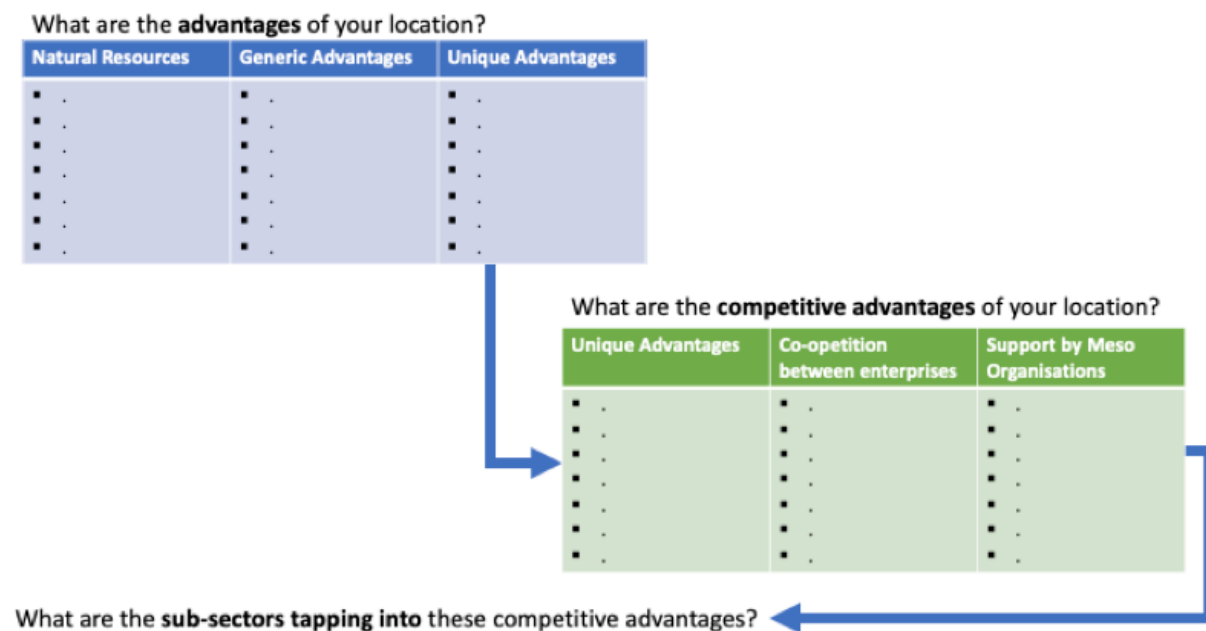
Thirdly, the aspects listed in the column three unique advantage are transferred to another template. Next, participants brainstorm on the 'co-opetition' (a combination of competition and cooperation) between enterprises, and on the level of support provided by meso-level organizations to help enterprises in utilizing these unique advantages. The brainstorming takes place in the plenary, and participant writes meta cards for each topic.

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<sup>1</sup> <https://searchcio.techtarget.com/definition/competitive-advantage>



Figure 5: Identifying competitive advantages and key sectors



Source: the authors

Through this exercise, participants identify the prominent economic sectors based on uniqueness, 'co-opetition' and maturity of the ecosystem, including the supporting meso organizations.

**Note to the facilitator:** Team members often discuss about sub-sectors when they are asked to define the competitive advantages of their locality. The participants must understand that a sub-sector is not a competitive advantage. A sub-sector rather taps into the available opportunities in a locality, which then leads to achieving a competitive advantage.

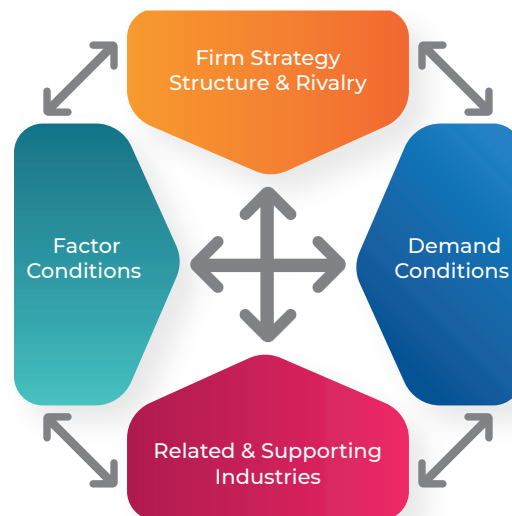
For example, Buddha's birthplace in Lumbini is a competitive advantage for religious tourism in the surrounding municipalities. Religious tourism as such is not a competitive advantage if no attractive touristic site is available in the location. The facilitator must ensure that participants focus on the uniqueness of their location that offers a competitive advantage, rather than documenting sub-sectors.

**Facilitation tools:** A moderated plenary discussion with meta cards, markers, and pin boards.

### *Hypotheses 2: Porter's diamond around key economic sectors*

**Group work:** For this exercise, participants form groups with other team members, based on the sub-sectors identified in the previous exercise. Participants forming a group should have similar sub-sector specific expertise, experiences, and interests to participate in economic sub-sector research. Each group develops hypotheses about the key economic sub-sectors based on Porter's Diamond. Before the group exercise starts, the facilitator introduces Porter's Diamond and shares this simple illustration with the participants. A detailed information on how to introduce Porter's Diamond to the participants can be found in chapter 3.1.

Figure 6: Michael Porter's diamond



Source: the authors, based on Porter, M.E. (1990)

After the introduction of Porter's Diamond model, the participants brainstorm on each element of the model to develop hypotheses about the key economic sub-sectors.

**Provide the following instructions to the group:**

- Identify the main businesses within each sub-sector, their strengths, and weaknesses.
- Identify supporting industries (sub-contractors, services providers, suppliers), their strengths and weaknesses.
- Identify factor conditions (local arrangements to provide access to the production factors labour, land, capital, and nature), their strengths and weaknesses.
- Identify demand conditions (unusual, sophisticated, possibly future demand), their strengths and weaknesses.

Each group prepares their pin-boards according to these four elements. Each group presents their results in the plenary. Depending on the time available, the group also moderates the subsequent discussion.

Porter's diamond is also the tool of choice to structure discussions in the kick-off workshop. The team's early discussions about local factors in the logic of Porter's diamond will be deepened during the kick-off workshop.

**Note to the facilitator:** The facilitator should explain Porter's Diamond model in detail to ensure that every participant understands the theoretical framework. Allow sufficient time for questions.

Before the group work starts, each group selects a group leader to facilitate the discussion. The group leader can be a national consultant, another external team member or a local team member with advanced moderation skills.

Once the groups are formed, a re-shuffling in the seating arrangement is expected.

**Facilitation tools:** PowerPoint slides, a Q&A session, group work and presentation, meta cards, markers, and pin boards.

### Session 6: Presentation of key principles of LRED

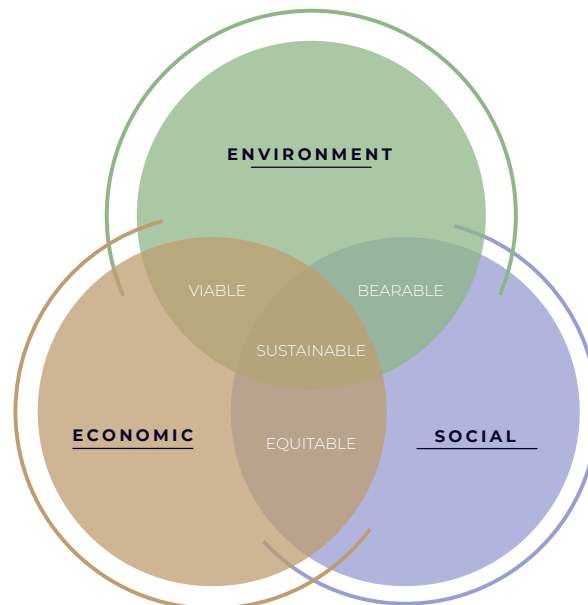
The facilitator introduces the key principles of LRED (see Annex 1.6). The concepts of sustainability, inclusiveness, and resilience as fundamental qualities of advanced LRED projects are also introduced and discussed. The knowledge and understanding of these principles and concepts are crucial for an active and meaningful participation in the PACA exercise. They provide the conceptual underpinning for conducting interviews, facilitating mini workshops, discussing, and eventually assessing proposals for action during the results workshop. In fact, the three criteria will be used during the feasible assessment of PACA project proposals in the results workshop.

The facilitator summarizes the discussion results on sustainability, inclusiveness and resilience and their implicit impact on any economic activity. In a Q&A session participants can clarify questions on these concepts and relate them to the LRED approach.

In the subsequent exercise, participants use meta cards to write down sustainable, inclusive, and resilience-creating projects that already exist in the municipality. The participants come to the front, pin their findings to the board and present the projects.

**Sustainability:** The concept of sustainability focuses on meeting the needs of the current generation without compromising the needs of a future generation.

**Figure 7: Sustainability model**



Source: the authors, based on Brundtland, G., 1987

The sustainability concept appeared for the first time in 1987 in the famous Brundtland Report (also titled 'Our Common Future') produced by several countries for the United Nations. The concept links the human development need with the need to manage resources in the best way possible. It introduces the environmental dimension to the economic and social context of human development. Balancing out the three dimensions of sustainability will ensure that humans preserve or restore nature's ability to produce the ecosystem of goods and services that eventually contribute to human well-being.

Here are some reflection questions on sustainability:

- What are environmental issues that are affecting your location/organization/sub-sector/business?
- Are impacts of climate change noticeable in the locality and, if yes, in what way?
- Is the demand for products/services changing due to increasing environmental awareness?
- What are potentials/on-going activities in your location/organization/sub-sector/business to re-cycle, re-use or even re-design more environmentally friendly products/procedures?

**Inclusiveness:** All segments of society, especially poor or socially disadvantaged groups, should have the opportunity to participate in economic and social activities and be able to take advantage of these opportunities. The LRED approach ensures inclusiveness while designing economic projects, so that equity is achieved.

Here are some reflection questions on inclusiveness:

- What is the common status of the involvement of DAGs, youths, women, employees in your location/organization/sub-sector/business?
- Are all actors'/members'/employees' voices heard in decision-making processes in the municipality/organization/business?
- What is/should be done to increase the involvement of marginalised groups in your location/organization/sub-sector/business?

**Resilience:** It is becoming increasingly apparent that regional economic prosperity is linked to an area's ability to prevent, withstand, and quickly recover from major disruptions, or shocks to its economic base. Many definitions of economic resilience limit their focus on the ability to quickly recover from a disruption. However, in the context of economic development, economic resilience contains three primary attributes:

- 1) the ability to recover quickly from a shock
- 2) the ability to withstand a shock
- 3) the ability to avoid the shock altogether

Establishing economic resilience in a local or regional economy requires the ability to anticipate a risk, to evaluate how that risk can impact key economic assets, and to improve the ability to respond to the risk.

Often, the shocks/disruptions to the economic base of an area or a region are manifested in three ways:

- Downturns or other significant events in the national or international economy, which impact the demand for locally produced goods and consumer spending
- Downturns in particular industries that constitute a critical component of the region's economic activities, and/or
- Other external shocks (a natural or man-made disaster, closure of a military base, exit of a major employer, the impacts of climate change, etc.).

**Here are some reflection questions on resilience:**

- What are possible future shocks in the sector and how do you prepare for it?
- How diverse is the local economy/business structured to better overcome external shocks?
- What is the capacity of local actors to promote LRED and to develop a joint long-term vision?

**Facilitation tools:** Oral presentations, PowerPoint slides, Q&A session, plenary discussion, meta cards, markers, and pin boards.

**Session 7: Introduction to the overall LRED process**

Next, the facilitator presents the overall LRED process in which PACA is only one specific element. For the participants it is essential to understand the bigger picture, to recognize that LRED is a never-ending process and to realize how they can contribute to this process through engaging in the PACA process and beyond. The facilitator shows a PowerPoint slide depicting Figure 8 and narrates the LRED process.

**Figure 8: The LRED process (an example of the GIZ/LPED project)**



Source: the authors

LRED follows a process of continuous discovery and learning that can be applied in a variety of settings – from individuals and project teams to organizations. By following this process, local actors explore ways to achieve change in complex systems, for example in a local economy or a value chain. The LRED process presents an alternative to linear processes of planning and execution that are often unable to respond to the uncertainty and complexity that project teams typically face during project implementation. The LRED process proposes six elements that can, but must not necessarily, happen sequentially in a progression of distinct steps or phases. Depending on the current focus or project, the intensity of working in each element can change continuously.

Each instrument applied in LRED and the process that weaves them together include the following six elements:

1. Hypotheses and orientation (sensitizing the team and stakeholders)
2. Diagnosis (understanding what is going on)
3. Making sense (finding patterns)
4. Intervention (designing and implementing)
5. Strategic intent (developing a sense of direction)
6. Learning and adjusting (gaining insights to change emphasis and adapting)

Typically, PACA is one among different methodologies and tools applied in an LRED process. Other instruments that drive the development process could include, for example, Business Climate Surveys, Value Chain Promotion, Innovation Funds, Strategy Development as well as Dialogue and Feedback Events between different administrative levels of government. Figure 8 visualizes, both, the elements guiding the teams and municipalities throughout the LRED process, and the instruments applied to operationalize the process. The spiral shape indicates that operational procedures increase in sophistication, outreach, and impact throughout the process.

Figure 8 specifically shows the LPED Project of GIZ Nepal that aims at improving the framework conditions for local economic development in selected municipalities and value chains at the local and provincial level. The project implements LRED in combination with value chain promotion interventions, primarily at the local level with various feedback, dialogue, and upscaling activities at the provincial and federal level. Focusing on five clusters of eleven municipalities and sub-metropolitan cities, in the three provinces Lumbini, Karnali and Sudurpachshim in the West of Nepal, the project works with local governments, the private and cooperative sector to promote local economic development. The project offers an excellent example of how PACA is integrated in such a process and how it lays the analytical foundation for other instruments that are implemented later in the process.

**Facilitation tools:** Oral presentations, PowerPoint slides, and a Q&A session.

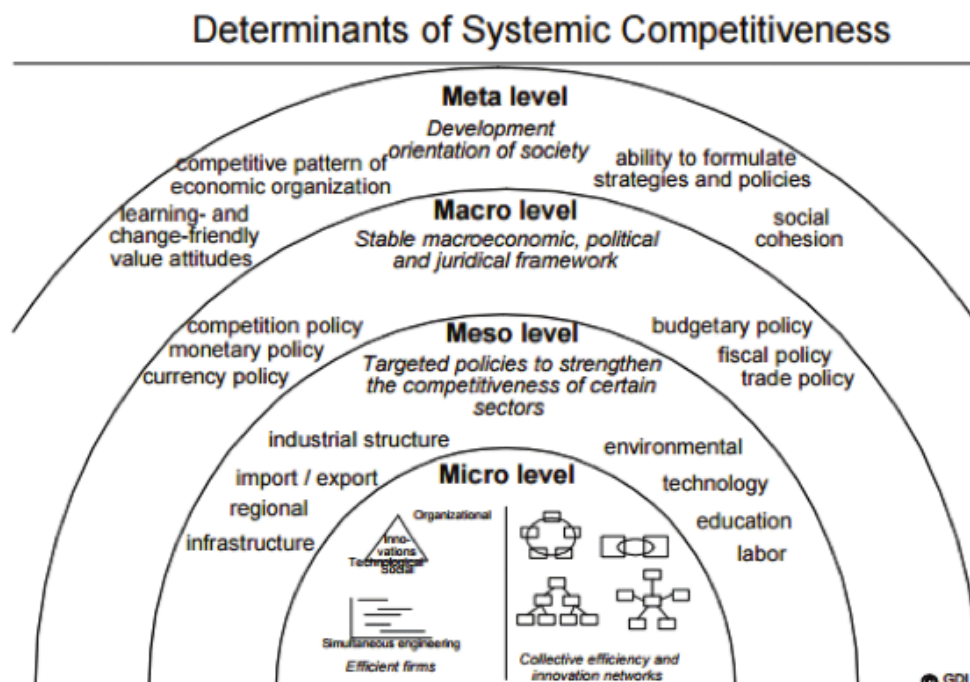


### Session 9: Introduction to the systemic competitiveness framework

Systemic competitiveness is a heuristic model that combines crucial insights from economics, social science, and other disciplines to better understand the driving forces of economic development. It allows to analyse the relationship between the four levels: meta (cultural), macro (broad economic policies), meso (industry or issue-specific policies and programmes) and micro (network, hierarchy, and market level performance) levels in an economic system. The interaction between these four levels shapes the ability of countries, regions, or municipalities to thrive in a competitive way.

In this session, the facilitator presents the framework of systemic competitiveness, either on a PowerPoint slide or on a pin board with prepared meta cards, showing information for all four levels, as presented in Figure 9 below.

Figure 9: The systemic competitiveness framework



Source: Altenburg, Hillebrand & Meyer-Stamer, 1995

**In brief, the four levels are:**

- the micro level where companies compete in competitive markets, and where networks and alliances of companies emerge to sustain their competitive efforts.
- the meso level of selective interventions to support companies' efforts to shape a competitive advantage.
- the macro level of generic institutions, economic policies, and framework conditions.
- the meta level of basic orientations in each society includes variables that only adjust slowly over time as their change requires a change in mindset and attitudes.

The systemic competitiveness framework not only connects the micro behaviour of markets, firms (hierarchies) and networks, but also explains the relationships between government policy, institutional performance, and even cultural and socio-economic views in a society.

**Note to the facilitator:** It is important to start unwrapping the framework slowly, level-by-level. It seems most suitable to start with the levels that most participants are familiar with. Usually these are the micro and macro levels. Only afterwards, the facilitator should introduce the meso and meta levels. It is crucial to present each individual level in detail and to highlight the systemic interaction between the levels. The facilitator should explain that typically only economic development interventions that target all four levels of systemic competitiveness are successful.

**Facilitation tools:** Oral presentation, PowerPoint slides or a pinboard with meta cards displaying the systemic competitiveness framework as presented in figure 9 and a Q&A session.



### Hypotheses 3: Mapping of economic actors along the systemic competitiveness framework

The framework of systemic competitiveness can be used in a practical exercise, such as PACA, for different analytical purposes:

- As a canvas for stakeholder mapping to better understand the economic system (part of the hypotheses exercise in the PACA training).
- To map the observations collected during the fieldwork into all four levels, discussing the interrelations between those pieces of information and perceptions to identify knowledge gaps.
- To allocate the proposed and selected interventions to each level to assess whether all levels are targeted and, if not, what additional interventions would need to be added.

For a stakeholder mapping exercise, the economic actors are identified by the participants and allocated along the systemic competitiveness framework on a pin board. To start with, the facilitator (again) presents and explains the four levels of systemic competitiveness as micro, meso, macro and meta levels.

Group work: The facilitator then divides the participants into sector-specific groups (e.g. public, private, civil society) and asks each group to write down the group-specific economic actors on meta cards. The group discusses the relationship of each actor with all four levels. Afterwards, the representatives from each group share their findings and pin them into the respective level on the board. The mapping result is reconstructed on a PowerPoint slide and presented in the kick-off workshop.

The stakeholder mapping concludes day 1 of the hypotheses and training workshop of the PACA exercise.

**Facilitation tools:** Oral presentation, PowerPoint slides, group work and presentation, meta cards, markers, and pin boards.



#### 2.2.1.2 Day 2: Hypothesis Workshop and Training

##### Session 1: Recap of day 1

In the beginning of workshop day 2, the facilitator starts with a recap and reflection of the previous day.

Specifically, the facilitator asks the participants to:

1. Briefly do a recap of each activity
2. Share what they found interesting and/or evoked their curiosity
3. Share what they have learned

**Facilitation tools:** Individual reflection and in the plenary.





## Session 2: Hypotheses formulation - What are past, ongoing and planned development activities in the municipality or location?

The main objective of the session is to identify past, ongoing and immediately planned economic development projects and to categorize them on a timeline. The facilitator prepares a pin board with three columns stating past, ongoing and future activities.

**Table 2: Documentation of development activities in the location**

What are past, ongoing and planned economic development activities in your municipality?		
Past Activities	Ongoing Activities	Future Activities

Source: the authors

**Group work:** The groups that were formed on day 1 continue to work together during the brainstorming about development activities. They document the sectoral development activities on meta cards. The group leaders facilitate the internal discussion, and a group representative pins the findings on the prepared board while presenting them to the plenary.



**Notes to the facilitator:** For the timeline, the facilitator should distribute different coloured meta cards for each theme, for example:

- Blue: Past development activities
- Green: Ongoing development activities
- Yellow: Future development activities

The colour-code should be the same for each group. It provides a good overview and helps participants to grasp each other's presentations more easily.

Regarding the development activities, the facilitator should look out for economic development projects, i.e. projects that support, incentivise or stimulate economic activities, opposed to an economic activity itself, such as an investment in a commercial activity etc.

The differences between economic development projects and economic activities are often unclear, and thus must be emphasised.

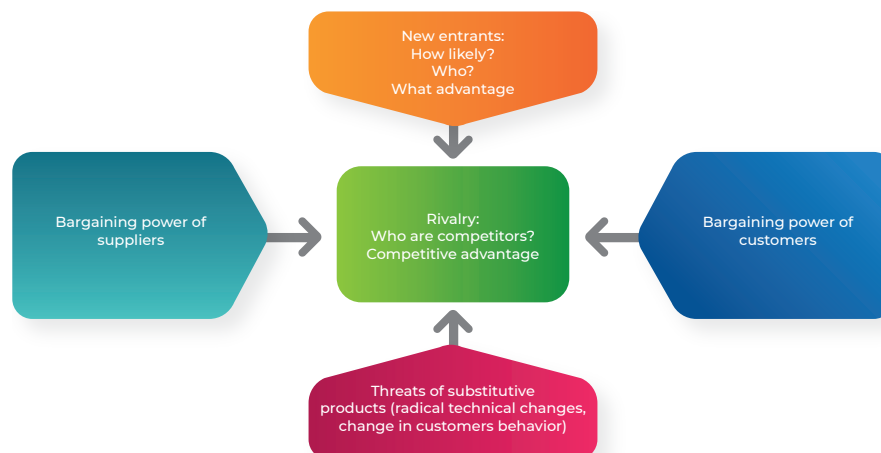
**Facilitation tools:** Oral presentation, group work and presentation, meta cards, markers, and pin boards.

### Session 3: Introduction to Porter's Five Forces

The Five Forces Model is a key tool in a PACA exercise, as it structures the kick-off workshops, mini-workshops, and interviews with enterprises. It is important that PACA team members comprehend the logic of this tool fully before the workshop formats and interview guidelines are introduced.

The purpose of this tool is to determine factors that shape the competitive position of an enterprise or a sub-sector, and to be able to position business(es) in the marketplace.

Figure 10: Michael Porter's Five Forces



Source: The authors, based on Porter, M.E. (1979)

The facilitator presents Michael Porter's Five Forces Model to the PACA team as follows:

The main aim of Porter's Five Forces is to serve as a framework for analysing a company's competitive environment. The number and power of competitors, potential new market entrants, suppliers, customers, and substitutive products or services influence a company's success, profitability and ultimately, its survival. The Five Forces analysis can give guidance while developing a business strategy or a sub-sector strategy in a location that aim at increasing competitive advantages. An entrepreneur should be fully aware of the permanent challenges each of the five forces is constantly posing on his/her enterprise and must be ready to take the necessary measures to survive.

After the explanation of the Five Forces Model to the PACA team, each sub-sector group is structuring the economic reality of its specific sub-sector according to Porters five dimensions.

The discussion starts by looking at the competitors in a regional context. *Who are the main competitors? What are their competitive advantages compared to us?*

Next, the suppliers and then customers are discussed. *Who are they? What is the bargaining power of our sub-sector actors with their suppliers and their customers?*

After that, participants discuss about future competitors. *Who are potential new market entrants? What might be their competitive advantage?*

Lastly, the sub-sector teams brainstorm on possible substitutive products or services: *What*

*products or services could replace the current offers due to technological change or changing consumer preferences?*

All discussion results are captured on cards, pinned on a pin board, and documented in MS Word or PowerPoint for future use in PACA team discussions.

**Facilitation tools:** PowerPoint slides, plenary discussion, meta cards, markers, and pin boards.



#### Session 4: Introduction to PACA interview guidelines

The interview guide consists of three sections, one for each type of organisation:

- Enterprise (all types and sizes, including commercial farmers) and cooperatives
- Supporting organizations
- Business membership organizations (association and chambers)

The purpose of interviewing enterprise and cooperatives is to obtain answers to the following questions:

1. What is the relevance of the municipality and its services for the enterprise/cooperative?
2. How does the enterprise/cooperative perform in its markets?
3. What are the main bottlenecks for the enterprise/cooperative?
4. Which of those can be remedied, and in what way?
5. How sustainable is the enterprise/cooperative?

To prepare the PACA team for the interviews, the facilitator explains the interview process and the contents of each interview guide in as much detail as possible. Afterwards, each participant receives a copy of the interview guide as guidance for the interviews.

Next, the facilitator presents the fieldwork guide. An outline is provided in Annex 1.7. During the subsequent fieldwork days, each sub-sector group is asked to conduct at least 10–15 interviews.

Here are some basic rules for conducting successful interviews that the facilitators should share with the PACA team:

- Take sufficient preparatory time to understand the interview guide.
- Schedule interview appointments at least one day prior to the interview date and request for confirmation.
- Decide on a time and location for the interview and inform the interviewee in time. Preferably, the interview should take place in the company, organisation, or institution of the interviewee.
- Allocate roles of team member beforehand (one lead interviewer, one note-taker).
- Warm up and build rapport with your interviewee by talking about general topics of common interest, such as sport, weather, or recent events in the municipality, etc.
- Explain the purpose of the PACA exercise and the interview.
- Ask for consent to use the interview information and ensure confidentiality. Interview results will only be used in an aggregated form.
- Build trust.
- Ask the interviewee for his/her availability for the interview (i.e. 1 hour) and adhere to the agreed upon timeline.
- Talk less, listen more.

- Be prepared to handle unexpected emotions or turn of events during the interview. Do not expect each interview to be smooth and straightforward, even though most interviews are just that.
- Ask for a tour in the interviewees' company, organisation, or institution.
- Invite the interviewee to the presentation event.
- After an interview is completed, the interviewing team meets again to jointly prepare the documentation using an interview minute template. Typically, these sub-team meetings happen in the late afternoon or early evening of each fieldwork day.



**Facilitation tools:** Oral presentation and a Q&A session, interview guides, fieldwork guide, plenary discussion.

### Session 5: Role play - How to conduct interviews in selected sub-sectors?

During the role play, the PACA team members practice their interview skills either in small groups or in a plenary setting, depending on the group dynamics and time availability for this exercise.

#### Volunteers from the PACA team will assume the following roles during the role play:

1. Lead interviewer
2. Note taker
3. Interviewee

The lead interviewer is equipped with the interview guideline. The interviewee is interviewed in his/her real-life capacity or function, for example, as an entrepreneur or representative of a specific organisation. The note taker documents the interview.

If the role play takes place in the plenary, the volunteers place three chairs in the centre of the training room, while all other PACA team members sit around them in a circle, observe their interview techniques and skills, capture their observations, and provide feedback.



**Note to the facilitator:** In few cases, the interviewees might be respected personalities in a sector or thematic area. They could also be academicians, who are knowledgeable about the economic issues in the location. In these cases, the interviewer should have an open discussion, and focus the conversation on opportunities and challenges of the local economy that are relevant for the process.

**Facilitation tools:** Interview guide, fieldwork guide, pens and notebooks for documentation, role play, group observation, reflection, and feedback.

After the interview role play, the facilitator moderates a reflection and feedback session with the help of three questions:

1. What went well?
2. What did not go well?
3. What did you learn, and want to do differently next time?

Answers to the three questions above are captured on meta cards and pinned to a pin board for everyone to see.

Role plays should be conducted with all three categories of organisations to familiarize participants with the process and etiquette of conducting interviews.

After the training session on interviewing, the participants receive the template for interview minutes, which they will complete during field days and afterwards share with the team. In a PACA exercise, each interview and mini workshop will be documented. In addition, the participants receive a template to list potential interviewees to better plan their fieldwork.

**Facilitation tools:** Group reflection, documentation templates, meta cards, markers, and pin boards.



### Session 6: Systems game & reflection

The systems thinking game illustrates how complex adaptive systems work and how small changes can have large effects on systems. The game is best played in an open space, preferably outside, for example, in a parking lot with a lot of open space.

This is how it goes: The facilitator asks the participants to stand in a circle. Each participant randomly chooses two other participants in their minds. It is important that no one knows who picked whom. When the facilitator instructs to 'Go', each participant tries to position him/herself midway between the two people he/she selected. Since all participants follow the same instructions, and no one knows who picked whom, the entire system moves as everyone tries to position him/herself.

The facilitator will ask the group a few times to move around and then asks the following reflection questions:

- Do you know who is following you?
- Do you know that you are being followed? If yes, by whom?
- Who is sure that he/she is not being followed by anyone?

Next, the facilitator asks the persons, who think that they are not being followed by others to walk away from the group. The group then starts to re-adjust slowly.

**Note to the facilitator:** In any development context – a value chain or a local economy – actors are part of a bigger system that affects their behaviour. The game highlights the difficulty of fully understanding what is going on, and it raises awareness on the non-linear character of systems. A small change can have unpredictable and huge effects on the smaller, sometimes less visible, parts of the system.



**The facilitator asks the participants to stand in a circle and provides questions for reflection:**

- How did you feel during the exercise?
- What did you observe?
- What insights can you derive from this exercise?
- How can you relate these insights to a larger system, such as a local economy?

**Note to the facilitator:** Reflections from the system game are about:

- The interdependency of participants
- The functionality of a system and the role of each actor in the system
- History and predictability of a system
- The properties of the system
- Interventions in the system and their possible impact
- Feedback loops and multiplier effects
- Multiple cause and effects relations

**Facilitation tools:** Systems thinking game handout, a spacious outdoor area, pin boards, markers, and meta cards for reflection.

For detailed instruction, refer to Annex 1.8

**Session 7: How to run a mini workshop with selected sub-sectors (Porter's Five forces)**

The facilitator shares the concept of a mini workshop with the participants. Typically, a sub-sector mini-workshop with enterprises uses Porter's Five Forces as a structuring and discussion tool, whereas a mini-workshop with meso-organisations employs either the Expectation Matrix (page 56) or the Interaction Matrix (Annex 1.13) to structure discussions.

**Group work:** In a next step, the sub-sector groups discuss possible participation of sub-sector actors and schedule their respective mini workshops. The facilitator asks each sub-sector group to plan their logistics and to develop a timeline for the mini workshops. A calendar with a list of all mini workshops is developed and shared with the whole PACA team on a pin board. An exemplary agenda for mini workshops is available in Annex 1.11.

**Here are a few things to consider when conducting mini workshops:**

- Each sub-sector group should conduct at least one mini-workshop
- The maximum number of participants for each mini workshop is 15
- For a sub-sector mini workshop, the participants should be enterprise representatives only
- A specific mini-workshop for meso-organization should be conducted in addition
- Templates of both formats are shared with the team

**Facilitation tools:** Oral presentation, group work, mini workshop templates, agenda for mini workshops.

## 2.2.2 Kick-off Workshop

### Preparing the kick-off workshop

The kick-off workshop is conducted after the hypotheses workshop with selected representatives from the private sector, cooperatives, and the municipality, the chairperson of each ward in the municipality, and representatives from academia, development partners, business associations, marginalised communities/groups, media, and the civil society.

Figure 11: The kick-off workshop in the PACA process



The main objective of the kick-off workshop is to share the PACA process with local stakeholders and to validate the sub-sector selection. Participation in the kick-off workshop will motivate local actors to join the PACA exercises and help in the data collection process. Through the interaction in the kick-off workshop, the facilitators and the PACA team will get a better understanding of the perceptions of local actors about their economic situation. It also enables the sub-sector groups to design an adequate schedule for organisational visits, interviews, and subsequent mini workshops.

### Consider the following aspects when preparing the kick-off workshop:

- The host organization should send out all invitations one week prior to the event and invite about 60–80 participants to the kick-off workshop.
- The host organization usually chairs the kick-off workshop. The chair could be the Mayor, Chief Administration Officer (CAO) or President of the chamber.
- The host organisation also sends invitations (see Annex 1.2.2) and a press release (see Annex 1.2.3) to different local media with a request to attend the kick-off workshop and to report about the PACA process.
- A press release and a project factsheet provide important information to the local media. The host organization should send electronic versions of both documents already a few days before the event.

It is useful to advertise the PACA process in the local media to make it more prominent in the locality, to increase the buy-in of other stakeholders and to create interest.



**Facilitation tools:**

- A spacious room with sufficient seating space for up to 80 participants, that allows group work to take place and to move facilitation tools easily within the room (highly formal rooms, like council chambers are not particularly appropriate)
- 30 meta cards per participant
- 1 marker per participant
- 4 pin boards for each group
- 1-2 Flipcharts

To assure a smooth process during the kick-off workshop, the team nominates one PACA member as the “Master of Ceremony” (MoC). She/he must have a clear understanding of the steps involved in the workshop to manage the agenda (see Annex 1.9). The MoC shares the agenda with the participants and openly discusses their roles and responsibilities.

**Consider the following aspects in case the local culture requires a more formal opening ceremony for the kick-off workshop:**

- Consult a local PACA team member about the local protocol during events.
- Give local dignitaries the opportunity to welcome participants and the PACA team, maximum 2-3 minutes per dignitary.
- Ensure that the participants and the dignitaries get the opportunity to interact. Interaction is encouraged by a seating arrangement with round tables, instead of a formal high table.

**Sub-sector selection process**

The economic sub-sector selection is a challenging, yet important task in the PACA process. Every individual and organisation involved in the process has sector preferences based on their economic and institutional interests. Following a pre-defined meeting structure helps to maintain objectivity about real economic potentials.

A presentation of the economic sub-sectors analyses, conducted by the external consultant through literature review, provides a summary about the economic situation of the location (see key questions in Annex 1.1). In a next step, the main sub-sectors deriving from the competitive advantage analysis, conducted by the PACA team during the hypothesis workshop, are presented to the stakeholders. During the kick-off workshop, the priorities of the host municipalities are then jointly discussed with the participants.

**Follow the six steps below to ensure a focussed discussion and quality output of the kick-off workshop:**

1. After a few introductory remarks by the chairperson and a potential inauguration ceremony, the external PACA team member briefly explains the PACA concept and objectives, including:
  - the reason why an economic development effort at the local level makes sense
  - the key principles and main instruments of local economic development
  - the type of work that will be done during the workshop and the following days



2. The external consultant briefly explains Michael Porter's diamond as the tool of choice to structure discussions during the kick-off workshop. Although the model is relatively simple, it introduces some crucial concepts which local actors often had not considered before.
3. In the next step, participants are informed about the tentative economic sub-sector selection of the PACA team. To understand the selection, the facilitator briefly outlines the selection process during the hypothesis workshop. During the process of sub-sector validation, participants provide feedback and propose changes, which need to be carefully considered. Sometimes a re-clustering, slightly different or broader definition of a sub-sector is sufficient to accommodate such requests. Note that the sub-sectors should not be defined too broadly. A sub-sector definition like 'industry and trade' is clearly too broad. Even 'industry' would be too general, whereas 'wood processing industry', for example, would be a nicely defined sub-sector. Based on the competitive advantages and the priorities of the municipality, the sub-sector selection for the further PACA analysis is confirmed during this event and endorsed by the participants.
4. After the finalization of the sub-sector selection, the participants are divided into groups based on their representation, knowledge, expertise, interest, and experiences. Together they work through the different elements of Porter's Diamond. The number of groups will be equal to the number of sub-sectors selected for the location. Each group consists of approximately 20-30 participants, who will use Porter's Diamond to diagnose the current situation and economic development potentials of a given sub-sector.
5. The participants note down strong points, weak points, and observations regarding each of the four factors of the diamond:
  - firms and business strategies
  - supporting industries (suppliers, subcontractors, and service providers)
  - factor conditions (supporting institutions and other factor conditions)
  - demand conditions (sophisticated demand, unusual demand, market trends)
6. Encourage the local PACA team members to lead the facilitation of each group work with the support from the external PACA members as coaches or co-moderators. The facilitator should introduce each element of Porter's diamond separately before participants engage in the discussion. The participants use meta cards to document their discussion throughout the group work. Each participant writes three to six cards for each of the four factors. Experience shows that participants find it most difficult to come up with inputs on demand conditions, as the final markets are elsewhere, and detailed market knowledge is often lacking. Finally, the key results from the group work are presented in the plenary to inform all other stakeholders.

The final sub-sector selection provides the PACA team with both, information about the local economic structure, and an impression of local key actors' perceptions. An important element of this exercise are the diverging views and discussions that emerge between the participants. These discussions should be noted down as well by the PACA team.

### 2.2.3 Fieldwork

The fieldwork is the integral component of the PACA exercise. It gives the PACA team first-hand information and experience to validate the set hypotheses on the local economic sub-sectors and to understand the overall health of the local economy. Fieldwork is kept purposely short and intense.

The aim of PACA fieldwork is to:

- understand the structure and performance of the local economy
- identify possible activities to strengthen the performance of the local economy
- identify entities and individuals, who can take responsibility for the implementation of such activities
- start networking between local actors, mainly by conducting mini workshops

Figure 12: Fieldwork in the PACA process



#### Preparing the fieldwork

The fieldwork is the main phase of the PACA process. Field research consists of interviews and mini workshops. Usually, the local PACA team members discuss the selection criteria for respondents and come up with a list of potential individuals, companies, and institutions for each sub-sector. The PACA team then consults and seeks support from the host organization (municipality or chamber) to connect them with potential interviewees or to schedule appointments, if required. The PACA teams for each sub-sector will schedule the appointments according to the interviewees' availability. It is useful to leave some timeslots open for the last two fieldwork days, to fit in last-minute interviews with additional firms and organisations which are suggested in the kick-off workshop or come up during fieldwork. Annex 1.7.1 provides guidance on how to conduct interviews.

It is recommended to consider the preparatory checklist (see Annex 1.10) for the fieldwork, particularly in the selection of the companies and institutions to be interviewed (also shared on the 2nd day of the hypotheses workshop).

Here is a brief list of what interviewers should consider when selecting firms, organizations, and individuals for interviews:

- Select local firms from the main economic sectors: agriculture, industry, and services. The selection should include both, leading firms (in terms of size and competitiveness) and 'typical' firms, especially MSMEs (micro, small and medium enterprises). It is, however, important to select companies for the interviews with high relevance for the local economy or their specific sub-sector to be able to conduct a rapid exercise.
- Carefully select a diverse group of interviewees to increase the information value. For instance, it is advisable to visit only a limited number of micro-enterprises from the same sub-sector. The interviewers should visit two or three of them to get a first-hand

impression of their business operations and their view on the local economy. If more interviews with micro-enterprises are required, invite a larger number of them to a group interview or a mini workshop.

- Select firms with a specific perception on the local business situation – banks, suppliers of key inputs, sub-contractors, vendors and local manufacturers of capital goods, consultancy and software firms, transport firms, export agents, but also less obvious candidates like job placement firms, construction firms, insurance agents, or realtors.
- Select supporting institutions, like the local chamber of commerce and industry, important business associations and trade unions, professional associations, MSME-support organizations, technical schools / polytechnics and the local university, business-related NGOs (including, for instance, agricultural-related NGOs and cooperatives), technology and testing institutes, and the like.
- Select local government representatives, preferably the Mayor, the Chief Administrative Officer, the Secretary in charge of economic development, and representatives of other branches of local government, which are relevant for local businesses, for instance, the local environmental agency.
- Select key informants, for instance, journalists or retired persons, who occupied important political, administrative, or private sector positions in the past.
- Select other development partners and donor projects that implement activities in the same location and/or a related technical area.

In most cases the team meets the interview partners personally, either on their business premise, in a training centre or in any other institution. The purpose of a personal face-to-face interview is also to get first-hand impressions of what businesses and organizations look like – how big they are, what kind of premises they have, what kind of technologies they use, etc.

Apart from face-to-face interviews, it is crucial to organize mini workshops with a group of about 8–15 representatives of micro, small and medium-sized firms of the same sector (i.e. garments/dressmaking, metalworking/brass work, food processing, footwear, training providers) or another homogeneous group (i.e. women entrepreneurs, start-up entrepreneurs, technology-intensive businesses, training providers, government support organizations). The mini workshops could be organised per sector or could be sub-sector specific. The venue, date and time for the mini workshop must be convenient for the invitees and should be well communicated and coordinated with other sub-sector groups to efficiently manage the available space for running mini workshops. Since the available time is very limited and only a few firms can be visited for interviews, mini workshops have proven to be an enormously efficient way of getting insights into the tendencies, problems, and potentials of the local economy.

When making appointments for interviews or inviting people to mini workshops, they will often ask: *What is in it for me? Why should I spend my scarce time with this?*

If you receive such questions, here are three possible responses you can give:

1. The PACA exercise will contribute to an improvement of the local business environment, which will benefit the person's business.
2. A PACA exercise often reveals business opportunities, one of which may be interesting for this person.
3. A PACA exercise and, particularly, the different workshops are a great opportunity for business networking.

### Scheduling the fieldwork

The duration of field research depends on the size and complexity of the locality. The number of field days should be no less than 5 days for a municipality. The schedule is very dense, and it usually results in a very intense experience for the PACA team. A tight schedule like this is based on three considerations:

- 1) limited availability of most local PACA team members
- 2) limited presence of external team members in the PACA location
- 3) utilizing the advantages of rapid appraisal processes by creating motivation and stimulating dynamics for change in a locality.

#### Here are the main reasons for conducting the PACA fieldwork in a short time:

- Through this quick appraisal, the PACA team gets a reasonably clear idea about the current economic situation and how to best leverage existing potentials for local economic development. The underlying key principles of Participatory Rural Appraisal (PRA) in this respect are optimal ignorance and appropriate imprecision. Thus, the intention of the fieldwork is not to come up with an exact map of the local economy.
- During the PACA exercise the process builds momentum. Local players get excited and motivated during the kick-off workshop. Therefore, no time should be lost between the kick-off workshop, the fieldwork, the presentation event, and the way-forward workshops. It is important to keep that momentum and turn it into practical action before it runs low.
- Conducting research is expensive. The extension of the research period mostly does not outweigh the cost for the consultants. In other words, the return on investing more time in the research is low.

Members of the local PACA team are usually employed and are volunteering their time on the PACA project. Some even take time off from their regular jobs to get involved. Committing more than 10 to 12 days is not realistic for most members and it might even lower their motivation. It is important to note that Saturdays in Nepal are off days for the local team members during a PACA exercise, while the external team members continue to conduct interviews. The fieldwork is conducted in separate teams, one team for every sub-sector. Ideally, each team is accompanied by one external PACA team member. The external team member is supposed to conduct the initial interview, which provides a learning experience for the team members. The local PACA team members are encouraged to change their roles within the team during the interviews. Note that interviews and mini workshops alternate. Each of them renders specific types of information, and complements the other. There is no point in conducting first interviews and then mini-workshops, or the other way around.

Each sub-team documents the interview and mini-workshop results by preparing minutes of meetings and workshop documentation respectively. A proper documentation of all events and results during fieldwork helps the team to re-cap the information in the results workshop as well as in the reporting phase. Refer to Annex 1.7.2 for documenting the interviews and Annex 1.12 for documenting the mini workshops.

During the fieldwork, it is useful and often necessary to have regular meetings of the whole PACA team to exchange information and meeting minutes, to assess the progress made, and to review initial hypotheses. This is particularly important if a big PACA team conducts interviews and mini workshops concurrently.

After every day of fieldwork, it is recommendable to do the following in a PACA team meeting:

- Interchange information about interviews and mini workshops
- Ask: What can we do better on the next day?
- Redefine hypotheses by using the four questions of the hypotheses workshop
- Review fieldwork schedule (new persons or organisations to interview?)
- Clarify logistics and team coherence

### 2.2.3.1 Interviews

The PACA team conducts interviews with different types of meso-organizations, enterprises, and individuals. They try to engage the owner, president, or manager. The PACA team uses different interview guidelines for the face-to-face conversation with supporting institution, business membership organisation or enterprise. The main purpose of the interview is to collect qualitative data and to learn more about the local economy by understanding the position, role, and interaction of different actors and by assessing how they perceive the quality and potential of the local economy. The interviews help the PACA team to better understand the performance of local actors from their own perspectives, and from the perspective of other actors that operate in the same local economy or even the same sector or value chain.

### 2.2.3.2 Mini-workshops

The purpose of a mini workshop is to gather information about specific segments (sectors, clusters, value chains, actor groups) in the local economy.

Let's have a look at the key features of a mini workshop:

- Mini workshops are highly efficient means of collecting information, because the facilitator deals with a larger number of people at the same time and retrieves information from both, their inputs, and interactions.
- Mini workshops are very effective means of getting people in one room, who normally would not interact with each other. They serve as networking opportunities. Some contacts that are made during a mini workshop will be of value long after the PACA exercise. These contacts sometimes stimulate business contacts or practical action among participants.
- There are different mini-workshop formats for different types of target groups as presented in sections A to C below
- Mini workshops also serve as a basis for conducting further 'research' into topics that surface during the group discussion.

It is of the utmost importance that the participants, who are invited to the mini workshops, are carefully selected.

Here are some selection criteria:

- Belonging to the targeted group of actors in a certain sub-sector
- Ensuring inclusiveness and diversity in the targeted group of actors (women, youth, marginalized groups)
- Having an interest in the topic to be discussed
- Making meaningful contributions to the discussion
- Having the potential to implement or participate in the implementation of proposed economic development projects and activities
- Offering different perspectives on the same topic to encourage a lively discussion

While mini workshops are more efficient, especially in sectors with large numbers of participants, we must acknowledge that they provide less in-depth knowledge and no personal assessment about the local economy or a given sector, than interviews.

Interviews and mini workshops fulfil a different purpose; therefore, both are equally important during the field work and often complement each other.



**Example - Suitable situations for mini workshops**

Although a PACA team might have the opportunity to interview 200 local micro and small garment producers, it is unlikely that the team has the time to visit even 10 of them. Also, after the first 2-3 interviews the additional information gathered from further interviews would most likely be very limited. In this case, it is useful to have two or three individual interviews and to follow-up with a mini workshop convening a mix of 8-15 persons from this sector. Likewise, it is often useful to conduct mini workshops with business service providers, for instance, in skills development, or with business promotion and economic development agencies, especially in locations with a proliferation of business-related government agencies.

The basic structure of the mini workshops resembles the kick-off workshop. The first main difference is that participants in a mini workshop form a more homogeneous group.

**They are often:**

- from the same branch of industry or services
- a group of businesspeople who are homogeneous for some other reason, such as in gender, business feature, or socio-economic background etc. Accordingly, mini-workshops with a group of technology-based entrepreneurs, a group of businesswomen, or a group of highly innovative businesses are common
- a group of representatives from a given type of supporting institutions, such as training institutions.

The second differentiation between the mini workshops and the kick-off workshop is a change in focus. Whereas the objective of the kick-off workshop is to paint an overall picture of the local economy, a mini workshop is meant to give an in-depth insight into specific segments of the local economy. This change in objective has implications on the use of structuring tools that are used during the mini workshops. A tool, that is like the one applied in the kick-off workshop, is Porter's diamond. However, there are other options as well.

Let's have a look!

**A. The mini workshop format using Porter's Diamond**

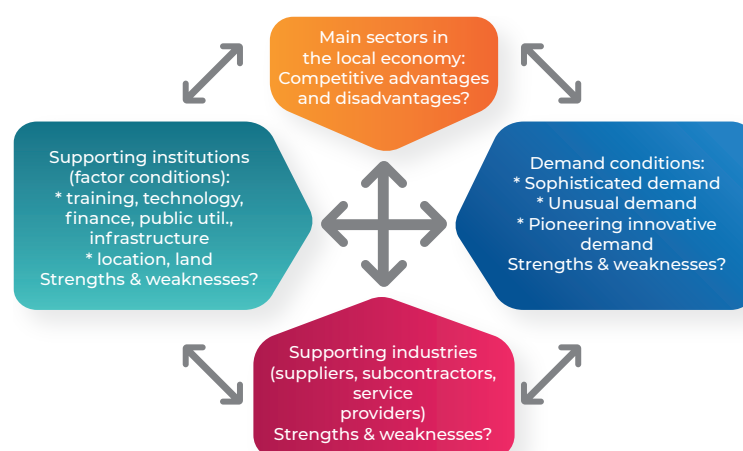
It is suitable to use Porter's diamond as a structuring tool if the participating businesses can choose their business location, because the objective of the diamond is to assess the locational quality from the perspective of the local community. Another good opportunity to use Porter's diamond is when the group is not as homogeneous as initially hoped.

There are only minor alterations to the facilitation of Porter's diamond in the mini workshops. Due to the smaller number of participants in a mini workshop, all four dimensions of the diamond are discussed with all participants, one by one. Another important alteration is that during the kick-off

workshop, the first box of the diamond is introduced as Main sectors and companies in the local economy. In the mini workshop, you will introduce some boxes in a different way (see Figure 13):

- If the participants of the mini workshop come from a sector which produces final products, the box 'main sectors and companies' is usually introduced as competitive advantages and disadvantages of your firm. The other boxes are introduced in the same way as in the kick-off workshop.
- If the mini workshop involves a group of suppliers or service providers, the participants will address the box 'supporting industries' based on the question: *What are the competitive advantages and disadvantages of your firm?*
- If the mini workshop involves a group of representatives of supporting institutions, the participants will address the box 'supporting institutions (factor conditions)' based on the question: *What are the strengths and weaknesses of your institution?*

Figure 13: The structure of the diamond in a workshop setting



Source: The authors, based on Porter, M.E. (1990)

## B. The mini workshop format using Porter's Five Forces

Porter's Five Forces model is useful when working with a group of businesspeople from a homogeneous sub-sector in a highly competitive environment. For this exercise, it is important that the participants take a collective view, from a sectoral perspective, in identifying competitors. For example, competitors can be defined as a cluster of similar enterprises in a different location that serve the same market(s).

The facilitator explains Porter's Five Forces concept to the group. The meta card method is usually the most efficient tool to facilitate this type of mini workshop in a plenary. An alternative option is to divide the group into smaller sub-groups with 4-8 participants. Each sub-group discusses each of the five forces and notes their observations on a flipchart paper. Once the groups finalized their discussion, each group reports back in the plenary.

## C. The mini workshop using the Expectation Matrix

The expectation matrix is used when the aim of the mini workshop is to understand the expectations of meso level organisations towards local businesses or support activities. The expectation matrix exercise helps participants to define their roles and to avoid future conflicts because of hidden or unknown expectations. The expectation matrix is used for a mini workshop with a group of meso organizations.



The participants write down their roles and contributions to local economic development on meta cards (all using the same card colour, i.e. red). The facilitator creates a matrix with a list of roles along both the horizontal and vertical axes and labels the vertical axis as "from" and the horizontal axis as "to." Similarly, the participants are asked to write down (on separately coloured meta cards, i.e. green) their expectation of each of the roles, which are pasted on the horizontal line for the participants' role. The aim of completing the matrix is to have a complete picture of participants' expectations towards each other, compared to their self-perceptions on their own roles to contribute to local economic development.

**Table 3: Example of a basic expectation matrix structure**

to....	Municipality	Local Chamber	Cooperative Union	Tourism Association	.....
From....	1	2	3	4	n
Municipality	Role/ contribution				
Local Chamber	Expectation on role/contr.	Role/ contribution	Expectation on role/contr.	Expectation on role/contr.	Expectation on role/contr.
Cooperative Union	Expectation on role/contr.				
Tourism Association	Expectation on role/contr.				
...					

Source: the authors

A detailed agenda on how to conduct an expectation matrix is provided in the Annex 1.13

This is a frequently asked questions about the mini-workshop tools.

**Are the Porter's Diamond, the Porter's Five Forces and the Expectation Matrix the only instruments for structuring mini workshops?**

The answer is: No

However, these three tools proved to be useful. Other options are the SWOT model or the Interaction Matrix.

The SWOT model and the Interaction Matrix can be found in Annex 1.13

After each mini workshop, the PACA team identifies possible project champions <sup>2</sup>, who can potentially drive the activities suggested by the workshop participants. The mini workshops are well documented and revisited during the results workshop, while drawing conclusions for the further PACA process.

**Facilitation tools:** Flipchart, meta cards, markers, pin boards, and oral presentation



<sup>2</sup> A project champion is someone who agrees to lead the implementation of a project ensuring everyone involved is on board and committed to the ultimate success of the project.



## 2.2.4 Results Workshop

The main goals of the results workshop are: 1) to prepare a diagnostic of the local economy, and 2) to develop concrete, doable, short-term, and medium-term (catalytic) projects relevant to the identified economic sub-sectors.

Figure 14: Results workshop in the PACA process



Within the two days of the results workshop, the PACA team elaborates the main findings and proposals.

### The proposals are prioritised using four criteria:

1. Doable with local resources
2. Quickly implementable (implementation could start within 2 - 3 weeks)
3. Visible impact within three months
4. Sustainable (ecologically friendly, inclusive, resilient)

Note, that it is important to ensure that the projects also address cross-cutting issues, such as sustainability, inclusiveness, and resilience. Refer to Annex 1.14 for a detailed agenda of the results workshop.

The results workshop is moderated by the PACA lead facilitator, who is either an external international consultant, a national consultant or project colleagues with sufficient PACA experience.

### 2.2.4.1 Day 1: Results Workshop

#### Session 1: Reflection on PACA exercises

##### *Reflection Question 1: What have we done?*

Group work: Each sub-sector group reflects about the activities conducted during the field work and provides an update to the entire group. Participants use meta cards to document their experiences. The following format is prepared on a pin board and used as an inventory of the exercise.

Table 4: Inventory of PACA exercise

Status	Sector group 1	Sector group 2	Sector group 3	Sector group 4
Status of interviews				
Status of mini workshop				
Status of documentation (Interviews/ mini workshops)				
Challenges faced				

Source: the authors

**Facilitation tools:** Group reflection and presentation, meta cards, markers, and pin boards.



##### *Reflection Question 2: What were the biggest surprises for you during this PACA exercise so far, including the hypotheses workshop and training, kick-off workshop and field work?*

The team members reflect on the biggest surprises that they experienced during the PACA exercise. Surprises are explained as something that the team members did not expect to find or to experience. Surprises can be process-related or findings-related. Most importantly, surprises are very subjective and personal experiences. Therefore, team members reflect and write their meta cards individually before pinning them on the pinboard. This is not a group exercise! After each participant presented their personal experience to the group, the long list of surprises is clustered and then discussed in the plenary with the aim of picking the most unexpected and unusual findings and to present them to the stakeholders during the presentation event.

**Facilitation tools:** Individual reflection and presentation, plenary discussion, meta cards, markers, and pin boards.



## Session 2: Review of competitive advantages

**Group work:** In groups, each sectoral sub-group reviews the discussion results on the competitive advantages held during the hypotheses workshop and assesses whether their hypotheses can be validated or need to be adjusted after the field work.

### The following questions will guide the discussion:

- Are some of the competitive advantages less or even more unique than expected?
- Is there more or less “co-opetition” going on in these sub-sectors?
- Is the support by the meso organisation in those sub-sectors stronger or weaker than anticipated?
- Did the sub-sector teams identify additional competitive advantages that they had not considered during the hypotheses workshop?

The results of the discussions are presented in the plenary and, thereafter, entered into a PowerPoint template by each sectoral group. The PPT template is shown in the graphic below. The graphic presents all three key features of competitive advantages: uniqueness, co-opetition and the support by meso organisations.

**Table 5: PPT Template for presenting competitive advantages**

Competitive Advantage of:

Uniqueness	Coopetition (Competition & Cooperation)	Supporting Meso-organizations

Source: The authors

**Facilitation tools:** Group work and presentation, plenary discussion, PowerPoint template



## Session 3: Revisiting Porter’s Diamond

**Group work:** Each sectoral sub-group revisits the findings from the hypotheses workshop and the kick-off workshop. Through the integration of new information obtained during the fieldwork, Porter’s Diamond is further updated and improved to reflect the latest findings in the analysis.

Each sub-group then presents their final version to the PACA team. A Q&A round is conducted after each presentation. Based in the discussion, potential changes are integrated into the four elements of Porter’s Diamond framework.

**Facilitation tools:** Group work and presentation, a Q&A session, PowerPoint Slide (from the hypotheses workshop)



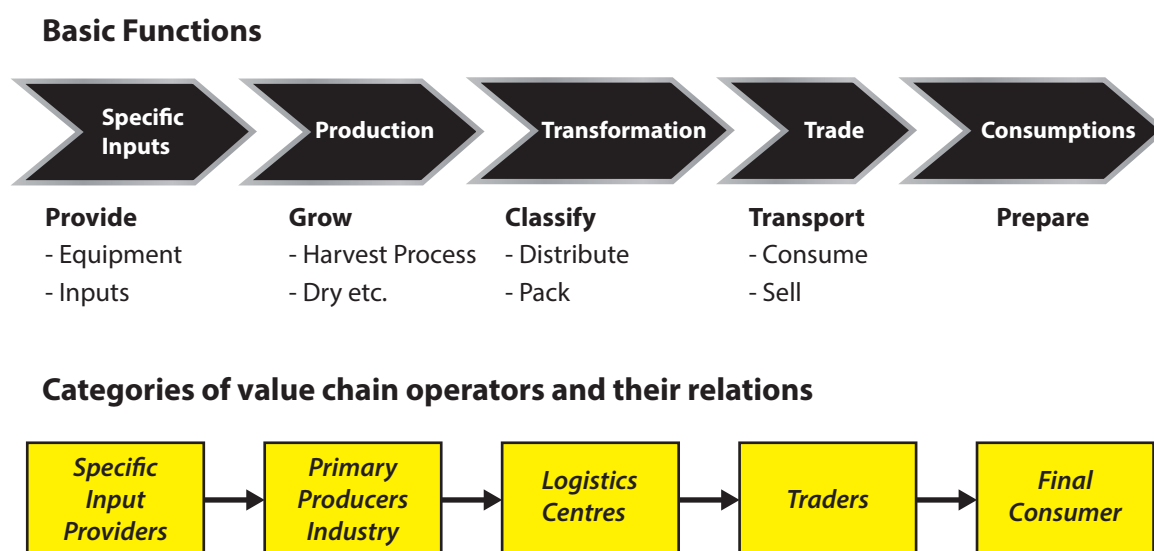
#### Session 4a: Brief presentation of the value chain concept (Optional)

The lead facilitator explains why the value chain concept is introduced (Session 4a) and conducted, and how it fits into the overall LRED process.

The value chain selection is only conducted, if the project supporting the PACA exercise works on the interface of the LRED and the value chain concept. In this case, the comprehensive knowledge of the PACA team, shortly after field work and results discussion, is utilized to select value chains for project support. The PACA team members are in an ideal position to assess a long list of value chains, using socio-economic and sustainability criteria. This is an optional session and can be skipped if the given project has an exclusive LRED focus.

In a plenary brainstorming session, the facilitator asks the participants: What is a value chain? and documents their answers on a flip chart. Afterwards, the facilitator explains the value chain concept by highlighting the role of each value chain segment and their actors. For the presentation to the PACA team, it is recommended to prepare a pin board with a generic value chain map, as outlined in Figure 15.

Figure 15: Generic Value Chain Map



Source: Springer-Heinze, A. (2018)

The facilitator explains that value chains are a way of representing a series of transactions, from the provision of inputs for a primary product to production, transformation, and marketing to final consumption and subsequent recycling.

In addition to representing a sequence of production processes, value chains are:

- a tool to describe the inter-relationships between a range of functional activities, service providers, customers, supporting institutions and supply chains
- conceptualised as an institutional arrangement linking and coordinating input suppliers, processors, traders and distributors of a product or service

- regarded as an economic model, which describes how technology and factors of production may (or may not) be combined to allow producers to successfully access the market.

In a product value chain, the product moves from one productive process to the next, always undergoing some sort of transformation and value addition until it is ready for consumption. Many products are recycled after use, meaning they serve as raw materials for other value chains.

A service value chain works differently. As services cannot be stored or moved, the production and consumption of services usually happen simultaneously and take place at a specific geographical location and at a given time. The tourism value chain is a typical example of a service value chain. Tourism is not a product, but a complex set of complementary services, such as information provision, transportation, accommodation, food and beverage supply, entertainment and visit experiences. In the tourism sector, the market (tourists) moves to the product (the destination), which is the opposite pattern to what can be observed in conventional product value chains, in which products are moved to the market.

**Facilitation tools:** Brainstorming in the plenary, markers and flipchart, meta cards, pin boards or PowerPoint slides.



#### Session 4b: Prioritization of value chains (optional)

Firstly, the PACA team reviews the list of value chains and discusses whether any prominent value chain or product/service with future potential for economic development is missing. If yes, the sheet is instantly updated, and relevant value chains are added.

**Figure 16: List of potential value chains (example form the field)**

A	Milk and Dairy	R	Tourism   Hospitality Services
B	Fruits & Vegetables	S	Information technology (IT)
C	Organic Fruit & Vegetables	T	Construction
D	Mushrooms	U	Construction material (hardware)
E	Beans and pulses	V	Bricks
F	Medicinal & Aromatic Plants (MAPs)	W	Cement tiles   blocks
G	Cut Flowers   Flower Bouquets	X	Metal fabrication (Steel, Aluminium)
H	Organic fertilizers	Y	Steel furniture
I	Rice	Z	Wooden furniture
J	Fish products	ZA	Bamboo and Cane Furniture
K	Pig products	ZB	Hand-made shoes
L	Poultry products	ZC	Textile & Garment
M	Goat products	ZD	Handicraft
N	Wheat based bakery products	ZE	Plastic products
O	Mustard	ZF	Paint
P	Noodles	ZG	Jewellery
Q	Copper Utensils	ZH	Solar energy

The lead facilitator provides clear instructions on how to prioritize the value chains, using a set of predefined economic, social, and ecological criteria. The criteria presented in Table 5 below correspond to the questions in the assessment sheet shown in Figure 17.

Table 6: Economic and sustainability criteria for value chain selection

Economic Criteria	Sustainability Criteria (social, ecological)
Potential to provide jobs and generate income	Promising entrepreneurship opportunities for women and/or youth
Highest growth potential	Eco-friendliness
Start-up opportunities	Low entrance barriers for DAGs / marginalised people
Opportunities for product/process innovation	Low risk of failure / sustainable returns
Key role of cooperatives	Resilience (adaptable to climate change, external shocks, or slow changes of the environment)
Sourcing raw material locally/regionally	
Prioritized by development partners	
Prioritized by province/local government	

After the facilitator distributed the assessment sheet, the PACA team members fill the assessment sheet according to their individually perspectives. The PACA team prioritizes the value chains by selecting the top three value chains (out of a long list of agreed value chains in Figure 16) that best meet each selection criterion.

Figure 17 shows the example of a value chain selection sheet.

Figure 17: Typical list of value chain selection criteria (example from the field)

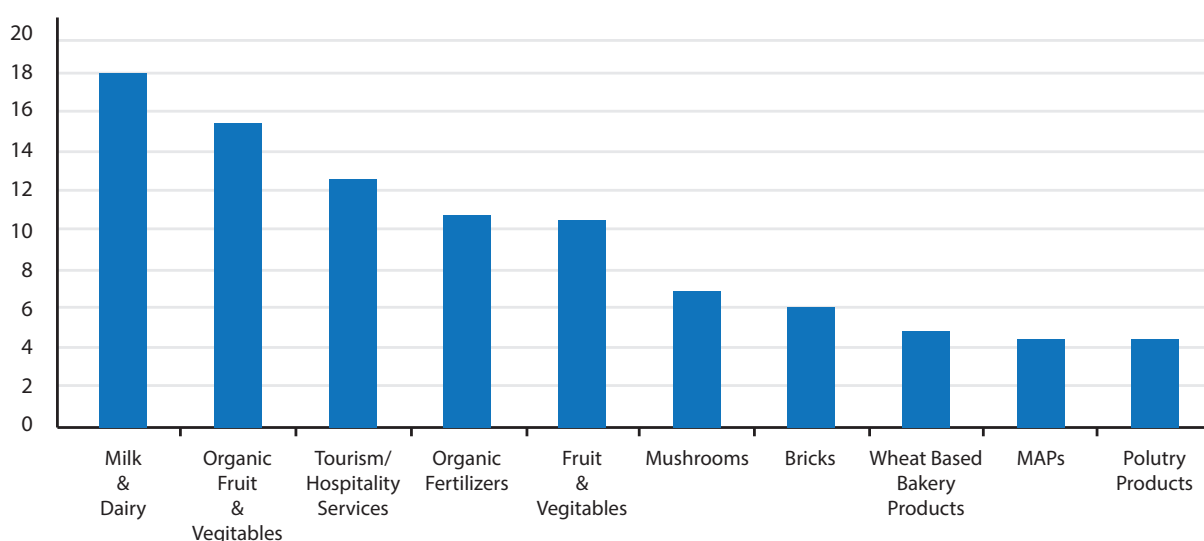
<p><b>Economic Criteria</b></p> <ol style="list-style-type: none"> <li>Which value chains have started to provide jobs and generate income? <input type="text"/> <input type="text"/> <input type="text"/></li> <li>Which value chains have the highest growth potential (growth trends in recent years, unmet market demand)? <input type="text"/> <input type="text"/> <input type="text"/></li> <li>Which value chains offer best opportunities for start-ups? <input type="text"/> <input type="text"/> <input type="text"/></li> <li>Which value chain offers best opportunities for product or process innovation? <input type="text"/> <input type="text"/> <input type="text"/></li> <li>In which value chains do cooperatives play a key role in collection and/or processing? <input type="text"/> <input type="text"/> <input type="text"/></li> <li>Which value chains source most raw material / primary products locally / regionally? <input type="text"/> <input type="text"/> <input type="text"/></li> </ol>	<ol style="list-style-type: none"> <li>Which value chains are prioritized by development partners? <input type="text"/> <input type="text"/> <input type="text"/></li> <li>Which value chains are prioritized by, province and local government programs? <input type="text"/> <input type="text"/> <input type="text"/></li> </ol> <p><b>Sustainability Criteria</b></p> <ol style="list-style-type: none"> <li>Which value chains provide promising entrepreneurship opportunities for women and/or youth? <input type="text"/> <input type="text"/> <input type="text"/></li> <li>Which value chains are most eco-friendly? <input type="text"/> <input type="text"/> <input type="text"/></li> <li>Which value chains show the lowest barriers for entry for DAG and marginalised people? <input type="text"/> <input type="text"/> <input type="text"/></li> <li>Which value chains have the lowest risk of failure, and provide sustainable returns? <input type="text"/> <input type="text"/> <input type="text"/></li> <li>Which value chains are most resilient (adaptable to climate change, external shocks or slow changes of the environment)? <input type="text"/> <input type="text"/> <input type="text"/></li> </ol>
--	---

Source: the authors

Example: All value chains for selection are labelled from A to ZH. The participants might select value chains E, K, A for question 1, and value chains B, S, W for question 2.

After the voting is completed, the lead facilitator collects all assessment sheets. In the evening of that day, the facilitator aggregates and evaluates the assessment results of all team members in an excel sheet and prepares a graphic on the top ten value chains as per assessment. Figure 18 shows an example of such a value chain assessment. The visualization of the value chain assessment will be presented as part of the PowerPoint presentation during the PACA presentation event.

Figure 18: Result of participatory, criteria-based value chain assessment (example from the field)



Source: the authors

**Facilitation tools:** Individual reflection, assessment sheet, scoring exercise, PowerPoint slide and plenary discussion.



### Session 5: Identification of cross-sectoral issues in the local economy

In this session, the facilitator initiates a discussion in sub-sector groups to identify the cross-sectoral issues in the local economy, for example, issues and opportunities that are shared by two or more sectors, as well as highlighting interdependencies between sector (i.e. tourism and agriculture in agro-tourism). The sub-sector group discussions focus on comparing two different sub-sectors, such as tourism and agriculture or beekeeping and agriculture.

The facilitator prepares the matrix on a pin board with the same sub-sectors in both, the rows, and columns. The boxes with the same sub-sectors in the row and column are cancelled, as there are no cross-cutting issues when comparing the same sectors. In the plenary, the team members write cards on cross-sectoral issues, that are common to always two sectors, and then direct the facilitator into which of the boxes to pin the meta cards. Generic cross-sectoral issues are noted outside the matrix on the pinboard. The following format is used to visualize the exercise results.

Table 7: Cross-sector matrix

	Sector group 1	Sector group 2	Sector group 3	Sector group 4
Sector group 1				
Sector group 2				
Sector group 3				
Sector group 4				

Source: The authors

Here are some guiding questions to help the PACA team to reflect about cross-sectoral issues:

- What common patterns can be observed in economic sub-sectors in the locality?
- What are the business interrelations or interdependencies between sub-sectors in the local economy?
- What business activities of one sector, could add value to business activities in another?
- What are common challenges of the business environment faced by most sub-sectors?
- Is there any opportunity connecting the sub-sectors? Are there any policy options addressing more than one sub-sector at a time?



**Facilitation tools:** Individual reflection, meta cards, markers, pin boards and a plenary discussion.

### Session 6: Revisiting and updating the systemic competitiveness framework

The PACA team revisits the systemic competitiveness framework that was initially used in the hypotheses workshop to carry out a stakeholder mapping and then presented in the kick-off workshop.

Group work: The PACA team is divided into their sectoral sub-groups and each group updates the framework with the information collected during the fieldwork, particularly by adding missing actors. In the plenary, the groups present the amended versions to each other for questions and comments from the other groups. The update is carried out on pinboards first, and then transferred to a PowerPoint presentation.



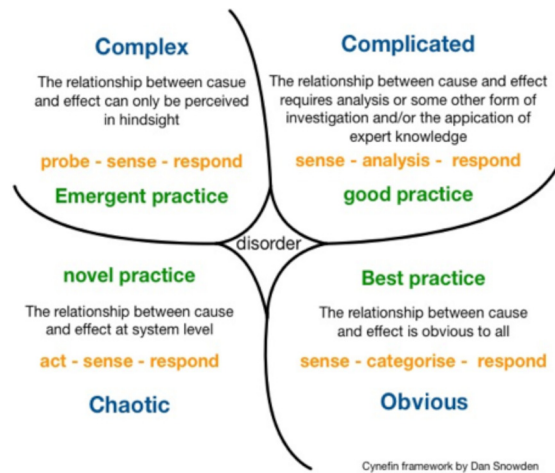
**Facilitation tools:** Group work and presentation, a Q&A session, meta cards, markers, pinboards and PowerPoint slides.

### Session 7: Categorizing problems - The Cynefin framework

The facilitator introduces the Cynefin (/kə'nevɪn/ kuh-NEV-in) framework to the participants as a problem-categorization framework. Cynefin is a Welsh word and means habitat or a place of multiple belongings. The Cynefin framework consists of five domains. Each domain describes a different set of conditions of either a problem or an opportunity. The rationale of this model is that to resolve a problem or to tap into an opportunity, one must understand to which domain the problem or opportunity currently belongs.



Figure 19: The Cynefin framework



Source: Snowden, D. et al. (2007)

The Cynefin framework guides leaders in making appropriate choices, by better understanding their problems or opportunities, as each domain requires different actions. The clear (or simple) and complicated contexts assume an organized environment, where cause-and-effect relationships are perceptible, and right answers can be determined based on facts. The complex and chaotic contexts are unorganized environments because there is no immediately apparent relationship between cause-and-effect, and the way forward is determined by emerging patterns. The organized context is a world of fact-based management; the unorganized context represents pattern-based management.

A problem or opportunity is placed in the fifth context – disorder (or recently called aporetic and confused) – when it is difficult to place a problem or opportunity in any of the other four contexts. The way out of this context is to break down a situation into basic parts and to assign each part to one of the other four contexts. Leaders can then make decisions and intervene in contextually appropriate ways.<sup>3</sup>

**Group work:** After the framework was introduced, the sectoral sub-groups revisit the opportunities and problems that they identified through the framework of Porter's Diamond and allocate them to the different domains of the Cynefin framework. The group brainstorms on each problem and opportunity and categorize them accordingly. Each sub-group receives a pin board or a large flipchart paper with the Cynefin framework, so they can enter the problems and opportunities. After the group work, each sectoral sub-group presents the results of the Cynefin exercise to the overall PACA team, followed by a Q&A session.

The results of the Cynefin discussion help the PACA team to understand the nature of the problems the location and its actors are dealing with and will, thus, guide the discussion on proposal for solving these problems which will happen on the following day.

**Note to the facilitator:** To save time and to avoid getting lost in endless discussions, ask the group to pick the top ten problems or opportunities they think are most relevant.

**Facilitation:** Group work and presentation, meta cards, markers, and pin boards.

<sup>3</sup> <https://hbr.org/2007/11/a-leaders-framework-for-decision-making>

### Preparation of Power Point Slides for the Presentation Event

After the Cynefin framework, the first day of the results workshop ends for the local PACA team members.

However, the external PACA team members (consultants, project staff) start preparing the PowerPoint slides for the final presentation event. The outline of a typical final PACA presentation is provided in Annex 1.16.

The findings and analysis of the results workshop, such as the biggest surprises, the competitive advantages, Porter's Diamond diagnostic, the stakeholder mapping in the systemic competitiveness framework and the identification of cross-sectoral issues in the local economy are compiled in this presentation.

### 2.2.4.2 Day 2: Results Workshop

#### Session 1: Development of project proposals

The second day of the results workshop starts with the introduction of the different categories of project proposals.

The facilitator explains the three types of proposals of LRED as:

1. Short-term projects
2. Catalytic projects (medium-term)
3. Safe-to-fail experiments

The moderator highlights that the proposals should have the following features:

1. Realistic and feasible with available resources
2. Implementation can start quickly (within two weeks)
3. Quickly visible effects (3-6 months)
4. Sustainable, inclusive, and increasing resilience of the local economy

The short-term projects are the low hanging fruits – projects which can be immediately initiated and accomplished in three to six months with a minimum of locally available resources. Catalytic projects are medium-term, often bigger projects, which require more time (9 – 12 months or more) for preparation and implementation, internal and external resources, and strong commitment.

Safe-to-fail experiments are useful when the problem is complex by nature. This means that there is no straight forward solution, and expert analysis would not provide a clear idea on how to solve the problem. Mostly there are competing hypotheses about what is happening and what solutions would address the issue successfully. In such situations, which are common in economic development, designing a portfolio of safe-to-fail experiments can help to explore how a system and its actors respond to an intervention. A collection of a wide array of small, inexpensive, and harmless experiments can offer insights about what solution might work. Safe-to-fail means that there are no serious losses (loss of funds, reputation, motivation, or in-kind contributions), if experiments (and some of them certainly will) fail.

**Here are some guiding questions for proposal development:**

- What are disadvantages that may be turned into advantages?
- How can we turn long-term aspirations into short-term activities?
- What are obvious but unexploited business opportunities?
- What are untapped potentials?
- What can we do about critical market failures, such as barriers to entry?
- Did we see convincing opportunities for collective action?

Group work: Each sub-group develops maximum 5 – 7 proposals per sector and on cross-cutting issues. The template presented in table 7 is used to develop the proposal. The proposals are presented and discussed by each group in the plenary. The discussion is usually time consuming and leads to amending or discarding some of the proposals. After the plenary discussion, the overall quality of the proposals significantly improved.

**Table 8: Framework for proposal brainstorming**

SECTOR X	What?	How?	Who leads?	Partners?
Proposal 1				
Proposal 2				
Proposal 3				
Proposal 4				
Proposal 5				

Source: the authors

It is highly recommended to include proposals that were mentioned by local actors during the interviews and mini workshops. The closer the proposals relate to the ideas of local players, the higher the motivation will be during implementation. In case certain proposals of local actors are dropped, the PACA team should be prepared to justify their decision during the presentation event. Alternatively, the PACA team could also propose the continuation, intensification or adjustment of existing activities.

In some cases, the PACA team considers certain activities relevant to local economic development but is facing opposition from certain local actors. It is important to note that the presentation may, and indeed under certain conditions should, be controversial. In a setting where local activities, that shape a competitive advantage are rejected, a moderate and friendly presentation runs the risk of reinforcing rather than overcoming an opposing mindset. Do not avoid touchy issues! Do not hide unpleasant truths! If the local PACA team members feel uncomfortable with this, an external team member should hold the presentation, or only the critical part of the presentation.

**Facilitation tools:** Group work and presentation, a Q&A session, meta cards, markers, pinboards and PowerPoint slides.



## Session 2: Assessment of proposals

The facilitator shares the assessment criteria for the project proposals with PACA team members. Each PACA team member assesses and prioritises each proposal, based on the following four criteria:

- Criterion 1: Can this proposal be implemented with locally available resources (motivation, time, skills, money – often in exactly this order)? This question appears to be easy to answer but must be moderated well. The PACA team sometimes tends to ask is there somebody who perhaps may implement it? But this is not the question. The actual question is: Given our resources, and the resources of those actors we identified and involved during the fieldwork, can we implement this activity?
- Criterion 2: Can the implementation of this proposal start quickly, in the next two weeks? Starting in the next two weeks does not mean that implementation would start immediately. It is sufficient to assemble the necessary actors for a meeting. Another question would be: Which proposal does not qualify? A proposal that requires actors who are not available, or one that requires a huge amount of funds and extensive fund-raising effort before implementation. Fund-raising efforts often delay activities by months.
- Criterion 3: Can this proposal offer visible, tangible, and audible results within three months? An event that creates excitement, or a meeting where local actors agree on how to quickly fix a simple problem is perfectly in line with this criterion, as is an initiative that can reach an important milestone within three months.
- Criterion 4: Is this proposal sustainable, inclusive, and resilient?

The rationale behind the fourth criterion is that each proposal should be in line with current development thinking, particularly by meeting Sustainable Development Goals (SDGs). In order to compress 17 SDGs into the quick assessment of PACA proposals, the sub-criteria sustainability, inclusiveness and resilience are used.

In conclusion, the PACA approach in Nepal uses the above-explained four criteria for the following reasons:

1. We develop proposals that are likely to be implemented, as opposed to being delayed due to strategizing.
2. We deliberately do not conduct an analysis of key bottlenecks. The key bottlenecks are most likely termed key bottlenecks because it is very difficult to remove them, so we better direct our energies at activities that can achieve practical and tangible results within a reasonable time.
3. We suggest proposals that are in line with the SDGs.

Plenary vote: The PACA team assesses and scores the proposals of all sectoral sub-groups by vote. The template presented in table 8 is used to assess the proposals.

Table 9: Plenary vote template for scoring PACA proposals during the results workshop

SECTOR 1	Criterion 1: Realistic/ Feasible	Criterion 2: Can start quickly (2-3 weeks)	Criterion 3: Quickly visible effects	Criterion 4: Sustainable, inclusive, resilient	Multiplication of scores per row
Proposal 1	3	2	2	3	36
Proposal 2	3	3	3	3	81
Proposal 3					
Proposal 4					
Proposal 5					

Source: the authors

The selection of the proposals is done by voting on the above-mentioned criteria. All proposals are assessed according to each of the four criteria. To facilitate the assessment, each PACA team member receives a set of three coloured cards: green (3 – yes), yellow (2 – maybe) and red cards (1 – no). To vote, each PACA team member raises one of the cards that he/she finds suitable after discussing each criterion for each proposal. The facilitator documents all votes and arrives at the result by taking the average of votes in each round of assessment. The overall result for each proposal is calculated by multiplying the scoring results of each criterion. For instance, if the average vote for the criteria 1 and 4 is '3' and for the criteria 2 and 3 is '2', the multiplication would be:  $3 \times 2 \times 2 \times 3 = 36$ . This proposal would be a typical catalytic project. If all criteria receive the maximum score of '3', the multiplication result is 81, i.e. a typical quick-win activity.

The projects receiving the highest marks (up to 81) are considered quick wins. The projects receiving marks up to 36 are considered catalytic projects. Proposals with scores below 36 are not further pursued – at least for the time being. At the end of this exercise, the PACA team arrives at the list of proposals/activities for quick wins and catalytic proposals that will be presented in the presentation event.

The results workshop concludes with a selected list of proposals from the PACA exercise.

**Facilitation tools:** Oral presentation, voting exercise, plenary discussion, meta cards, markers, and pin board.



### Session 3: Share the agenda of the presentation event and finalize the PowerPoint slides

The facilitator shares the agenda of the presentation event, and the group discusses the role of each team member during the event.

The day ends for the local PACA team members, while the external PACA team members (consultants, project staff) finalize the PowerPoint slides for the presentation event. Each group facilitator finalizes the formulation of proposals and shares them with the lead consultant, who then finalizes the presentation.

The PowerPoint slides are drafted in English and sent out for professional translation to Nepali for the final presentation event.

**The overall structure of the presentation is:**

1. Presentation of the conceptual frameworks, especially the concepts of competitive advantage and systemic competitiveness.
2. The diagnosis of the local economy, focusing on the selected sub-sectors and cross-sectoral issues, and a stakeholder analysis according to the four levels of systemic competitiveness.
3. Presentation of short-term and catalytic project proposals (stating what will be done, how it could possibly be done and who could drive each activity) in a sequence that mirrors the diagnosis, as well as concluding remarks concerning the next practical steps.

An outline of a final presentations is presented in Annex 1.16.

**Note to the facilitator:** The average number of slides in the presentations tends to be between 35 and 50.

**Facilitation tools:** PowerPoint slides



## 2.2.5 Gap Day

A half-day to one-day gap between the results workshop and presentation event day was newly introduced during the pilot exercises in Nepal.

**Figure 20: Gap day in the PACA process**



During the gap day the PACA team finalizes and edits the translated PowerPoint presentation, while selected team members visit the host organisation(s) (municipal officials, chamber of commerce and industry) to discuss the main results of the analysis, as well as the proposals before the presentation event. This meeting will also confirm the hosts' buy-in and define/explain their roles during the implementation process.

In addition, the PACA team uses the gap day to prepare the presentation event and the way-forward workshops. The local PACA team members are encouraged to take the lead during both events. It should be their responsibility to facilitate both events with back-up support from the external team members of the PACA team. During the gap day, local team members also send out reminders (invitations) to key stakeholders about the presentation event and the way-forward workshops.

Besides, the gap day can be used for a feedback session on the PACA exercise, which is a 30- to 45-minute structured and facilitated discussion with the PACA team.

The feedback session consists of two parts:

1. an individual, questionnaire-based reflection on PACA results and personal learnings
2. a facilitated group reflection session in the plenary

A set of questions was developed for the evaluation process, which is guided by a moderation concept. The objective of evaluating the PACA exercise is mainly to collect individual reflections with the help of a questionnaire. It is best to distribute the questionnaire a day before the evaluation session, so PACA team members can fill the questionnaire the evening before and take it to the reflection session. It is also possible to dedicate some additional time during the evaluation session to complete the questionnaire. The other objective is the collection of questionnaires for M&E and reporting purposes to count beneficiaries of LRED-related trainings and to learn about the performance of PACA. The third objective of the evaluation session is to re-strengthen the team spirit and encourage the PACA team to continue working together also after the PACA exercise. A detailed moderation concept with steps for evaluating the PACA exercise is attached in Annex 1.19.

**Facilitation tools:** Individual reflection, feedback form, plenary presentation and reflection, meta cards, markers, and pin boards.



## 2.2.6 Presentation Event

The main purpose of the presentation event is to present the findings of the PACA exercise to inform community members about the state of development of their economy and to present the proposals to get the buy-in of project champions <sup>4</sup>. Refer to Annex 1.17 for a tentative agenda of the typical final presentation event.

Figure 21: Presentation event in the PACA process



The PACA team invites the same persons and institutions to the presentation event that also participated in the initial kick-off workshop. Moreover, all interviewees and mini workshop participants are invited. In fact, the invitation for the presentation event should have already been extended at the end of each interview and mini workshop.

In some cases, external members of the PACA team hold parts of the presentation. The experience of conducting nine PACAs in Nepal indicates that local actors accept the observations of external observers (and especially their criticism) more easily. However, the proposals should be presented by local members of the PACA team to avoid the perception that external people want to solve local problems, which is also not in line with PACA values and principles. The presentation usually takes about 45 minutes to one hour.

<sup>4</sup> A project champion is someone who agrees to lead the implementation of a project ensuring everyone involved is on board and committed to the ultimate success of the project.



In order to collect feedback on the PACA presentation, rather than opening the floor for questions and discussions in a large group, the PACA team distributes meta cards and markers among the audience and invites them to write down questions, remarks, observations, and proposals. This approach is more time efficient and offers everyone the opportunity to contribute. The PACA team collects the meta cards, pins them on the pin board, and clusters them thematically. Selected team members then present the different clusters and open the floor for a brief discussion. Another advantage of this procedure is that more points can be raised than during a plenary discussion, and that the discussion proceeds in a more structured way. We observed repeatedly that some cards already provided answers to questions posed on other cards, or that practical proposals on how to implement certain ideas (and by whom) were made.

The next steps are optional. You can, for example, invite the participants to another session that will pave the way towards the way-forward workshop, by voting for projects and making commitments for the implementation:

#### This is how it goes:

- Write all proposals on meta cards and pin them on the board in advance. Place the pin boards at the presentation event venue.
- Distribute green and red dots to the participants. Participants should vote whether they agree (green dot) or disagree (red dot) with the proposals and stick them onto the respective cards.
- Participants attach their name to those proposals they want to get involved in.
- In the case any proposals end up with one or two names, invite the respective participants for an immediate brainstorming session with the PACA team.
- For those proposals that receive more than two names, invite the respective participants to the way-forward workshop, preferably on the same or the following day.

Figure 22: Plenary vote template for subscribing to PACA Proposals at the presentation event (Example from the field)



Source: the authors



Occasionally, additional presentations to the local government, explaining diagnosis and proposals in more detail were held. This is particularly pertinent in situations where businesses formulate strong criticism about the local government, or where local government is seriously committed to improving its relationship with the business sector. In this setting, it is not advisable to expose individual persons by quoting them, but to communicate the issues to the local government by an external moderator.

During the presentation event, allow participants to announce practical activities. During the fieldwork, the PACA team may come across organisations that plan to organize an open day. The presentation event is a good forum to announce this activity and to invite guests. Alternatively, participants might want to share certain insights about their business and sector that they obtained during the interview or mini workshops. Some may have even taken specific actions to better their business situations. Provide the floor to participants who want to share positive outcomes from the PACA exercises.

**Facilitation tools:** Individual reflection, dot voting exercise, plenary presentation and reflection, meta cards, dots, markers, and pin boards.



### 2.2.7 Way-Forward Workshops

The way-forward workshops take place immediately after the presentation event with the following objectives:

- Practical activities should be run by motivated champions
- Follow-up support is needed to energise the PACA process

Figure 23: Way-forward workshops in the PACA process



Immediately after the presentation event (i.e. in the afternoon of the same day), the PACA team organises a meeting with an interested group of stakeholders who wants to get involved in the practical activities. For each proposal, the team organizes a separate way forward workshop. Some proposals might be of extreme importance to certain key stakeholders and can be implemented directly. Others will require way forward workshops on a later date, and a consultation of relevant stakeholders. The purpose of the first way forward workshops is to explain the background of each proposal and to define the details for implementation. It is recommended that each proposal is adopted by clearly defined stakeholders, who will become the “champions” of implementing proposal-specific activities. Refer to Annex 1.18 for the agenda of way forward workshops.

### Implementation of project activities

#### *How would a champion proceed to get an activity running?*

Let us assume that the activity involves creating a working group to organise a plastic waste clean-up campaign (PACA project proposal) in a municipality. The champion is the president of the local chamber of commerce and industry. He organises a meeting which is attended by 15 tourism enterprises, NGOs and relevant government agencies, facilitated by one of the local PACA team members. Based on the meta card method, they define more specifically the reasons for the current problem of plastic litter in streets, parks and other public places. The second meeting addresses options on how to clean up the current amounts of plastic waste and how to avoid plastic littering in the future. The group brainstorms on possible solutions and decides on the most feasible solutions considering available resources and skills. Let us assume the agreed solutions are a combination of volunteer-based clean-up campaigns (supported by the waste management department of the municipality) and accompanied by an awareness-raising campaign to avoid littering the streets with plastic bags and other plastic items. Next, the group develops a schedule of clean-up campaigns in each area of the municipality and on each Sunday over the next two months. In addition, four members of the group volunteer to design an awareness campaign together with the information department of the municipality and a local media company.

#### *What do such proposals have to do with the idea of creating a local competitive advantage?*

To some extent, implementing these activities contributes to shaping a competitive advantage. It can be expected that such activities show local stakeholders that stimulating economic development and competitiveness is something they can do themselves, rather than waiting for the government to solve their problems. The idea is that modest activities create a virtuous circle, where a group of stakeholders gets motivated by the fact that they have solved a given problem, and then address the next problem.

### Phase III: Post PACA follow up implementation

After the PACA exercise is completed, project champions start implementing project proposals. Usually, the implementation of some project proposals runs smoothly, while others are not really moving forward.

Figure 24: Follow-up implementation in the PACA process



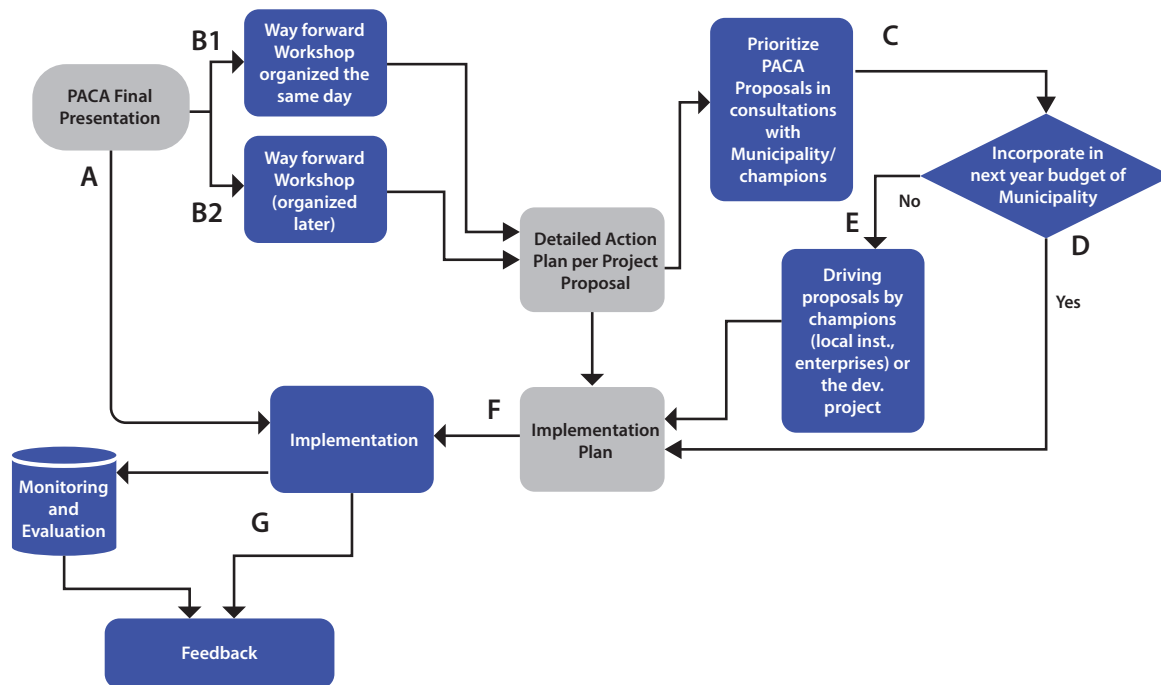
### What happens next?

- Immediately after completing the PACA exercise, the results should be discussed with local key actors, such as the municipality or city, business membership organisations, for example, chambers, leading associations, or an umbrella organisation of cooperatives for their feedback and collaboration.
- In preparation of the discussion, the PACA team drafts and shares a report with the host organization, local key actors and other stakeholders about the overall process and outcomes.
- In the short-term, we recommend that the PACA host organises informal gatherings with project champions to create an opportunity for people to exchange on their experiences with problem-solving. One way of doing this is to organize a “champions’ breakfast” or a “champion’s lunch”, every six to eight weeks.
- The role of the development project, supporting the PACA exercise, is to develop a follow-up plan and to monitor the process in the municipality. The follow-up plan should include suggestions on how to drive each individual project proposal forward (see options in Figure 25). One of the project staff or a project consultant, who participated in the PACA exercise, should return on a regular basis to monitor the progress, energise the participants, and to facilitate sessions with local actors. Often, an external facilitator (project staff or consultant) is more effective in overcoming petty group conflicts. Also, the external facilitator can feed local players with ideas on how LRED actors elsewhere have solved similar problems.
- About six to eight months after the PACA exercise finished, it is advised to conduct a more comprehensive PACA follow-up or monitoring workshop. The purpose is to systematically assess the progress, to re-assess the proposals that were discarded at the end of the PACA exercise, to brainstorm about new ideas and to plan new activities. A proven format that can be used for the monitoring workshop is the compass of local competitiveness <sup>5</sup>

The post PACA process is explained with the help of the following graphical presentation. The different options on moving PACA project proposals forward, are numbered with capital letters and referenced in the text below.

<sup>5</sup> <https://www.mesopartner.com/knowledge-resources/methodologies/the-compass>

Figure 25: Post PACA process



Source: the authors

After the PACA analysis, the PACA team carefully designs the implementation process.

Depending on the nature of the project proposals, the PACA team, the host organization, and the supporting development project should jointly discuss the following questions:

1. How do we follow up on each project proposal?
2. What kind of event or follow up discussion do we need for each project proposal?
3. When are we going to follow-up on each project proposal?
4. What processes are on-going that could be leveraged to drive project proposals forward?
5. How can we join forces with other development organizations to take activities further?

In reference to figure 25, more detailed questions on implementing PACA project proposals are:

- A. Can a direct implementation be expected without discussing implementation options in a way-forward workshop?
- B. Do we need to organize a way-forward workshop to prepare a detailed action plan for the given project proposal, either immediately (B1) or at a later stage when all relevant participants can convene (B2)?
- C. What PACA project proposals can be prioritized for early implementation in discussion with municipalities, chambers, and project champions?
- D. Which of the prioritized project proposals are integrated in and funded by the municipal budget?

- E. Which of the prioritized project proposals are funded by other sources, including contributions by local organisations and actors, as well as by the initiating development project itself?
- F. How does the overall implementation plan look like, including project proposals funded by different sources and implemented by different actors?
- G. How is the implementation going? What is the feedback from the field? How and when are we monitoring the progress of implementation?

To answer these questions, the PACA team, ideally with strong support by the host, should design a detailed schedule of events and facilitate the initial way-forward discussions (B1) to kick-start the implementation of proposed activities (even if some activities are less prioritised by the initiating project itself). The local PACA team members remain a valuable resource to the project champions, even after the diagnosis. They explicitly need to know from the start of the PACA process, that they ought to be involved in the implementation process as well.

It is suggested to organize as many way-forward workshops as possible, immediately after the presentation event, to maintain momentum and to agree on workable action plans (B1). The local PACA team usually facilitates the way forward workshops, while the local actors provide the context and activities for implementation.

Before project implementation starts, local stakeholders must clarify ownership of the process. Although the host steers the overall PACA diagnosis, local stakeholders, so-called project champions, lead the implementation of project proposals.

Apart from defining roles and responsibilities of the implementing organisations, the initiating development project must also clearly articulate its role during project implementation. The development project should mainly play a facilitating role, document local stakeholder meetings, and share the documentation for knowledge management purposes.

Concerning the funding possibilities of projects, local stakeholders are sometimes able to allocate funds to the implementation of high priority proposals (E). Therefore, it is important to regularly update the municipalities and other leading stakeholders about the status of the project and to discuss about integrating certain PACA project proposal into the local budget plan (D). Those activities, that have a high priority in the municipality or for a leading company in the location, could be incorporated into the municipals budget as regular interventions.

In many cases, only a selected number of projects receive local funding support. Those activities, that cannot be financed in a current scenario, should be aligned with the vision and mission of the municipality or leading companies, to leverage locally available funds for project implementation in the up-coming years.

LRED is a long-term effort. It needs patience and requires a strategic approach to engage local stakeholders. A regular review and frequent adjustments of the overall approach make the process easier and more effective.

# CHAPTER - III

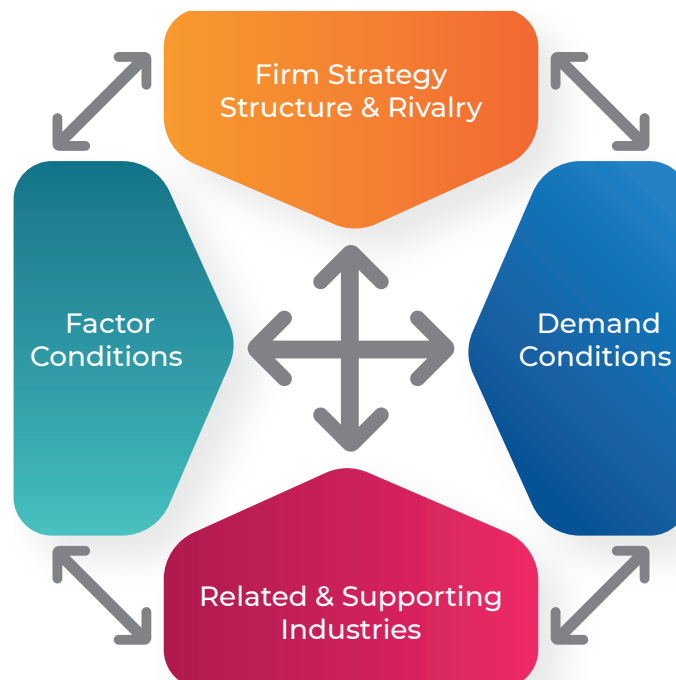
## Overview of Key PACA Tools

### 3.1 Understanding Porter's Diamond

*(Designed by Michael Porter, adjusted by mesopartner)*

"The Diamond" concept was formulated by Michael Porter more than 20 years ago and first published in his book "The Competitive Advantage of Nations". With the diamond, Porter tried to summarise the main insights of a major research project on competitive advantage of countries, regions, and clusters around four types of factors.

Figure 26: Porter's Diamond



Source: the authors, based on Porter, M.E. (1990)

The diamond of competitiveness attempts to isolate and understand the factors that influence the competitiveness of industries, nations, and regions, as well as the quality of a location for business. It can be applied in a consultants' assessment or in a workshop setting with a mixed group (public/private, different business sectors) of participants. The diamond looks at issues beyond the realm of businesses, in particular factor conditions / supporting institutions and government. Use this format in a situation where you expect substantial information about these issues.

The diamond is frequently used in country and industry-specific competitiveness assessments and benchmarks. The four broad attributes that shape the environment in which local firms compete, promote, or impede the creation of competitive advantage are illustrated in figure 26 above. The four dimensions depicted exert forces on each other. In different contexts and countries' diamonds exert different kinds of forces on each other.

*"Porter argues that any company's ability to compete in the international arena is based mainly on an interrelated set of location advantages that certain industries in different countries possess, namely: Firm Strategy, Structure and Rivalry; Factor Conditions; Demand Conditions; and Related and Supporting Industries. If these conditions are favourable, it forces domestic companies to continuously innovate and upgrade. The competitiveness that will result from this, is helpful and even necessary when entering the international market and battling the world's largest competitors."*

6

Porter explains that for each economic activity, goods are produced with a combination of factors that reflect the factor endowments of the entity in question. Thus, goods that can be produced with a relatively high proportion of labour to capital tend to be manufactured in countries where labour is relatively abundant. Arrow adds that knowledge is becoming an increasingly important factor of production, affecting a firm's ability to remain competitive. While capital and labour are considered private goods, growth is achieved through increases in knowledge.

The table 9 describes the different factors of production as originally described by Porter.

**Table 10: Different factors of production**

Factor type	Description
Factor conditions	Cover natural resources, climate, location, unskilled and semi-skilled labor, and debt capital.
Advanced factors	Include modern communications infrastructure, highly educated personnel such as graduate engineers and computer scientists, and university research institutes in sophisticated disciplines.
Generalized factors	Include the transport system, debt capital and well-motivated and qualified employees, who can be employed in a wide range of industries.
Specialized factors	Involve narrowly skilled personnel, infrastructure with specific properties, knowledge bases in particular fields, and other factors with relevance to a limited range or even just to a single industry.

The part of the diamond that many people are battling with are the 'demand conditions'. Porter himself describes demand conditions like this: "Demand conditions at home have much to do with whether firms can and will move from imitative, low-quality products and services to competing on

<sup>6</sup> <https://www.business-to-you.com/porter-diamond-model/>

differentiation. Sophisticated and demanding customers at home press firms to improve. They offer insights into existing and future customer needs that are hard to gain in foreign markets. Local demand also reveals segments of the market where firms can differentiate themselves.”

Interacting with foreign customers exposes local producers to a level of sophisticated demand that they do not face in their home market, yet it stimulates them to upgrade and explore much bigger markets. Foreign customers may be customers abroad, but it may also be foreigners who come to the location, for instance, as tourists. In fact, international travellers are probably one of the most relevant examples of sophisticated demand that we can use when trying to explain the concept to local stakeholders. Foreign tourists, who have experienced high-quality services with an excellent price-performance-ratio in places like Turkey, Thailand, or the Dominican Republic, will not accept high prices and bad service elsewhere.

To achieve a vibrant local economy, businesses must not only passively suffer from demanding customers, but should actively seek them to learn from their demand and requirements to upgrade. In his later publications, Porter added two additional factors to the Diamond: Government and Chance.

The role of the government in Porter’s Diamond Model is described as both ‘a catalyst and challenger’. Porter does not believe that government essentially helps and supports the industry, and that it cannot create competitive industries. However, governments should encourage and push companies to raise their aspirations and move to higher levels of competitiveness.

**This can be achieved in different ways:**

- **Demand factors:** Stimulating early demand for advanced products
- **Factor conditions:** Creating specialised factor creations, such as infrastructure, the education system, and the health sector
- **Domestic rivalry:** Enforcing antitrust laws and encouraging change

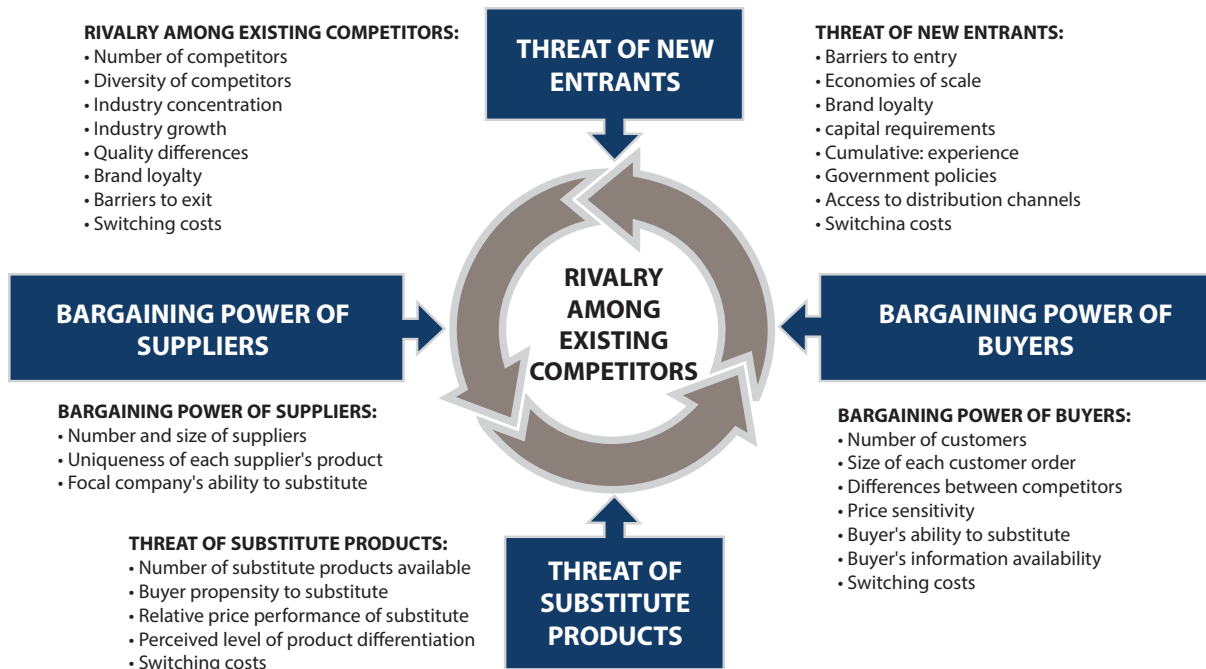
The role of chance is often included in later versions of the diamond model, as the probability that external events such as wars or extreme weather events can negatively affect or benefit a country or industry. Chance, however, also includes random events such as where and when fundamental scientific inventions are made. Neither government, nor individual companies can control or steer these events. The disturbances created by chance may lead to advantages for some, and disadvantages for other companies. Some firms may gain competitive positions, while others may lose them. Although these factors cannot be changed, they should be observed to take better decisions to adapt to changing market conditions.



## 3.2 Understanding Porter's Five Forces

The five forces analysis is an analytical concept developed by Michael Porter.

Figure 27: Five Forces Model



Source: <https://www.business-to-you.com/porters-five-forces/>

The five forces analysis is used for analysing the competitive position and strategic challenges of a company or a cluster.

### The five forces are:

1. Rivalry among existing firms. The main question is: *Who are your competitors? What are your competitive advantages and disadvantages?*
2. Bargaining power of suppliers. The main questions are: *Who are your suppliers? How many of them are there? How easy is it to find suppliers? What your bargaining power vis-à-vis that of your suppliers?*
3. Bargaining power of buyers. The main questions are: *Who are your customers? How many are there? Is it easy to find customers? What is your bargaining power vis-à-vis your customers?*

What is meant by 'bargaining power'? Take this example: In many industries, there are suppliers that have a quasi-monopoly. They charge the prices as they want, and they deliver the amount and quality of products as it suits them, and at a time that suits them instead of their customer. So, customers have little bargaining power as they cannot threaten to switch to another supplier.

4. Threat of new entrants. The main questions are: *How likely is it that new competitors selling the same product enter your market? Who might they be? What kind of advantage might they have?*
5. Threat of substitute products or services. The main questions are: *Is there a threat of substitute products, which may emerge due to a radical technical innovation or a radical change in consumers' behaviour?* (Examples: Synthetic fabric instead of silk, PC instead of typewriter, fresh packaged or frozen instead of canned vegetables, online flight booking instead of booking via travel agencies).

### 3.3 Understanding the Cynefin Framework

Most development problems are approached with the same mind-set, that is often guided by the assumption that problems have linear, controllable, and measurable cause-and-effect relationships. The problems that can be tackled with an outcome-based planning approach are problems where cause-and-effect relations, and hence solutions to problems, are either obvious or discoverable through analysis. There are, however, also situations where there is little agreement on the problem in the first place, and high uncertainty on what solution will lead to which result.

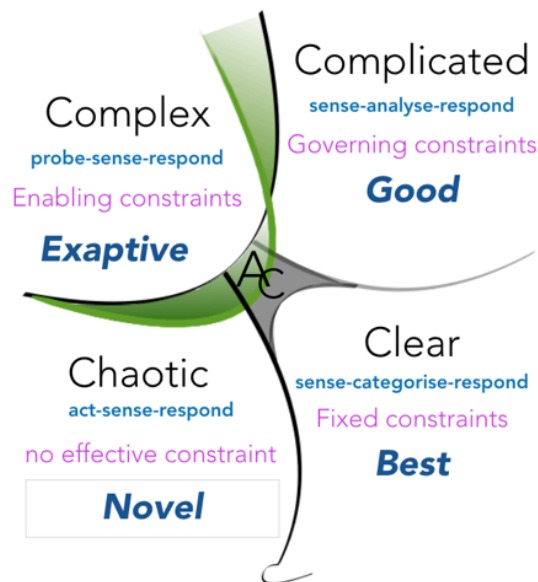
#### A situation or problem can be complex when:

- Multiple hypotheses could explain what seems to go on
- Even after asking experts, a multitude of opinions and perhaps even contradicting advice is offered
- There are many possible solutions to the problem, and all seem to hold some promise
- Many different actors with different perspectives are involved
- It is not predictable with certainty what will happen
- Reactions to interventions are disproportional in relation to the input, or they might be negligible.
- It is difficult, or even impossible, to relate observed changes back to the interventions, and hence attribute improvements to the project.

In these situations, an outcome-based planning approach is not effective. Outcomes cannot be defined in advance, as we do not know what a good outcome would look like and how we can get there. We need an approach that is better adapted to the situation.

The ability to distinguish between the different types of problems allows us to select an appropriate and adapted strategy. A framework that offers support in appraising the situation and selecting the best strategy for different aspects of a problem, is the Cynefin framework. Cynefin is a framework that can be used in a participatory way to make sense of a situation (Snowden / Boone 2007).

Figure 28: Cynefin framework



Source: Corrigan, C. 2020

Cynefin has five domains:

1. The clear domain (formerly obvious or simple): The domain of best practice. This domain is characterised by clear and stable cause-and-effect relationships that are evident to everyone. The right answer is obvious and undisputed.
2. The complicated domain: The domain of experts. In complicated contexts, there might be more than one right answer. Although cause-and-effect relationships are clear, they are often not evident. Hence, analysis and expertise are needed to approach such situations. Outcome-based planning works well here.
3. The complex domain: The domain of emergence. In complex situations, the right answers must emerge from within the context. Complex systems are in constant flow, and instead of attempting to impose a course of action, project interventions must try different things and allow the path forward to reveal itself. Rigid outcomes-based planning does not work in this domain.
4. The chaotic domain: The domain of rapid response. Chaotic situations are marked by great turbulences, cause-and-effect relationships are impossible to determine, and no manageable patterns exist. Interventions need to be fast and decisive and need to establish order.
5. The aporetic and confused (formerly disorder) domain. The aporetic and confused domain in the centre, essentially contains all situations where there is disagreement or ignorance as to whether the context is clear, complicated, complex, or chaotic.

Although the Cynefin framework can be used for categorisation, it is most effective as a sense-making model to support people in making sense of their own situation. This starts by collecting data fragments about a given situation, i.e. decisions taken in the past or short narratives of situations taken from a project or an organisation. The Cynefin framework can then be constructed around these fragments. In this way, the domains and the borders between the domains are constituted by situations that people can refer to. Consequently, it will be easier for this group of people to relate any new situation to one of the domains, by comparing it with the situations used to build the framework.

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## ANNEXES



Annex 1 – PACA Facilitation Guide and Toolkit

Refer to separate attachment – Annex 1



# **Annex 1 – PACA Facilitation Guide and Toolkit**





## Annex 1: PACA Facilitation Guide and Toolkit

This document is a compilation of tools, instruments, samples and templates used during a PACA exercise.

The guide targets practitioners, facilitators and moderators, who are experienced in co-facilitating PACA exercises and intend to take on a leading facilitation role during a PACA exercise.

The toolkit provides relevant tools and instruments for:

1. The preparatory phase
2. Training of the PACA team members
3. The workshops and interviews conducted during the actual PACA exercise
4. The follow-up phase

We recommend using this facilitation guide as a handy companion for PACA moderators. Experienced moderators are encouraged to adjust or modify the recommended tools and references to meet the local context.

The enlisted references are samples of letters and agendas, outlines of PowerPoint presentations, guidelines on literature reviews and fieldwork exercises, frameworks for applying specific tools, and templates for documentation purposes.

The toolkit contains a series of documents that are referenced in the PACA Manual and customised to the Nepali context. All tools and instruments are presented in a sequential order of PACA exercises and outlined in the table of contents below.



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## Phase I: Preparation of a PACA Exercise

### 1.1 PREPARATORY CHECKLIST BEFORE A PACA EXERCISE

**Preparatory Checklist  
Participatory Appraisal of Competitive Advantage  
[Municipality]**

Time	Activities	Responsible	Remarks
Week 8 (to the kick-off workshop)	Prepare a tentative schedule for the entire PACA exercise	Development Project	Tentative schedule includes the dates and times for all key activities during the PACA exercise.
Week 7	Raise interest for the assessment among decision-makers in the municipality	Development Project	Presentation of the PACA approach to the municipality and this preparatory checklist.
Week 6	Identify local host and role clarification.  <u>The local host:</u> <ul style="list-style-type: none"> <li>• Represents the PACA team</li> <li>• Invites to all events</li> <li>• Tries to get the 'right' participants to all events</li> <li>• Connects and makes local resources available</li> <li>• Oversees the implementation of agreed activities after the PACA</li> </ul>	Development Project	<u>Criteria for host identification:</u> <ul style="list-style-type: none"> <li>• Good local standing</li> <li>• Good connection to the private sector, other economic players, and various relevant government departments</li> <li>• Ability and commitment to sustain the implementation process of actions identified</li> </ul>
Week 5	Select PACA team members (8-10 local people from the municipality incl. the representatives of the host)  Assigning local host and PACA team to organise the PACA exercise	Local host, development project	<u>Criteria for suitable candidates as PACA team members:</u> <ul style="list-style-type: none"> <li>• Available during the entire appraisal</li> <li>• Certain prestige and standing in the local community, not too junior</li> <li>• Good understanding of the local economic situation in general</li> <li>• Representatives from public sector, business sector, cooperative sector, NGOs and training institutions</li> <li>• Good English-speaking and writing skills</li> <li>• A diverse and inclusive team (gender, age, ethnicity, religion, business sectors, people with disabilities)</li> </ul>

Time	Activities	Responsible	Remarks
Week 4	Collect, compile, and summarize information on the socio-economic situation in the municipality	Local host, development project	<u>Desk research:</u> Development plans, studies, reports, statistics, economic profiles, stakeholder maps, etc.
Week 4	Book accommodation for external team members	Development project	Verify the final number of external team members.
Week 3	Book the venue for kick-off workshop and presentation event	Local host, development project	The space should accommodate 50–70 participants.
Week 3	Book a working space for the PACA team	Local host, development project	The space will be used for the hypotheses workshop, internal discussions, assessments, and results workshop. It must be available during the entire PACA exercise.
Week 3	Decide on a space for conducting mini workshops	Local host, development project	The space for mini workshops should accommodate 10–15 actors. If large enough, it could be the same as the working space of the PACA team.
Week 2	Draft a list of invitees for kick-off workshop	Local host, development project	<u>Participants (50–70) should be:</u> <ul style="list-style-type: none"> <li>Representatives of supporting institutions, e.g. SME agencies, extension centres, vocational training institutes etc.</li> <li>Representatives of the relevant sub-sectors (MSMEs and large enterprises) and Business Membership Organisations (BMOs)</li> </ul>
Week 2	Prepare an invitation letter for kick-off workshop	Local host, development project	Draft personalized invitation letters
Week 1	Send invitation letters to the invited participants of kick-off workshop	Local host, development project	Send invitations at least 1 week before the kick-off workshop
Week 1	Arrange transport for interviews during field work	Local host, development project	As the PACA Team will be split into several interview teams, there will be a need for multiple cars and/or motorbikes

Time	Activities	Responsible	Remarks
3 Days	Travel of external team members to the municipality	Development project & consultants	Incl. required workshop and training materials and equipment
2 Days	Start the hypotheses workshop / training of PACA team members	PACA team	Conducted by the PACA lead facilitators / trainers (usually external team members from the development project or external consultants)
2 Days	Draft the preliminary list of candidates for interviews and mini workshops	Local host, PACA team	This is a joint activity that takes place during the hypotheses workshop.
2 Days	Schedule appointments with local media to promote the PACA exercise and invite the local press to the workshop)	Local host, development project	Write a press release that outlines the PACA objectives and process  Invite print media, radio, local TV
1 Day	Start scheduling interview appointments	Local host, development project	Appointments ought to be scheduled with the 'must-talk-to' interviewees.  Other interviews are only arranged after the team has a clear picture about local stakeholder landscape and the selected sectors
1 Day	Reserve a venue for final presentation event (half day)	Local host, development project	The date and venue for the presentation event, which takes place after the fieldwork, should be announced during interviews and mini workshops.  The space should accommodate 60–80 participants
1 Day	Invitation reminder for the kick-off workshop	Local host, development project	Send a reminder by mail, call, text message or WhatsApp
KICK-OFF WORKSHOP (half day)			

## 1.2 INFORMATION ON THE SOCIO-ECONOMIC SITUATION IN THE MUNICIPALITY

### Main sources of information:

- Existing studies and statistics on municipalities and provinces
- Municipality meeting reports
- Corridor studies
- Donor reports

### General information on the municipality

- What is the number of inhabitants (disaggregated by gender)?
- What is the number of wards and their relevance to the local economy?
- What are dominating economic sectors at ward level? Are there any?
- Who are the political actors and their conflicts?
- What are cultural factors must to be considered in economic development?
- What are the specific advantages and disadvantages of the municipality and its surrounding region (for example natural resources, proximity to neighbouring countries, availability, and quality of infrastructure, etc.)?
- What is the relevance of outmigration for work?

### Specific information on economic development

- What is the economic structure of the municipality (main sectors and value chains), regional trajectory, historical strengths, dynamics of and/or promising sectors, and municipalities' economic priorities?
- What is the relevance of remittances from oversea workers for the local economy?
- What is the approximate number of enterprises (by turnover, number of employees, years of operation)? What are important regional / national enterprises?
- What are the main markets for the local products?
- How is the trade relationship with neighbouring countries?
- What are unique inputs, products, or processes in the region? What is a particular demand in the region, if any?
- What motivates the main local enterprises to improve their competitiveness?
- What specific tension or crisis is questioning the prevailing business model and behaviour?
- What agency is mandated to develop the economy? If any, is that agency run in a government administration-style or in a business-style?
- What kind of relationship exists between businesses? How do businesses solve common problems? Please provide examples.
- What are relevant meso organisations in the fields of education / vocational training, technology (industry and agriculture), finance, start-up promotion, etc?
- How are business associations, chambers of commerce and industry, and trade unions operating?
- What kind of relationship exists between meso organisations and local enterprises?
- What are the main meso organisations supporting entrepreneurship and start-ups? What is the success rate of start-up promotion?

### Sustainability

- How is the environmental in the municipality? Is it rather polluted and littered or green and tidy?
- How developed is the environmental awareness in the municipality?
- What initiatives promote the sustainable use of natural resources?



- What measures do local actors (municipality, businesses) take to protect the environment?
- What measures (adaptation, mitigation) do local actors (municipality, businesses) take to deal with climate change?
- What specific interventions target the Sustainable Development Goals (SDGs)?
- What initiatives promote circular economy products?
- How does the municipality consider sustainability criteria when deciding on projects?
- What is the importance of environmental impact assessments for construction and infrastructure projects?
- How eco-friendly are solid waste and wastewater management?
- What are the main sources of energy generation?

### **Inclusiveness**

- Who are the marginalized and disadvantaged groups in the locations?
- What is their relationship with the rest of the population?
- In what economic activities are they mainly involved?
- What is the role of women in the local economy?
- How do marginalized and disadvantaged groups ensure that they are heard in LRED and benefit from it?
- What are the organizations/institutions/ groupings of marginalized and disadvantaged groups? How strong are these organisations? How do they manage to successfully raise the voices of their members?

### **Resilience**

- What is the perspective of local politicians on economic development? Is it short, medium, or long-term?
- What were external shocks to the local economy in the past, if any?
- What has been done to overcome them? How successful were those measures?
- How diverse is the local economy in terms of leading sectors and actors?
- How diverse are the priorities and interests of local actors?
- What is the capacity of local actors to take collective action to promote economic development and to develop a long-term vision?
- How centralised or decentralised are decision-making processes at the local level?
- What is the relationship between the provincial level and the municipalities to promote economic development?

### 1.3 Invitation Letter formats

#### 1.3.1 Invitation Letter to Nominate PACA Team Members (the municipality sends the invitation to local organisations)

*Mr/Ms Full Name*  
*Organisation / Institution*  
*Address / Location*  
*Subject: Request to nominate PACA team members*

Dear Sir/Madam,

As part of the economic development effort that is implemented in collaboration with (sub-metropolitan city / municipality) and (partners), we like to inform you that, as a first step, we organise a Participatory Appraisal of Competitive Advantage (PACA) exercise. The PACA exercise aims at identifying economic potentials, income-generating opportunities, and high potential value chains that are relevant to the local economy.

We plan to conduct the PACA exercise from (starting date) to (end-date) in collaboration with representatives of the sub-metropolitan city / municipality and selected local stakeholders. The PACA team will consist of experienced PACA facilitators and representatives of key organisations relevant to the local economy. Therefore, we invite representatives of the (sub-metropolitan city /municipality), cooperatives, private enterprises, non-governmental organisations, media, and community organisations to become PACA team members.

The findings from the PACA exercise will serve as a reference and input to develop the annual municipal plan for the upcoming year (20XX). Moreover, the PACA results will facilitate the formulation of an economic development strategy.

In this regard, we invite you to nominate a representative from your organization / institution to join us during the PACA exercise from (date) to (date).

**Please consider the following selection criteria:**

- The participation in the PACA team requires the full-time engagement in every analysis activity
- At least 7 years of working experience in the local area
- Knowledgeable about the economic and social development of the local area
- Track record in cooperating with the public, private and cooperative sectors as well as civil society organisations
- Ability to read and write in English language is an advantage

We request you to nominate the representative by (date).

We look forward to your contribution. Thank you very much in advance.

Sincerely,

.....  
**Date / Name / Organisation**

### 1.3.2 Invitation Letter for PACA Kick-off Workshop (the municipality sends the invitation to local stakeholders)

*Mr/Ms Full Name*

*Organisation / Institution / Enterprise*

*Address / Location*

*Subject: Request to send representatives to the PACA Kick-off Workshop*

Dear Sir/Madam,

As part of the economic development effort that is implemented in collaboration with (sub-metropolitan city / municipality) and (partners), we like to inform you that, as a first step, we organise a Participatory Appraisal of Competitive Advantage (PACA) exercise. The PACA exercise aims at identifying economic potentials, income-generating opportunities, and high potential value chains that are relevant to the local economy.

We plan to conduct the PACA exercise from (starting date) to (end-date) in collaboration with representatives of the sub-metropolitan city / municipality and selected local stakeholders. The PACA team will consist of experienced PACA facilitators and representatives of key organisations relevant to the local economy.

The findings from the PACA exercise will serve as a reference and input to develop the annual municipal plan for the upcoming year (20XX). Moreover, the PACA results will facilitate the formulation of an economic development strategy.

In this regard, we are planning to organize a Kick-off Workshop to inform local stakeholders about the upcoming PACA exercise and its expected results.

Venue:

Date:

Time:

We look forward to your participation. Thank you very much in advance.

Sincerely,

.....

**Date/Name/Organisation**

## Phase II: The PACA Exercise and Fieldwork

### 1.4 Stationery Checklist for PACA Exercise

Equipment / Materials	Quantities
Pin-boards	4
Flipchart Board	1
Flipchart Paper	2 Blocks
Access to Printer	1
LCD Projector (for PowerPoint Presentations)	2
(incl. 1 as back-up)	
Brown Paper (118 x 140 cm)	50 sheets
Flipchart with paper (72 x 99 cm)	4
Rectangular cards (size: 9.5 x 20.5 cm) in 4 - 5 different colours (blue, pink, red, green, orange, yellow, or white)	3,000
OPTIONAL: Oval and / or round cards (in different colour and sizes)	250
Black markers	100
Markers in different colours (black, blue, green, red)	15 of each colour
Pins	600
Masking Tape	5 rolls
Glue sticks	5
Scissors	1
A4 Printing paper	3 packs
Puncher	1
Filled Stapler	2
Notebooks and pens for each team member	15
Notebooks and pen (during workshops with participants)	150

## 1.5 Agenda of Hypothesis Workshop and Training

### Training / Hypothesis Workshop Participatory Appraisal of Competitive Advantage [Municipality]

Dates:

Daily Meeting Hours:

Venue:

Participants: Full PACA Team (international facilitators / members and national PACA team)

Lead Facilitator:

#### Training / Hypotheses Workshop [dates]

- Although time does not permit to conduct an intensive training prior to the PACA exercise, we need to familiarize local team members and national consultants with the methodologies and concepts applied during the exercise, and jointly formulate hypotheses on expected findings.
- The training / hypotheses workshop offers a safe space for local team members to acquire the necessary knowledge and skills required during the PACA exercise, for example, facilitation and visualisation skills as well as an understanding of key principles of Local and Regional Economic Development (LRED), the overall LRED process and how to conduct rapid appraisals.
- During the 2-day training / hypotheses workshop, we try to ensure that each team member is facilitating numerous sessions and understand the logic of running interviews and mini workshops.

Time	Activities	Responsible	Remarks
Date 1			
30 min	Registration		Local team members arrive and register
15 min	Welcome of participants; brief presentation of the development project		Presentation only verbally
45 min	Presentation of participants: <ul style="list-style-type: none"> <li>• Name</li> <li>• Organisation</li> <li>• Position</li> <li>• Experience with research / analysis</li> </ul>		Meta cards
15 min	Contract of collaboration		Flipchart
30 min	Input on PACA objectives in (location) and presentation of the tentative PACA schedule		PPT
15 min	Coffee break		

1h	<p>Identification of key economic sectors</p> <p>Hypotheses: What are the competitive advantages of (location)?</p> <p>[Make sure participants do not write down sub-sectors as competitive advantages]</p>		<p>Brainstorming on competitive advantages in 3 steps:</p> <ul style="list-style-type: none"> <li>• Step 1: General brainstorming</li> <li>• Step 2: Allocate cards to three categories (natural resources, generic and unique advantages)</li> <li>• Step 3: Apply three criteria – uniqueness, coopetition, supp. organization</li> </ul>
30 min	Identify sub-sectors based on identified competitive advantages (see 3-step approach above)		Ask participants for sub-sectors that they recognize from the competitive advantages exercise
1h	Lunch		
30 min	Introduction to Porter's Diamond		PPT / Pinboard
1h 30 min	Hypotheses: Porter's Diamond around key economic sectors		Group work in each identified sub-sector
15 min	Coffee break		
30 min	Presentation of key principles of LRED (including sustainability, resilience, and inclusiveness)		PPT / Flipchart
15 min	Introduction to systemic competitiveness framework		PPT / Board
1h	Hypotheses: Mapping of economic actors (along systemic competitiveness framework)		Presentation of the previous day exercise
.....	End of day 1		
Date 2			
30 min	Recap of the previous day		Reflection of previous day
1h	Reflection on the three principles: sustainability, inclusiveness, and resilience in key economic sectors		<p>Working groups</p> <p>Results are presented in a matrix. Selected sub-sectors in the left column, and the 3 principles in the head row</p>
15 min	Coffee break		
30 min	Introduction to the overall LRED process		PPT
45 min	Hypotheses: What are past and ongoing development activities in (location)?	Local team members	Brainstorming with cards

15 min	Introduction to Porter's 5-Forces		PPT / Board
45 min	Introduction to PACA interview guidelines		Interview guidelines
1h	Lunch		
30 min	Systems game and reflection		Large space required
30 min	How to run interviews on selected sub-sectors?	PACA team	Role play of interviews and feedback
30 min	How to run interviews with meso organizations or associations?	PACA team	Role play and feedback
1h	How to run a mini workshop with selected sub-sector (Porter's 5 Forces)?		Plenary session, simulation of mini workshop with one sub-sector
15 min	Coffee Break		
30 min	Preparation of kick-off workshop		Present agenda, assign roles, clarify logistics
15 min	Preparation of fieldwork (optional)*	LPED team	Identify a group leader per sub-sector
.....	End of Day 2		

- \* The fieldwork (interviews, mini workshop) is mainly organised in a 1-to-2-hour session with the team after the Kick-off Workshop

## 1.6 Key Principles of LRED

### Participation and Ownership

LRED focuses on participatory short-term planning and pragmatic actions in line with a changing development paradigm from a top-down to a bottom-up approach. LRED is not only delivered, but also designed, at the local and regional level. It requires the participation of local actors from all relevant societal groups (public, private, cooperative, civil society) and moves from government-driven to public-private partnerships. LRED presupposes trust-building and collaboration-seeking among those actors.

### Process Facilitation and Coordination

LRED is an iterative, open, and open-ended process. It involves action learning, while the main role of LRED actors is facilitation, i.e. connecting actors and stimulating self-help potentials in economic development. LRED process facilitation and coordination is efficient when it creates and mobilizes local knowledge, connects this knowledge with the relevant stakeholders, compares local and external knowledge, and distinguishes perceptions from facts. It empowers local players to think outside the box and to do things they had never considered before.

### Opportunity and Market Orientation

LRED is driven by market opportunities, therefore the business sector plays a key role in formulating, implementing and evaluating LRED activities. LRED is favouring market-based solutions to remedy short-comings at the local and regional level as they are considered more efficient, sustainable, and less distorting than government interventions. The problem of one company is usually a business opportunity for another company that can be solved by offering problem solutions in the form of services or products on markets.

### Form Follows Function

The starting point for any LRED activity is the identification and assessment of issues and needs. If it is necessary to set up specific alliances, networks, or institutions to address the issues, the appropriate function of those networks and institutions needs to be defined before any decision on the specific form of the network or institution is made. This is in line with the principle of using available structures, instead of building new and often parallel structures.

### Subsidiarity

Subsidiarity is an organisational principle, stating that a matter ought to be handled by the smallest group, the lowest, or least centralized authority capable of addressing it effectively. In the LRED context this means that the lowest possible administrative level should perform those tasks and activities that it is still able to master. Only if the lowest level of administration (e.g. Ward) does not have the capacity to perform a task or solve a problem, the next higher level needs to take over (e.g. Municipality) and so forth.



## 1.7 PACA Schedule & Fieldwork Guide

### PACA Schedule Participatory Appraisal of Competitive Advantage [Municipality]

Date		
Day	Time	Activities
Day 1, Monday	8:30 am	Hypothesis workshop / training (PACA team only!)
Day 2, Tuesday	8:30 am	Hypothesis workshop / training (PACA team only!)
Day 3, Wednesday	9:00 am 2:30 pm 3:30 pm	Kick-off workshop (approx. 100 participants) Detailed planning of fieldwork Interviews
Day 4, Thursday	8:30 am – 5:00 pm	Interviews / mini workshops (approx. 10–15 participants)
Day 5, Friday	8:30 am – 5:00 pm	Interviews / mini workshops External team members: Interviews
Day 6, Saturday	9:00 am	Local team members: Free
Day 7, Sunday	8:30 am – 5:00 pm	Interviews / mini workshops
Day 8, Monday	8:30 am – 5:00 pm	Interviews / mini workshops
Day 9, Wednesday	8:00 am	Results workshop (PACA team only!)
Day 10, Thursday	8:00 am 3:30 pm	Results workshop (PACA team only!) Preparation of final presentation
Day 11, Tuesday	8:30 am – 5:00 pm	Gap day: Translation of final presentation; discussing results and follow-up with PACA host
Day 12, Friday	9:00 am 2:00 pm	Presentation event Way-forward workshops

## 1.8 Systems Thinking Game and Reflection

- Purpose:** Illustrate how a complex adaptive system works, and how small changes in one part of a system can have a big effect on the larger system.
- Context:** In any value chain or local economy, the actors are part of a bigger system that affects their behaviour. The game highlights the difficulty of fully understanding what is going on in a moving system, and it raises awareness about the non-linear character of systems. A small change in one part of the system can have an unpredictable and enormous effect on other parts, and the entire system at large.
- Location:** This group game works well in a large space. It is best played outdoors, for example, in a parking lot or a garden to permit physical movement and focus on one another. The game takes about 30–45 minutes.

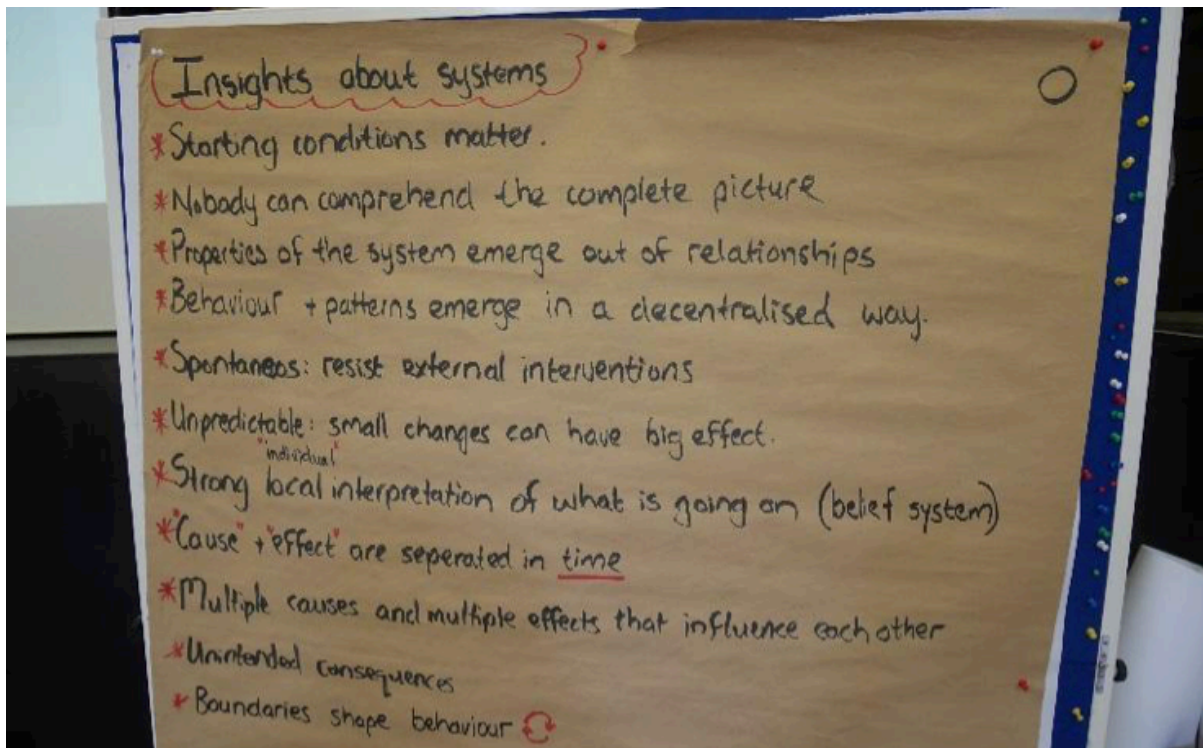
### This is how to play the systems thinking game:

1. Ask the group to stand in a large circle. Instruct everyone to close their eyes and to remain silent.
2. With their eyes closed, and without any movement, ask each participant to select two people from the group.
3. Instruct everyone to open their eyes without looking at the people they selected.
4. Next, the participants should position themselves exactly midway between the two people they selected.
  - › At this point talking is still not permitted (although laughing is allowed). Usually, chaos erupts as individuals, and thus the entire group, start to move around as everyone is trying to position him/herself between two others. After some time, the chaos usually settles, and the participants stand close to each other.
5. Reflection: Ask the group to describe what happened. Check with the group if anyone can figure out who is following them? Ask one or two participants to directly point out who they think is following them.
6. Ask the group to stand in a large circle again.
7. Give them two instructions: a) position yourself exactly midway between the two people you selected, and b) try to figure out who is following you.
8. Typically, the group moves much slower in this second round, as some participants prioritize one instruction over the other. Some participants even move out of the group to identify their followers.
9. Ask the participants who is following them.
10. Ask the participants who is sure that nobody is following them.
11. Next, select one or two participants (usually those who think that nobody is following them) and ask them to walk into opposite directions. Instruct the group to re-adjust again. If nothing happens then take two other people.
12. Ask the group again whether they were able to determine who is following whom.
13. Instruct the group to be ready for a dynamic (real time) adjustment. Take somebody in the middle of the group by the hand and run in one direction, constantly instructing people to adjust their positions. As you run with the person let go of their hand, and grab somebody else. This really mixes things up.
14. Relax the group and ask for insights. Here are some guiding questions to facilitate the discussion:
  - What have you observed during the game?
  - What do you think is happening in a moving system?
  - What are your main take-away's from this game?
  - What can we learn from the systems thinking game that is also true for complex adaptive systems, such as a local economy?

**Here are some insights, that you can share during a group discussion:**

- Starting conditions matter. Whom you selected, and how many others also decided to follow that person, influence the dynamics of the group / system.
- The group receives the same instructions, but not everyone interprets them in the same way. Some bend the rules of the game, others misunderstand the rules, some change their target person, while others are confused about the rules but do not ask for clarification. Instead, they participate while holding assumptions about the rules of the game.
- The history of a system matters: what happened in the past, shapes the presence and determines the future and its potential.
- Nobody in the system has a complete picture of what is going on, as there are different perspectives on the system itself, its history and future.
- The properties of the system arise from the relationships between its various parts. All behaviours are part of the system and create incentives for the individual agents in the system.
- The distance between actors is determined by incentives, relations, starting conditions and future perspective.
- Routines, artefacts, patterns, and behaviours emerge spontaneously in a decentralised way that is not directed by anyone. The pattern is created by the choices that individuals make, which are shaped by what others are doing, can change spontaneously, and are based on different objectives. Some participants might have selected two people they knew, others selected one male and one female, again others might have changed who they originally followed, based on how hard it was to follow them.
- People in a system make individual decisions, based on local information and perspectives. Therefore, systems are adaptable and change dynamically over time. The result is that systems often reject or avoid external attempts to change the system or respond in unpredictable ways. Small behavioural changes that are adapted by multiple agents can amplify greatly.
- Individuals learn from each other, and this leads to new trends and emerging or shifting patterns of interaction and behaviour.
- There are strong feedback loops and multiplier effects in a moving system, but they are not always easy to identify or predict.
- Cause and effect relations are separated in time, and there are typically multiple cause-and-effect-relations that are weakly connected but that influence each other.
- Complex systems are moving and dynamic systems. One can never be sure who is following whom, and where they get their signals from. Therefore, a careful self-analysis of the system is important to understand possible points of intervention. Even with frequent reflection it may still be difficult to understand the patterns or to figure out what to do to achieve a particular objective (like figuring out how to move somebody by changing positions).

There are many different strands of systems thinking, such as Systems Theory, Systems Approach, Complex Adaptive Systems and Cybernetics, etc. This system game and the reflections are based on ideas from these different approaches.



Playing and reflecting on the Systems Thinking Game during PACA training

## 1.9 Agenda of Kick off Workshop

### Kick-off Workshop Agenda Participatory Appraisal of Competitive Advantage [Municipality]

Date:

Time:

Venue:

Participants: 50-70 invited guests + full PACA Team (international facilitators / members and national PACA team)

Lead Facilitator:

Time	Activities	Remarks
1h	Registration	
15 min	Opening speech Presentation of PACA team	Municipality
15 min	Introduction to the development project / initiative	Plenary
15 min	Explanation of PACA and key priorities of the municipality	Plenary
15 min	What are promising economic sub-sectors?	Plenary
10 min	Q&A	Plenary
30 min	Division of participants into 3 or 4 groups (per priority sub-sector) / Working groups using Porter's Diamond	PACA team members
30 min	Presentation of results of each group (5 min per group)	Participants
30 min	Concluding remarks	Plenary
....	Lunch	

## 1.10 Interview Guide

### Interview with Enterprises / Cooperatives

Remember: The purpose of the interview is to obtain answers to these questions:

What is the relevance of the municipality and its services for the enterprise / cooperative? How does the enterprise / cooperative perform in its markets? What are the main bottlenecks for the enterprise / cooperative? Which of those can be remedied and in what way? How sustainable is the enterprise / cooperative?



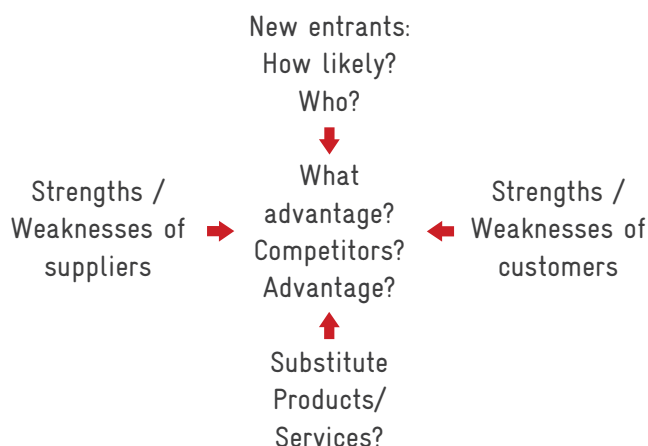
**Warm-up**



**General information:** History, ownership, products/services, turnover, no. of employees, investment, innovation, product diversification, new business opportunities identified, future outlook



**5-Forces-Model:** Discuss the competitive position of the enterprise/cooperative



**Meso-organisations used:** Support services used, their strengths/weaknesses, names of service providers, knowledge sources

Services	Strengths	Weaknesses
Basic Infrastructure		
Vocational Training		
Technology Services		
Financial Services		
Start-up/Biz Promotion		
Laws / Regulations		
Advice / Consultancy		
Business Membership		

**Step 5** → Discuss the questions related to sustainability, inclusiveness and resilience (see add-on guide)

**Step 6** → Ask for the main bottlenecks of enterprises/cooperatives to operate? What initiatives would help? What could be your role?

**Step 7** → Invitation to Presentation Event

### Interview with Supporting Organisations

**Step 1** → Warm-up

**Step 2** → History, no. of staff, mandate, sectoral focus, profile of activities, main services, main customers / beneficiaries, prices / fees

**Step 3** → Business environment: Assessment of interaction between the meso-organisation and enterprise / cooperative

More interaction of...with..	Benefits	Costs / Risks
Support Organisation		
Enterprise/Cooperative		

**Step 4** → Ask how the organization contributes to the economic development of the municipality?

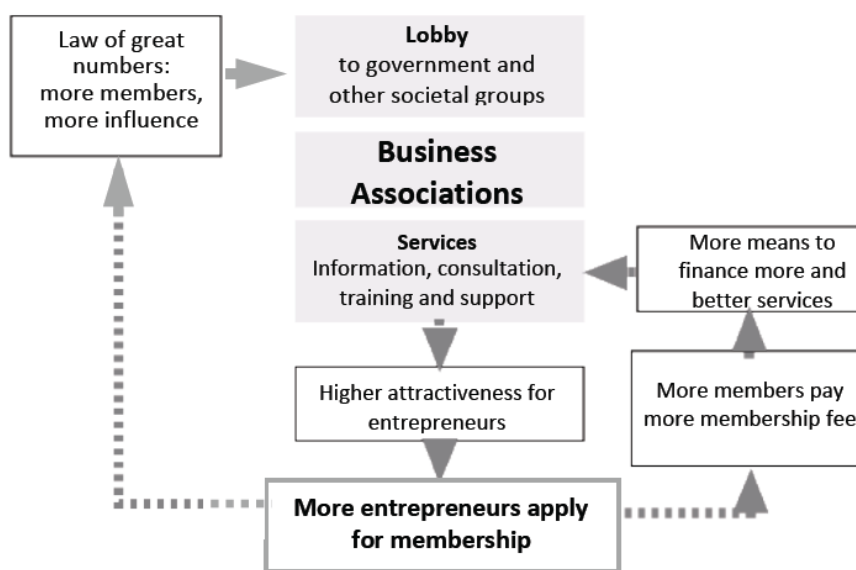
**Step 5** → Discuss the questions related to sustainability, inclusiveness and resilience (see add-on guide)

**Step 6** → What activities could improve the business environment? Who should drive them? What could be your role to implement them?

**Step 7** → Invitation to Presentation Event

## Interview with Association/Chamber

- Step 1** → Warm-up
- Step 2** → History, profile of activities, membership data, main services
- Step 3** → Discuss the virtuous circle of a business association with the interviewee (show the figure to the interviewee)



Example questions for virtuous circle figure:

- What are 3 key topics you lobby for?
- What kind of services specifically? How requested are they?
- How do you identify demand?
- How do you generate income? Membership costs? Additional income generation?
- Strategy to increase membership?
- Your plans for the next year?
- .....

- Step 4** → Ask for the organisation's contribution to the development of successful enterprises and cooperatives
- Step 5** → Discuss the questions related to sustainability, inclusiveness and resilience (see add-on guide)
- Step 6** → What activities could improve the business environment? Who should drive them? What could be your role to implement them?
- Step 7** → Invitation to Presentation Event



## Add-on Guide for all Interviews (Step 5 in each interview)



### Environmental Issues (in location, organisation, subsector, business)

- What are environmental issues that affect your location / organisation / subsector / business?
- Is the demand for products / services changing due to environmental awareness?
- What are potentials / on-going activities in your location / organisation / sub-sector / business to re-cycle, re-use or even re-design more environmentally products / procedures?



### Inclusiveness (in location, organisation, sub-sector, business)

LRED works on integrating all stakeholders towards a common good

- What is the common status of the involvement of DAG, youth, women, remote people, employees in your location / organisation / sub-sector / business?
- Are all voices (actors/members/employees) heard in decision-making processes in the municipality / organization / business?
- What is / should be done to increase the involvement of marginalized groups in your location / organisation / sub-sector / business?



### Resilience (of organisation / of municipality)

- What are possible future shocks and how do you prepare for it?
- How diverse is the local economy / business structured to better overcome external shocks?
- What is the capacity of local actors to promote LRED and to develop a joint long-term vision?

1.11 PACA Interview Minute Template

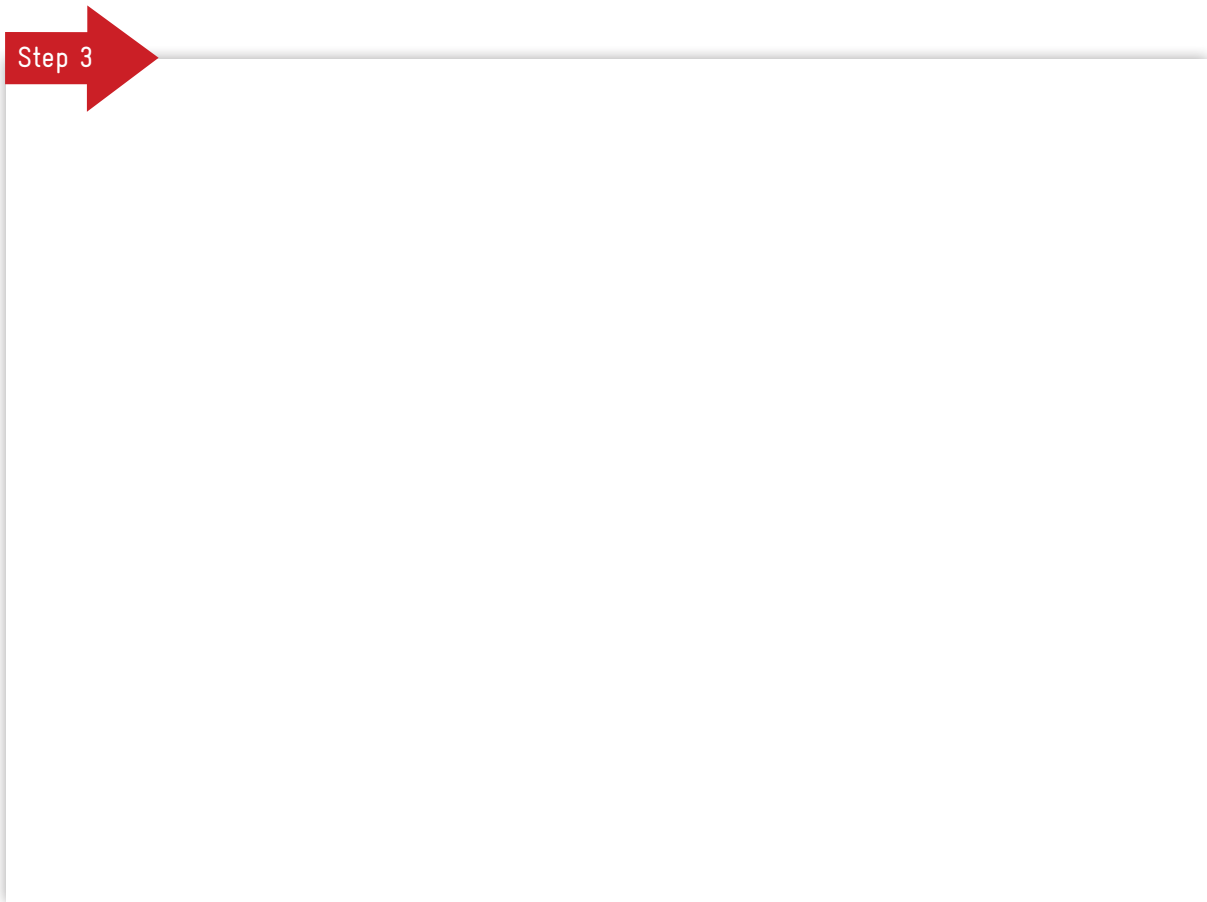
Interview Minutes  
Participatory Appraisal of Competitive Advantage  
[Municipality]

Sub-team:  
Name of interviewee:  
Organisation:  
Position of interviewee:  
Date of the interview:

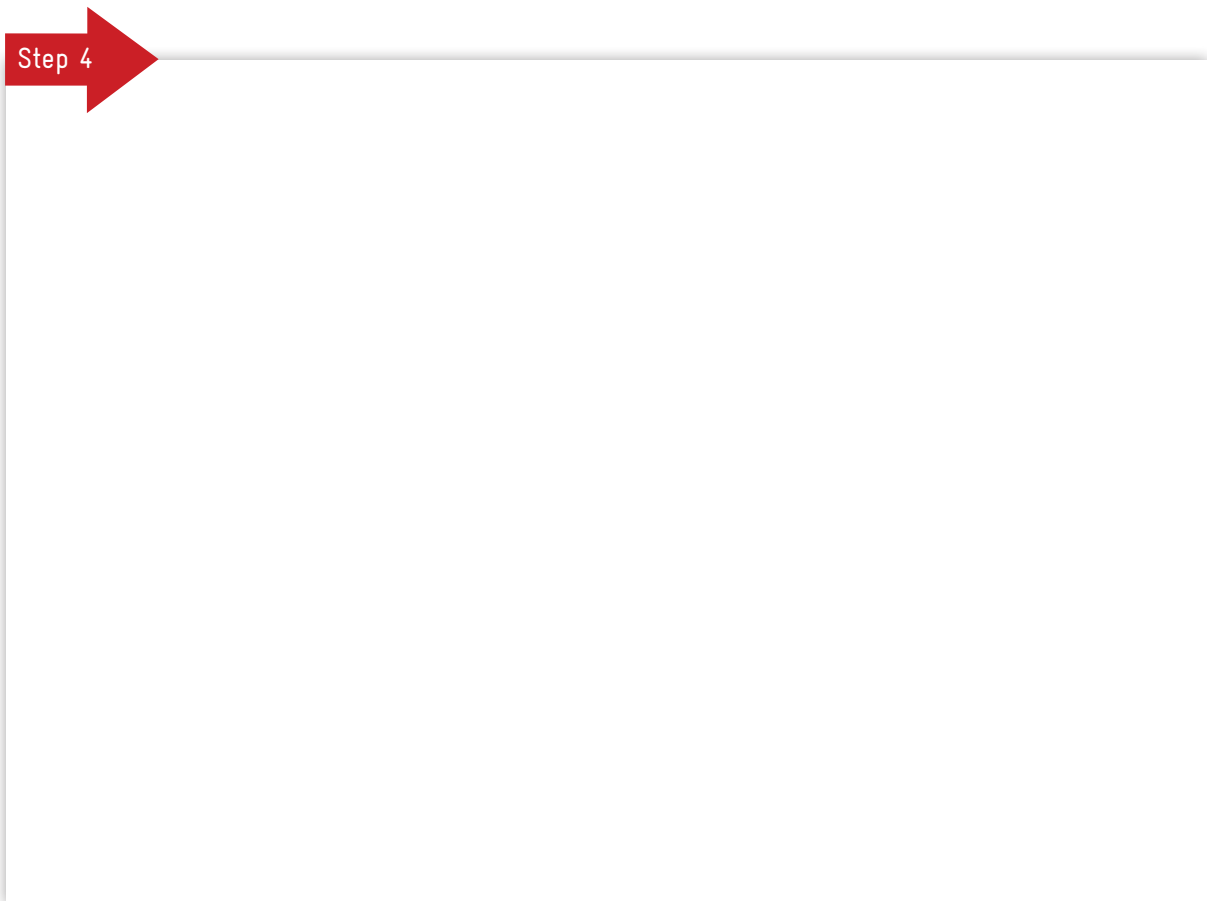
Enterprise/Cooperative      Supporting Organisation      Chamber/Association

Step 2

Step 3



Step 4



Step 5

Sustainability:

Inclusiveness:

Resilience:

Step 6

Other topics discussed / impressions from site visit:

## 1.12 Agenda for 5-Forces Mini Workshop

### 5-Forces Mini Workshop Agenda Participatory Appraisal of Competitive Advantage [Municipality]

Date:

Time: 2h 30min

Venue:

Participants: up to 15 invited guests from one sector

Lead Facilitator:

Time	Activities	Remarks
10 min	Introduction to the workshop  Introduction of participants: name, organization, designation	Verbal
5 min	Introduction to Porter's 5-Forces	Flipchart / PowerPoint slide
20 min	Competitive advantage and disadvantage of [sector] in [municipality]	Meta card exercise
20 min	Suppliers bargaining power: who, sector strengths and weaknesses?	Meta card exercise
20 min	Customers bargaining power: who, strengths and weaknesses?	Meta card exercise
20 min	New market entrants: who, competitive advantage of new entrants, threats?	Meta card exercise
30 min	Substitute products/services: threats and opportunities?	Meta card exercise
20 min	What are the key challenges of this sector? What are economic development measures that could be taken jointly by the relevant actors?	Meta card exercise
5 min	Closing remarks & next steps in the PACA process	

### 1.13 PACA Mini Workshop Minute Template

#### Mini Workshop Minutes Participatory Appraisal of Competitive Advantage [Municipality]

Sub-team:

Name of interviewee:

Organisation:

Position of interviewee:

Date of the interview:

List of Participants (Name, Surname):

1	11
2	12
3	13
4	14
5	15
6	16
7	17
8	18
9	19
10	20

## A. Competition

Who are your competitors?	What is your competitive advantage compared to your competitors?	What is your competitive disadvantage compared to your competitors?

## B. Bargaining power vis-à-vis suppliers

Who are your suppliers?	What are your strengths compared to your suppliers?	What are your weaknesses compared to your suppliers?



**C. Bargaining power vis-à-vis customers**

Who are your customers?	What are the strengths of your customers from your point of view?	What are the weaknesses of your customers from your point of view?

**D. Threat of new market entrants?**

Who could be new market entrants?	What could be the competitive advantage of new market entrants?

E. Substitutive Products/Services?

Is there a threat of substitute products/services? What could that be?	
Substitutive products / services	Competitive advantage of substitute products/ services?

F. What could actors do jointly to become more competitive??


G. What additional information has been collected during the workshop through verbal discussions?

## 1.14 Expectation Matrix

<b>Objective</b>	<ul style="list-style-type: none"> <li>Understand the expectations of a variety of support organisations towards each other.</li> </ul>
<b>Application</b>	<ul style="list-style-type: none"> <li>During mini workshops with representatives from different organisations, e.g. business promotion / LED-related organisations, and government institutions that hardly communicate with each other.</li> <li>Alternatively, this workshop format can be useful when different businesspeople and support organizations are interested in setting up a joint project. The workshop then helps to clarify who can bring what to the table.</li> </ul>
<b>Materials required</b>	<ul style="list-style-type: none"> <li>Wall space or pin boards, brown paper, meta cards, markers, sticky points in red and green.</li> </ul>

### Sequence of Activities

Time	Activities	Remarks
20 min.	Brainstorming exercise, e.g. with the following questions: <ul style="list-style-type: none"> <li>What is the competitive advantage of this location?</li> <li>What are the critical success factors in this initiative?</li> </ul>	The participants write their ideas on the meta cards. The facilitator collects cards from the participants and pins them to the board.  Use this exercise to ensure that a shared understanding of the purpose of the workshop is created.
5 min	Present guiding questions: <ul style="list-style-type: none"> <li>What do I expect from my own organization involved in this initiative or project?</li> <li>What does our institution/organisation expect from the other organisations?</li> </ul>	Pin the guiding questions on a pin board or write them on a flip chart and explain them.
5 min.	Each participant writes two cards with his/her name and organisation	Use the cards to create the basic matrix
5 min.	Create a simple matrix with the same names of each organisation represented in the workshop in the left column and in the top row.  Draw vertical and horizontal lines to divide the matrix into fields.	Assign numbers to each participating organisation and add these number to the columns, in which the respective organisations are mentioned.
20 min.	Each participant is asked to write a series of cards: <ol style="list-style-type: none"> <li>Expectations towards each of the other organisations listed in the matrix</li> <li>Expectations towards the own organisation</li> </ol> The cards are read out loud and put up one by one.	Participants should number their cards according to the number of each organisation/column  Put up each participant's card in a row.  Encourage the participants to be specific in their statements.

The organizations are written in the head row and the left column to create the matrix. The columns are numbered to facilitate the allocation of expectation cards.

	Tourism Association	Guesthouse Association	Municipal Tourism Desk	Main hotel	...
	1	2	3	4	n
Tourism Association					
Guesthouse Association					
Municipal Tourism Desk					
Main hotel in location					
...					



Example of the basic structure of the matrix: A tourism initiative

10 min.	<p>Each participant receives sticky dots in two colours:</p> <ol style="list-style-type: none"> <li>1. green ("We can meet this expectation")</li> <li>2. red ("we cannot meet this expectation, or we can only fulfil it with great difficulty")</li> </ol>	<p>Each participant sticks the dots only on the cards in the column with his/her name or organisation.</p> <p>Some participants will put up, both a green and a red dot, because they feel that they can meet only part of a given expectation.</p>
15 min	Discuss the results with participants	

### 1.15 Interaction Matrix

Purpose	Get a deeper understanding of the benefits/opportunities and costs/risks of co-operation between two types of organizations.
Application	Mini workshops of 8 to 15 participants with cluster stakeholders or supporting institutions. Its most adequate application involves co-operation between businesses and business support organizations (in training or technology or advice) or big firms and SMEs.
Who is involved	Cluster stakeholders, supporting institutions and facilitators.  The tool tends to be more efficient if you use it with homogeneous groups.
Time required	60 min
Setting	The space required depends on the number of participants. It must be adequate to allow sufficient participants to move around comfortably.
Resources	Board or wall space, different coloured cards, markers, brown paper, masking-tape, or pins.
Observations	The interaction matrix workshop is useful for a first tentative appraisal of possible collaboration. It is particularly powerful when specific suggestions for collaboration between two parties have emerged, and you want to get a balanced view of the benefits, costs and risks involved in this interaction.  During the facilitation, ask each group to their change perspective to analyses the benefits and risks from the other parties' point of view. Afterwards, discuss and compare the results of both parties.

## Sequence of Activities

Time	Activities	Remarks
5 min.	Present the basic structure of the matrix to the participants:	The facilitator explains the tool on a flip chart or pin board
Interaction between firms and supporting institutions in [location]		
	Benefits Opportunities	Costs Risks
... for firms	(1)	(2)
... for supporting institutions	(3)	(4)
10 min	Discussion: "If you talk about a possible interaction between A and B, what do you mean exactly?"	Clearly define the subjects (XY) of the interaction by discussing with participants.
15 min.	Ask the participants to write cards for field (1) first, and then for field (2).  Participants should document the perceived benefits and costs by noting down the main points on meta cards.	Participants write cards and pin them into an interaction matrix built on a pin board.
15 min.	Ask the participants to put themselves in the other party's shoes by analysing the benefits and costs for them (writing cards on fields (3) and (4))	Changing perspective: For example, a business owner puts herself in the shoes of a support institution, and vice versa.  Participants write cards and pin them into the interaction matrix built on a pin board.
5 min.	Ask the participants to prioritize: "What costs/benefits in each field are most important for the interaction?"	Open discussion  Facilitator takes notes.
5 min.	Discuss the results with the participants	Open discussion  Facilitator takes notes.

## 1.16 Agenda for the Result Workshop

### Result Workshop Participatory Appraisal of Competitive Advantage [Municipality]

Dates:

Time: 8:30 am – 5:30 pm for both days

Venue:

Participants: Full PACA team

Lead facilitator: Lead PACA facilitator

Time	Activities	Responsible	Remarks
Day 1			
8:30	Recap: What have we been doing?	Lead facilitator	Review of interviews, mini workshops and the documentation.
09:00	Reflection: What were the biggest surprises for you?	Lead facilitator	Meta card exercise in the plenary / pinning cards to board, clustering, discussion
10:00	Revisiting and entering results of the fieldwork, kick-off workshop and hypotheses workshop in Porter's Diamond in PowerPoint	Group Work	Group work: Per sectoral team / use of fieldwork documentation  PowerPoint presentation
10:30	Coffee break		
10:45	Revisiting and entering results of the fieldwork, kick-off workshop and hypotheses workshop in Porter's Diamond – continued	Group Work	Group work: Per sectoral team / use of fieldwork documentation  PowerPoint presentation
11:30	Presentation of Porter's Diamond PowerPoint per team (15 minutes per team: 5 minutes presentation, 10 min feedback)	Presenter per team	Plenary session: PowerPoint presentation per sectoral team / feedback from others
12:30	Lunch		
13:30	Presentation of findings on supporting organisations in the local economy	Presenter of team	Plenary session: PowerPoint presentation / feedback from others
14:30	Revisiting the competitive advantages of the local economy	Lead facilitator	Plenary session:  Use of 3 criteria
15:00	Identification of interrelations between sub-sectors	Lead facilitator	Brainstorming in plenary: Capturing results on meta cards
15:30	Revisiting and updating the actor mapping in the Systemic Competitiveness Framework	Lead facilitator	Plenary session: Showing earlier version of the framework on the screen and adding actors

16:00	Coffee Break		
16:15	Brief presentation of the concept of value chains	Lead facilitator	Plenary session: PowerPoint presentation or Pin Board
16:35	Reflection on long list of specific product / service value chains relevant for the local economy	Lead facilitator	Brainstorming in plenary: Updating the assessment sheet (see 1.15 below) based on discussion results
16:45	Presentation and explanation of selection criteria	Lead facilitator	Plenary session: Updating the assessment sheet (see 1.15 below) based on discussion results
16:50	Prioritization of value chains	All PACA team	Printing assessment sheet for each team member Conducting assessment by each team member Collection of completed sheets by lead facilitator.
17:00	Closure for local PACA team		
17:15	Preparation of PowerPoint presentation	External PACA team	PowerPoint Preparation based on results of first workshop day
17:15	Enter value chain assessment / analysis	Lead facilitator	In prepared excel file

Time	Activities	Responsible	Remarks
Day 2			
08:30	Presentation of value chain assessment outcome and discussion	Lead facilitator	Present prioritized value chains and highlight how it feeds into the overall LRED process
09:00	Introduction of the Cynefin Framework	Lead facilitator	Plenary session: Presentation on meta cards and pin board
09:30	Allocating problems & potentials of sectors / support organisations to the 5 Cynefin domains	Group Work Presentation	All sector teams
10:30	Coffee Break		
10:45	Introduction to the different categories of proposals	Lead facilitator	Plenary session: PowerPoint Presentation



11:30	Brainstorming on proposals for action (per sector and cross-cutting) – up to 5 proposals per sectoral team  Specify for each proposal: What? How? Who? Partners? Based on what problem / potential?	Lead facilitator	Group work: Discussions in sectoral teams <ul style="list-style-type: none"> <li>Consider proposals suggested by respondents and own ideas (based on potentials / problems identified)</li> <li>Consider simple vs. complicated vs. complex problems (according to Cynefin allocation)</li> </ul>
12:30	Lunch		
13:30	Brainstorming on proposals – continues	Lead facilitator	
14:15	4-Criteria assessment of proposals: 1. Realistic & feasible 2. Can be started quickly (2 weeks) 3. Show impacts quickly (3 months) 4. Sustainable, inclusive, resilient	Lead facilitator	In plenary: apply selection criteria on matrix
15:30	Coffee break		
15:45	4-Criteria assessment of proposals – continued	Lead facilitator	
16:30	Present the agenda of presentation event; allocate roles to each team member during presentation event		In plenary
17:00	Closure	Invitation of PACA team to the evaluation session.	
17:15 till late	Finalisation of PowerPoint presentation (English version)	Selected PACA team members	PowerPoint presentation

## 1.17 Value Chain assessment sheet

Value chains relevant for [name of municipality]:

A	Milk and dairy	R	Tourism / hospitality services
B	Fruits and vegetables	S	Information technology (IT)
C	Organic fruit and vegetables	T	Construction
D	Mushrooms	U	Construction material (hardware)
E	Beans and pulses	V	Bricks
F	Medicinal and aromatic plants (MAPs)	W	Cement tiles / blocks
G	Cut flowers / flower bouquets	X	Metal fabrication (steel, aluminium)
H	Organic fertilizers	Y	Steel furniture
I	Rice	Z	Wooden furniture
J	Fish products	ZA	Bamboo and cane furniture
K	Pig products	ZB	Hand-made shoes
L	Poultry products	ZC	Textile and garment
M	Goat products	ZD	Handicraft
N	Wheat based bakery products	ZE	Plastic products
O	Mustard	ZF	Paint
P	Noodles	ZG	Jewellery
Q	Copper utensils	ZH	Solar energy

This is only an exemplary selection of value chains and needs adjustment for each municipality

The Questions below are divided into two sections: Economic Criteria and Sustainability Criteria

**Task:** For each question, please select the 3 value chains you believe to have the highest potential in terms economic growth and sustainability. (Example: Total of sub-sectors for selection, labelled A to ZH. Example of selection: E, K, A). Please list them in order of priority:

### Economic Criteria

1. Which value chains have started to provide jobs and generate income?
2. Which value chains have the highest growth potential (growth trends in recent years, unmet market demand)?
3. Which value chains offer the best opportunities for start-ups?
4. Which value chains offer the best opportunities for product or process innovation?
5. In which value chains do cooperatives play a key role in the aggregation of raw materials and/or processing?
6. Which value chains source most raw material / primary products locally / regionally?
7. Which value chains are prioritized by development partners?

8. Which value chains are prioritized by provincial and local government programs?

### Sustainability Criteria

9. Which value chains provide promising entrepreneurship opportunities for women and/or youth?
10. Which value chains are most eco-friendly?
11. Which value chains show the lowest barriers for entry for Disadvantaged Groups (DAG) and marginalised people?
12. Which value chains have the lowest risk of failure, and provide sustainable returns?
13. Which value chains are most resilient (adaptable to climate change, external shocks or slow changes of the environment)?

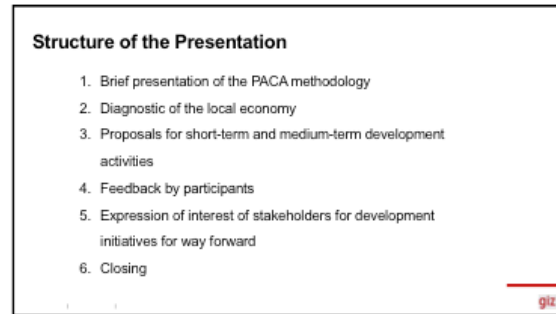
## 1.18 PowerPoint of PACA Presentation

You can download a copy of the presentation template here;

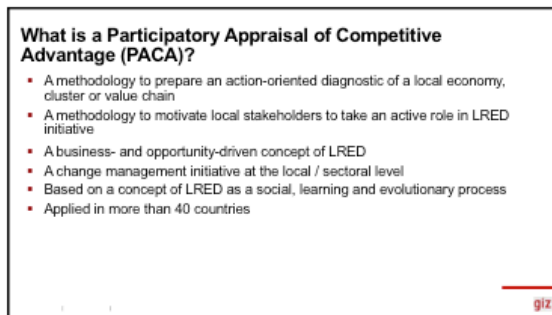
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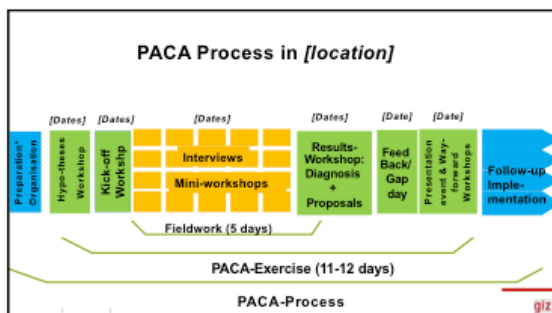
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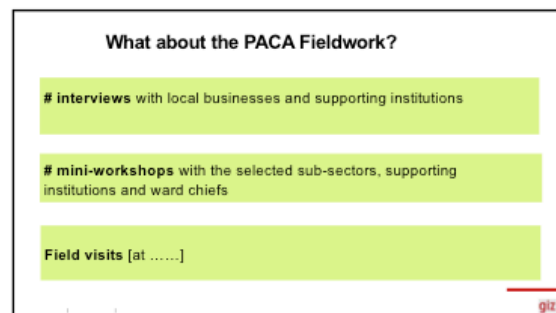
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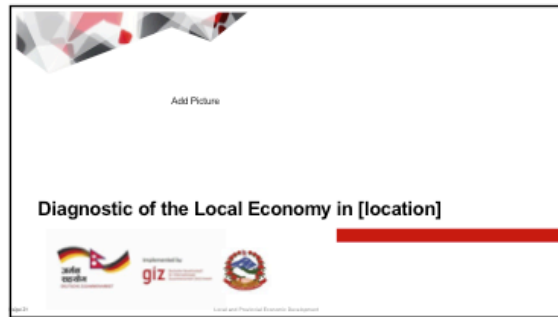
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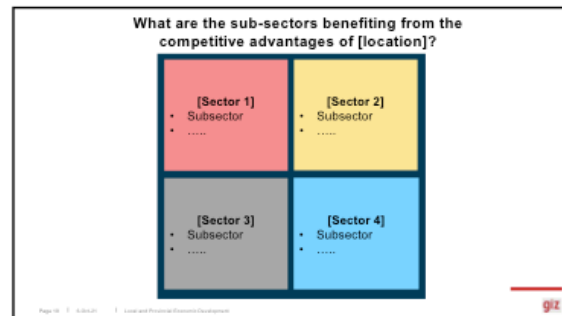
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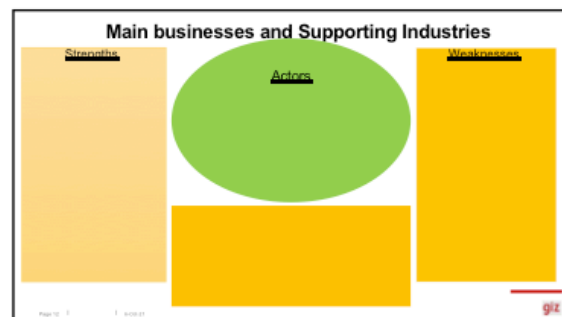
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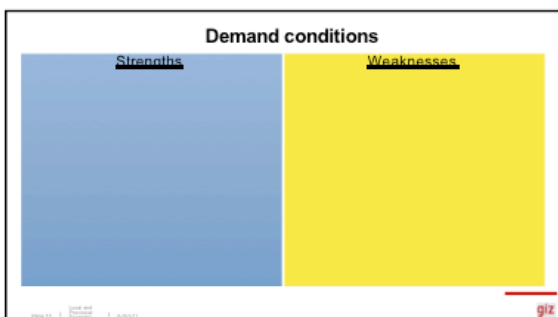
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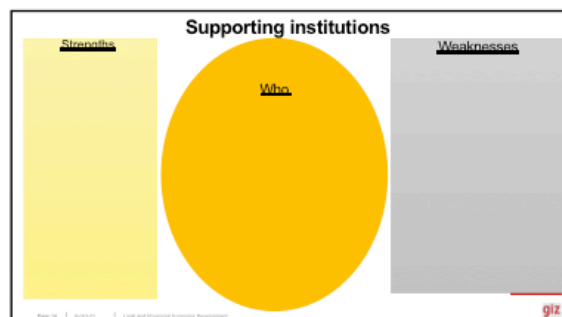
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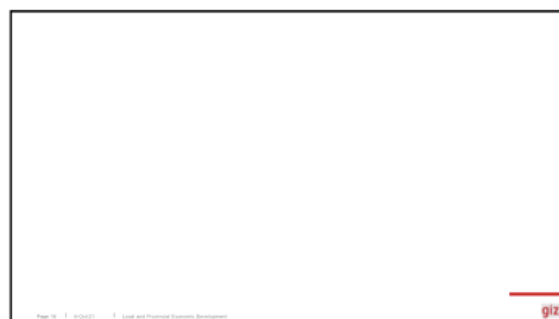
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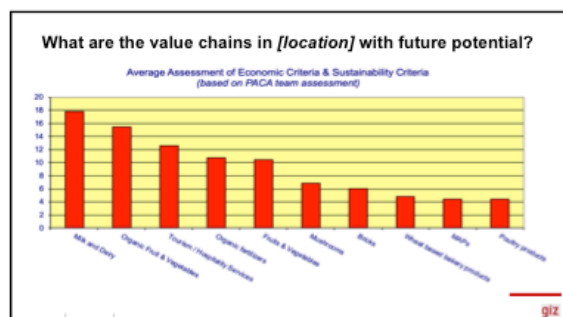
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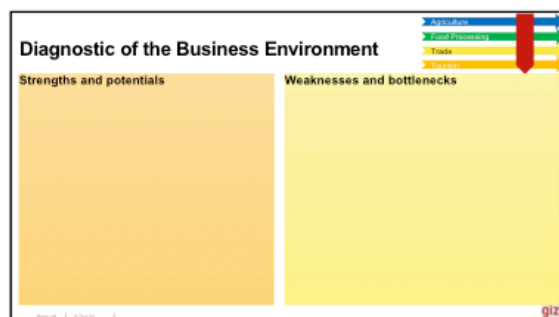
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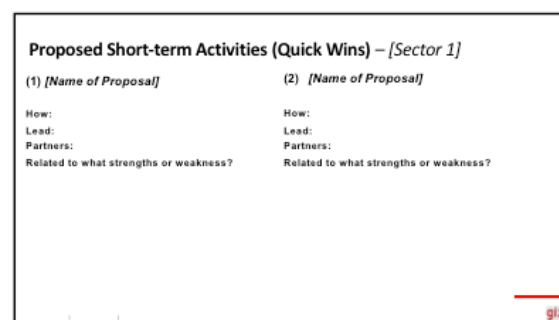
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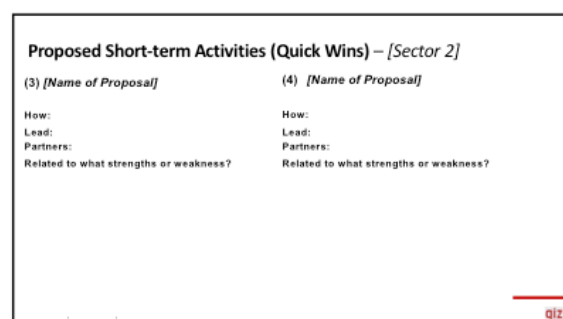
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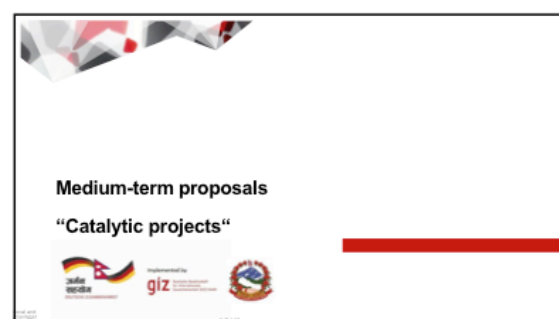
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**Proposed Medium-term Activities (Catalytic projects) – [Sector 1]**

(#) [Name of Proposal]	(#) [Name of Proposal]
How:	How:
Lead:	Lead:
Partners:	Partners:
Related to what strengths or weakness?	Related to what strengths or weakness?

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**Proposed Medium-term Activities (Catalytic projects) – [Sector 2]**

(#) [Name of Proposal]	(#) [Name of Proposal]
How:	How:
Lead:	Lead:
Partners:	Partners:
Related to what strengths or weakness?	Related to what strengths or weakness?

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**Overview of short term proposals**

[Sector 1]:  
1. [Name of proposal]  
2. [Name of proposal]

[Sector 2]:  
3. [Name of proposal]

[Sector 3]:  
4. [Name of proposal]  
5. [Name of proposal]

[Sector 4]:  
6. [Name of proposal]  
7. [Name of proposal]

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**Overview of medium-term proposals**

[Sector 1]:  
1. [Name of proposal]  
2. [Name of proposal]

[Sector 2]:  
3. [Name of proposal]

[Sector 3]:  
4. [Name of proposal]  
5. [Name of proposal]

[Sector 4]:  
6. [Name of proposal]  
7. [Name of proposal]

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**Expression of Interest of Stakeholders in proposed initiatives**

Proposal / Initiative	Who wants to be involved?	Way forward workshop

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**Way forward workshop**

Steps for realisation	How exactly will we implement each step?	Who is responsible?	Who has to collaborate?	What are the necessary resources?	When do we start and when does this step end?
Step 1					
Step 2					
Step 3					
Step 4					

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Thank you for your attention!

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## 1.19 Press Release

### HIGH POTENTIAL ECONOMIC SECTORS FOR SUPPORT IDENTIFIED BY (MUNICIPALITY) THROUGH A PARTICIPATORY APPRAISAL OF COMPETITIVE ADVANTAGES (PACA) EXERCISE

[00/00/000, Municipality, Nepal]

From [00/00 – 00/00], a diverse group of selected private sector actors from various sectors, local economic development experts and local authorities – the PACA team – conducted a Participatory Appraisal of Competitive Advantages (PACA) exercise under the leadership of the [Municipality].

The objective of the PACA exercise was to jointly assess the economic potentials and income-generating opportunities in [Municipality]. The various activities that the PACA team identified are based on several structured interactions, workshops, and field research through interviews and mini workshops. Based on the collective findings, the team planned activities and formulated project proposals that would stimulate the local economy, with a focus on high potential sectors that can strengthen the resilience of the local economy. All information and suggestions were validated in various meetings and a final presentation event with an extended group of stakeholders from the Municipality.

Throughout the PACA exercise, the following sectors and project proposals have been identified to receive support from the Municipality and other local actors to boost the economic potential. The sectors and proposals are listed based on prioritization:

#### Proposed short-term projects (quick wins)

1. Agriculture – Improving the competitiveness of dairy production and processing
2. (Sector) – (Project Title)
3. ....

#### Proposed long term projects (catalytic projects)

1. (Sector) – (Project Title)
2. (Sector) – (Project Title)
3. (Sector) – (Project Title)

*Identifying high economic potentials and prioritizing specific sectors over others, based on their economic performance and prospects, and from within the Municipality is a challenging task that requires plenty of stakeholder discussions, energy and transparency. A structured approach such as PACA provides an exchange platform and a methodological framework that helps facilitate this process.*

Furthermore, it is envisioned that the Municipality considers the results from the PACA exercise in the municipal and budgetary planning for the upcoming year. At the same time, active participation of the concerned organizations and enterprises is expected during the implementation of various project activities.

"We are confident that this process will help in realizing the dream of developing our Municipality. Only through a common vision and the joint efforts of all stakeholders will we be able to transform the local economy." *[if possible, replace with a quotation by a local leader]*

The [project title] is being implemented in coordination with the Government of Nepal and ..... in # Municipalities in the # provinces, [project name] Province, [project name] and [project name] including [municipality names] Municipality

Name of Press Contact: [name]

Phone: [.....]

Email: [email address]

This more information regarding the project can be obtained from the following websites

<https://www.giz.de/en/worldwide/17956.html> *[example]*



## 1.20 Agenda of Final Presentation Event

### Presentation Event Participatory Appraisal of Competitive Advantage [Municipality]

Date:

Time: 2 hrs 40 min

Venue:

Participants:

Master of ceremony / lead facilitator:

Time	Activities	Responsible
10 min	Opening remarks Welcoming of participants	Mayor or CAO Project representative
10 min	Brief project introduction	Project representative
10 min	PowerPoint presentation, part 1: Brief input on PACA methodology and exercise	PACA team member
20 min	PowerPoint presentation, part 2: Diagnostic of the local economy	PACA team member
20 min	PowerPoint presentation, part 3 Proposals to strengthen the local economy	Local PACA team member
5 min	Distributing cards and markers	PACA team member
30 min	Feedback from the participants	Participants write their feedback on cards  PACA team collects cards
15 min	Coffee break	PACA team clusters and pins the cards on the boards during coffee break
10 min	Presentation of feedback	PACA team member
10 min	Call for interest to participate in way-forward workshops	Participants
10 min	Hand-over of certificates	From lead facilitator/project representative to PACA team members
10 min	Closing remarks	Project representative  Mayor or CAO
.....	Lunch	

## 1.21 Agenda Way Forward Workshop

### Way-forward Workshop Participatory Appraisal of Competitive Advantage [Municipality]

Date:

Time: 2 hrs

Venue:

Participants:

Facilitators (2):

The following agenda is proposed to discuss each proposal respectively, or to discuss a cluster of related proposals. Thus, different proposals might be discussed in parallel in different sub-teams.

Time	Activities	Responsible
15 min	Welcoming of participants	Facilitators
15 min	Explanation and discussion of meaning, context, and background of proposal(s)	Facilitators
30 min	Meta card: What is the objective of the proposal(s)?	Facilitators
50 min	Planning exercise: How will we implement the proposal(s)? Address 6 questions: 1. Meta card: How exactly will we implement each sub-activity? 2. Who is responsible? 3. Who must collaborate? 4. What are the necessary resources? 5. When do we start? 6. How do we know that we have started?	Facilitators raises question by question, collects cards, and pins them to the board. Participants discuss ideas, write cards, and contribute to the discussion on planning the activity
10 min	Explanation of follow-up Closing	Facilitators

## Phase III: Post PACA follow up

### 1.22 Evaluation Form and Guideline

#### PERSONAL AND GROUP REFLECTION QUESTIONNAIRE ON PACA

Municipality / Sub-metropolitan City:

Age:

☐ < 24 years    ☐ 25-35 yrs    ☐ 36-50 yrs    ☐ 50-65 yrs    ☐ > 65 yrs

Profession:

Organisation:

Gender:    ☐ Male    ☐ Female    ☐ Others

1. Please assess the statements in the table below.

	I strongly agree	I agree	I neither agree, nor disagree	I disagree	I strongly disagree
The PACA exercise met my expectations					
The knowledge gained through PACA is relevant for my work					
The skills I improved / newly gained through PACA are relevant for my work					

2. What is/are the most important knowledge and skills that you have gained during PACA?

Knowledge:
Skills:

3. State how you will transfer/use the new knowledge/skills acquired in all 3 areas: personal, professional and community life?

Personal life:
Professional life:
Community life:

4. How will you utilize the network that you have created during the PACA exercise in the future?

Utilization of PACA Network:

5. Are you interested to stay involved in the future LRED process in your municipality / sub-metropolitan city?

☐ very interested      ☐ interested      ☐ not sure      ☐ less interested      ☐ not interested

6. What worked really well during the PACA exercise?

7. What did not work so well during the PACA exercise?

8. Please give us one final statement about PACA

## CONCEPT - PERSONAL AND GROUP REFLECTION SESSION ON PACA

### Moderated group reflection (45-60 minutes)

### Step 1 – Individual reflection in the session

- Print questionnaire for each PACA team member (pages 1-3 of this document)
- The PACA team gets 25 minutes for individual reflection and to fill in the questionnaire. Alternatively, you can also distribute the questionnaire the day before the reflection session. Team members then must fill the questionnaire the evening before and bring it to the reflection session.
- Only questions 2 and 4 will be discussed with the PACA team in a moderated session and in more depth.

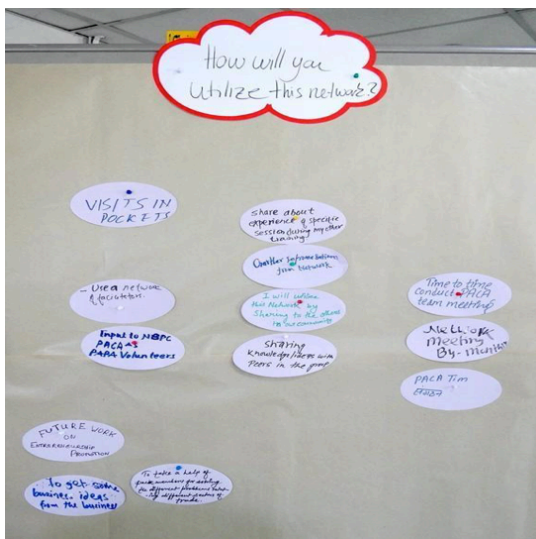
### Step 2 – Moderated group reflection (60 minutes)

- Explain the difference between knowledge and skills!
  - o "Knowledge is the information, concepts, principles and processes a person has learned"
  - o "Skill is the ability to use the knowledge and to apply it in a given context"
- Each participant receives 4 cards (Meta card rules do not strictly apply):
  - o 2 cards to write down the key knowledge gained during PACA
  - o 2 cards to write down the key skills gained during PACA
- The participants come to the front and present their cards
- The cards are clustered on a pinboard according into:
  1. Knowledge
  2. Skills
- The moderator helps to cluster the information
- The group interprets the collective learning by interpreting the results on the boards:
  - o What do you see? (describing / diagnosing)
  - o What does it mean? Do you recognize patterns? (interpreting / sense-making)



### Example Nepalgunj: Key knowledge and skills gained

- Finally, the participants receive 1 card to present their ideas on:
  - o How will you utilize the network?
- The moderator collects the cards and clusters them on the board, no individual presentations.
- The group interprets the collective learning by discussing the results on the boards
  - o What do you see? (describing / diagnosing)
  - o What does it mean? Do you recognize patterns? (interpreting / sense-making)



Example Nepalgunj: Utilizing the network

- The moderator asks a final question:
  - o Where can the PACA network be anchored institutionally?
- Wrap-up / Summary by moderator

### Step 3 – Collection of questionnaires

- Collect the questionnaires from everyone after the session for M&E and reporting purposes, to count beneficiaries of LRED-related trainings and to learn about the performance of PACA.

#### Preparation:

- Brief Nepali facilitator
- Translate questionnaire to Nepali and offer it bilingually

### 1.23 Outline of Final PACA Report

1. **Executive summary**
2. **Introduction and background**
  - 2.1 Brief introduction to local and regional economic development (LRED)
    - 2.1.1 Definition of LRED
    - 2.1.2 Underlying principles of LRED
    - 2.1.3 Relation of LRED to other economic development approaches
  - 2.2 Brief introduction to participatory appraisal of competitive advantage (PACA)
  - 2.3 The PACA process in (municipality)
  - 2.4 Economic priorities of (municipality)
  - 2.5 Diagnostic of (municipality)
  - 2.6 Diagnostic by sub-sector
  - 2.7 Economic issues cutting across economic sub-sectors
  - 2.8 Selection of value chains relevant to the municipal economy
3. **Proposals for LRED initiatives**
  - 3.1 Short-term initiatives (quick wins)
  - 3.2 Medium to long-term initiatives (catalytic projects)
4. **Assessment of proposals**
  - 4.1 Feedback at the presentation event
  - 4.2 Comparing proposals with current municipal budget plan
5. **The way-forward**
  - 5.1 Results of the way-forward workshops
6. **Recommendations for implementation**
  - 6.1 Facilitating the implementation
  - 6.2 Monitoring the LRED process
7. **List of references**
8. **Annex 1: The PACA team**
9. **Annex 2: Value chain selection questionnaire**
10. **Annex 3: Advanced information**
11. **Annex 4: Relevant statistics**



