

English edition

**PACA**<sup>®</sup>  
**NEWS**

**Participatory  
Appraisal of  
Competitive  
Advantage**

A Product by mesopartner

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The LED Podcast  
page 1

A tourism PACA in Da Nang  
page 2

Developing the cut foliage  
sector in Maspotha, Sri Lanka  
page 5

Revival of LED through PACA:  
Initial Experiences from Kal-  
isizo, Rakai, Uganda  
page 6

New mesopartner working  
papers  
page 9

## **Editorial: Introducing our first Podcast**

We have just launched one more format to share our experience with LED practitioners – an audio programme which is available at [www.ledcast.net](http://www.ledcast.net). This kind of programme is also called a Podcast, a new term that was created by combing part of the name of the most popular MP3 player with broadcast. (Note, though, that you can play a Podcast on any type of electronic device that plays MP3 files – your computer, any MP3 player, even many cell phones.)

One of the reasons for launching an own Podcast is the simple fact that I and my co-host, Shawn Cunningham, like this new medium. I can honestly say that Podcasts have changed my life. Time that until two years ago was just wasted is now time where I can do something that is not only useful but often also stimulating and/or entertaining. For instance, when I am on mission I often spend a lot of time being driven around in a car, and since I've discovered Podcasts, listening to them is what I do in a car, often for two or three hours on a row. Shawn listens to his favourite Podcast on his daily commute to and from work. Also, time spent waiting in airport lounges is much less boring now. A different way to look at things is this: Nobody has time left for reading. But many practitioners actually have time left where they might listen to something.

What is the kind of content you get as a Podcast? Generally speaking, there are three types of Podcasts. Some of them are conventional radio programmes. For instance, the BBC makes quite a few of its programmes available for download.

**The mesopartner Summer Academy on  
Local Economic Development,  
16 - 20 July 2007**

The Summer Academy is an event that targets experienced LED practitioners. It offers inputs on current topics and opportunity for exchange of experience. The next Summer Academy is open for registration. For more information please consult:  
[www.mesopartner.com/summer-academy/](http://www.mesopartner.com/summer-academy/)

Others are produced professionally, for instance by magazines like Business Week or The Economist which advertise their main stories in this way. Yet others are produced by audio amateurs like Shawn and myself. You find links to two of our favourite programmes, which are both directly relevant for LED practitioners, on the [www.ledcast.net](http://www.ledcast.net) page.

What is the most practical way to listen to a Podcast? The easiest options are to run it directly on your computer or to save it to an MP3 player. It does not have to be an iPod. You can get a memory stick that also serves as an MP3 player for as little as \$30. Also, many cell phones can be used as MP3 players. If you want to listen to Podcasts while behind the steering wheel of your car, you are lucky if your radio has a socket where you can plug in a standard PC audio cable and connect this to your MP3 player. There are other options, too, but they are slightly geeky.

The page where you can download the LEDcast also offers the option to leave us a comment. Please do make use of that option!

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## A Tourism PACA in Da Nang

Surely you can't transform an important economic sector in just two weeks? At the end of last year a group of tourism specialists, mainly from Da Nang, but with some outside help from the Vietnam Private Sector Support Programme – VPSSP (an European Union-funded development project) showed how to do it.

In what is probably the first truly participatory tourism value chain exercise ever conducted, the study team was trained in PACA

Guided by PACA tools, the study team completed 35 interviews, eight workshops and a detailed hotel and tourist survey during the

first half of November in Da Nang. At the end of this rapid appraisal process that was hosted by the Department of Tourism in Da Nang the team presented not only their understanding of the problems but also 25 practical proposals for how to strengthen the tourist sector to stakeholders

### So what's the problem?

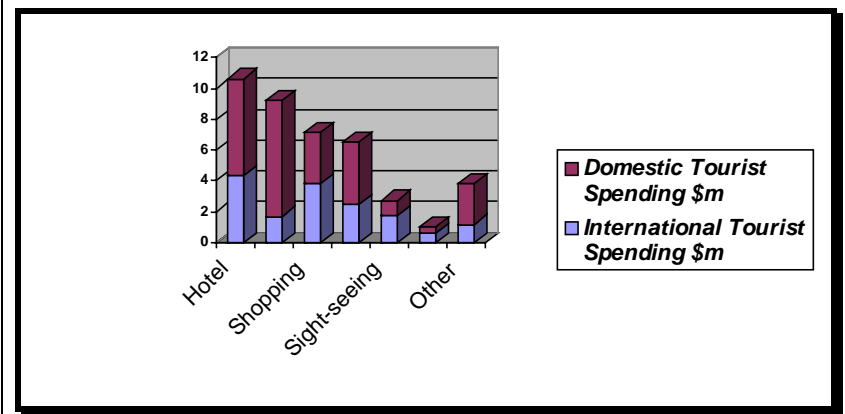
Domestic tourism in Da Nang is doing very well. The number of Vietnamese visitors staying at least one night in Da Nang has grown on average by over 16% each year since 2000. The buoyancy of domestic tourist demand is very important in a sector so vulnerable to international vagaries such as terrorism, increasing costs facing long-haul flights and health scares - such as SARS and Avian Flu.

In many developing countries, domestic tourism is looked down upon as a low spending activity. In Da Nang the average international tourist spends \$93 per day and the average domestic tourist spends \$39 daily. However, because there are over four times as many domestic tourists as international visitors, Vietnamese tourists account for over 60% of total tourist expenditure in Da Nang.

There are four main problems facing tourism in Da Nang.

First, Da Nang is not getting its **share of international tourists**. Since 2000, the number of international visitors for Vietnam as a whole has jumped from 3.1m to a government forecast of

**Composition of estimated total tourism expenditure of \$41m in Da Nang in 2005**



4.4m in 2007 – an increase of over 40%. Over the same period in Da Nang, the number of international visitors has stagnated around 100 000 each year.

International tourists are bypassing Da Nang because of the failure to develop the cultural resources of the area and the lack of appropriate coastal accommodation. In addition, our tourist survey found that international visitors often have a negative view of Da Nang, describing it as having a ‘dirty beach’ and ‘looking like an industrial estate’. The tendency of international tourists to visit Da Nang for a short time has serious economic impacts. Day visitors only spend about \$12 each in Da Nang – about one-eighth the daily spend for international visitors who stay the night in Da Nang.

In addition to losing out on tourist expenditure by failing to grow international tourism, Da Nang is also missing a great opportunity to take advantage of the reverse seasonality of domestic and international tourism. An important reason why hotels in Da Nang have such high room occupancy figures for a coastal destination - about 72% - is that the mid-year domestic peak season perfectly complements the end-of-year international peak season. Therefore, maintaining a rich mix of domestic and international tourists is much better than being dependent upon either source market alone.

The second major problem facing Da Nang tourism is the ‘hole’ that currently exists where tourists should be **spending money on craft, sight-seeing and entertainment**. This is partly a financial issue because Da Nang is not providing the kind of things that tourists want to buy. For instance, international tourist spending in neighbouring Hoi An is \$20 more per tourist per day than in Da Nang – simply because Hoi An offers

goods and services tailored to the international market and Da Nang does not.

However, there is also a developmental aspect to this issue. Spending money on craft, excursions and cultural entertainment tends to have a much greater impact on poor people than spending in hotels. So, these gaps in the Da Nang tourism value chain effectively obstruct the poor from benefiting from some of the most accessible parts of the tourism value chain.

Third, **the agricultural supply chain** for the tourism industry in Da Nang has been largely captured by the Metro Wholesaler which sources 90% of food and beverages from outside the region. This is important because the agricultural supply chain for hotels and restaurants in many developing countries impacts on more, and poorer, households than all the hotel and restaurant workers put together. There is obviously nothing wrong with hoteliers wanting to purchase from the Metro

and the wholesaler sourcing from the best suppliers available. The problem is that local farmers are not producing goods at the quality, price, quantity and reliability required to access the agricultural supply chain.

Finally, there are aspects of the **regulatory environment** that is holding back tourist development. Obvious examples of this include

the failure to get any concrete progress in the area designated for coastal tourist development – which is the key attraction for the area. In addition, activities such as destination promotion; statistical analysis; and signage require urgent attention.

### So what’s the solution?

25 proposals were presented for consideration to tourism stakeholders at a Presentation Event on



*The Cham Museum is a key asset for tourism in Da Nang*

17<sup>th</sup> November 2006 in Da Nang City. These have been prioritised into short-medium- and long-term interventions targeted to encourage a larger and more inclusive tourist sector in Da Nang. Notable proposals include for instance:

### **Increase the numbers of international tourists**

*Improve communications:* Enhance the Da Nang Tourist Association web-site and increase English language skills for taxi switchboard operators;

*Raise quality:* Introduce a Da Nang Hotel Award to incentivise better quality in the accommodation sector; encourage a partnership between the Metro wholesaler, restaurants and top chefs to improve the quality of restaurants; and

*Diversify the product:* to include working more effectively with the coastal and cultural assets of Da Nang (see below).

### **Increasing spending on craft, sight-seeing and entertainment**

*Raise profile of indigenous culture:* Develop cultural evenings at the Cham Museum – supported through a linkage with the Apsara Restaurant; upgrade the craft retail outlet in the Museum; and, facilitate cluster activities at the Marble Mountain village.

*Develop attractions:* work with tour operators to design a night tour of Da Nang; organise a weekly candle-lit market along the Han River; and, locate Non Noug statues as exhibitions of public art on strategic tourist routes; and

*Entertainment:* extend the closing times of bar, clubs and discos.

### **Supporting local producers to access the agricultural supply chain for tourism**

*Support local farmers:* support local producers to raise the quality and quantity of their output so as to access the tourism supply chain.

### **Enhance the regulatory environment**

*Information:* Improve tourism statistics; set up information boards, maps and historical plaques



*Participation in action! Trinh Thi Ly and Jonathan Mitchell with tourism stakeholders in Da Nang*

indicating tourist attractions; produce and disseminate tourism promotion brochures; embark on a tourism awareness campaign with local residents;

*Doing business differently:* Form an advisory panel of tour guides to work with public officials; introduce new forms of public-private dialogue; develop a new tourism strategy;

*Encourage use of the beach:* provide beach volleyball facilities and organise a tournament;

*Facilitate appropriate coastal development:* study the beach front in Nha Trang and consider the lessons learned; include deposit and performance bonds in future coastal resort licences to discourage land hoarding.

*Jonathan Mitchell (Jonathan@odi.org.uk)  
Overseas Development Institute  
and member of the study team*

## **Developing the cut foliage sector in Maspotha, Sri Lanka**

The Local Economic Development (LED) project implemented by Swisscontact commenced in September 2005. We selected four divisions of the Kurunegala District in the North Western province of Sri Lanka. Being economically suitable for an initial LED approach the Divisional

Secretariat of Maspotha in the Kurunegala district was the first Division to be selected for the project. A LOCA<sup>1</sup> appraisal was conducted to identify the feasibility and competitiveness of private business sectors. The cut foliage sector was identified as having demand for varieties of leaves for the export market targeting Europe which has big demand for foliage in decorative purpose.

The LOCA appraisal revealed that the cut foliage sector had a few low profile growers with no variety in their product (leaves). The sector being new lacked the necessary technology and expertise to make it a success for the export market as the growers relied on a middleman who paid them poorly.

In the LOCA study it was also discovered that Maspotha was ideally suited geographically and with perfect climatic conditions conducive to grow different varieties of leaves during different seasons of the year for the European market which had the potential of generating more income for the growers as the demand in Europe for decorative purposes is huge. LOCA pointed out that the growers needed to practice better inter cropping technology to reap this benefit. The main crop here is coconut and there is lot of space under it that can be used for another crop. Experts say that in any land coconut cultivation consumes only 25% of the space and the rest can be used for something else. But often producers have not considered this. We introduced foliage items that can be grown under coconut cultivation with maximum land utilisation and the grower can earn more than what he gets from coconut yield. They now grow at least 3 or 4 varieties, for example coconut, pepper and foliage items like cane palm.

### Participatory Planning

Initially, the level of trust among the stakeholders towards the project was low. The scepticism of people with little education who have been through decades of unproductive and

unsupportive public systems is understandable. However, the proposed 3 criteria tool and the action plan of “quick-win” short term activities for a period of six months was acceptable to those growers with some interest. Planned activities such as exposure visits to export companies, technical trainings, meeting with exporters and organised buying of plant materials were the focus of the way-forward plan which generated interest from the growers. The way-forward action planning exercise provided the ideal platform for the small and medium scale growers and exporters to benefit by meeting and discussing problems they face, finding solutions and how to be more competitive.



*Foliage before cutting*

### Power of Quick-wins

The positive results achieved by the implementation of the quick-wins were closely monitored. The first six months were a period of learning for the stakeholders and the project. The results below will speak for themselves:

1. The number of cut foliage producers grew from 6 to 30.
2. The group was more organised purchasing and selling as a group.
3. A direct contact was built-up with a prominent exporter.
4. They began to obtain twice the price for each variety of leaf.
5. Some growers started commercial scale cultivation.

<sup>1</sup> LOCA: Local Competitive Advantage (PACA – Participatory Approach for Competitive Advantage)

The level of stakeholder trust towards the project and its process improved. Inspired by the positive achievements the leader of the group was self propelled to go forward with quick-wins as they wanted to sustain the momentum gained within the sector.

### Results of Quick-wins

A year had flown past and the cut foliage sector of Maspotha showed positive signs of substantial competitive results to the project which contributed solely as a facilitator in the entire process. The number of growers had increased from 6 to 46; three varieties are being supplied directly to two prominent exporters in the district. The profit has increased by 100%. By purchasing planting material in bulk for the entire group, the cost of inputs has been reduced by 30%. A nursery and distribution points for other materials (organic fertiliser form dairy farmers, polithine and chemicals) were established within the area, and the group was able to secure micro credit from the local banks.



*Sanath with foliage*

stakeholders could find the ideal tool, the “Compass of Competitiveness” that goes with the need of the group.

A strategic view through a pragmatic start, now the group of growers are busy with a new two year plan worked out using the compass which comprises of long term objectives, critical success factor and activities which cover medium term similar to the start-up.

Visions of their own cut-foliage marketing centre, product diversification for Export market, develop and introduce value added cut-foliage products to the local market.

A strategic plan at the very beginning of the process in 2005 would not have made sense and was two optimistic, but not anymore. The stakeholders realise that it is better to focus on this plan now that they have acquired knowledge and information from the process. They now work with enthusiasm and hope for a better future in this sector.

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### Beyond Quick-wins

After a period of 12 months the cut foliage sector is performing independently in a market oriented way and much stronger than before. They also want to forge ahead with medium and long term development activities which was not in the criteria of the LOCA way-forward stage.

In this experience it will not be correct if one said that LOCA is only about finding short term proposals. Still the stakeholders remember the proposals that were dropped in the cut-foliage sector in Maspotha at the LOCA way forward stage and they want to take-up those proposals now. Thanks to the fruitful discussion with Jorge and GTZ-ESSP Sri Lanka project the

### Revival of LED through PACA: Initial Experiences from Kalisizo, Rakai, Uganda

Kalisizo Area is located about 160 Kms southwest of Kampala, the capital of Uganda. It is composed of four lower local governments (Kalisizo, Kirumba and Lwankoni sub-counties and Kalisizo Town Council). The area has a total population of 65,551 people.

I had a multi-pronged passion for promoting LED in the area. First, I wanted to re-launch self propelled economic development that prior to the nation-wide decline of the Ugandan economy (starting in 1970s) and the initiation of unprece-

dedented social service delivery oriented government and donor support (starting in 1990s) had made Kalisizo area economically prosperous. Secondly, I wanted to search for investment opportunities whilst participating in the creation of a conducive business environment for other local entrepreneurs and investors in my area of origin. Thirdly, I wanted to create a ‘laboratory’ for testing novel approaches for stimulating LED that can be replicated and that can inform national LED strategy and policy development given the growing Government of Uganda’s commitment to the promotion of LED. And fourthly, I anticipated developing a niche in the consultancy business arena building on practical and tested LED promotion approaches.

I learnt of PACA from Doug Hindson,<sup>2</sup> an associate of mesopartner, who explained it to me as an effective tool for identifying local economic potentials and promoting LED. I enthusiastically read about the tool and established links with mesopartner. I shared the idea of conducting a PACA exercise with people in Kalisizo and I got instant laudable support. The people perceived PACA as a novel, practical, and sustainable economic oriented approach that was relevant to the area especially after social approaches had exhibited lukewarm results towards the reduction of income poverty. I had earlier taken part in the formation of Family Development Support Initiative (FADSI), a local NGO one of whose

objective is promotion of LED. I therefore requested and encouraged FADSI to host the PACA exercise with a view of taking over the role of coordination and monitoring of the process<sup>3</sup>. Further PACA planning activities involved: mobilizing the financing of facilitation costs from Mentor Consult Ltd with co-funding from Business Uganda Development Scheme (BUDS), a project that finances private sector capacity building activities; selecting and encouraging self financing of local PACA team members and Mentor staff; and cost saving through non-payment of allowances to local people and use of local facilities.

The PACA exercise was conducted between February 19 and March 2, 2007. With hands-on support from Frank Waeltring of mesopartner, the exercise was facilitated by local PACA team members, Mentor Consult Ltd staff, Ministry of Local Government (MoLG) seconded staff and a GTZ professional, Christoph Buerk, who is normally working in neighboring Congo and who wanted to see a PACA exercise first-hand. The process involved getting an overview of PACA, kick-off workshop, interviews

and mini-workshops, findings, presentation and way forward workshops. During the process we identified investment opportunities in agriculture, animal husbandry, trade and processing sectors. We also developed proposals in eight areas including: creation of a conducive business



*At a miniworkshop*



<sup>2</sup> I met Doug in 2005 when I was team leader for the formulation of a concept note for UNCDF future support to Uganda focusing on LED

<sup>3</sup> FADSI was formed in 2006 and has not received donor support to-date as it awaited the formulation of a bankable project.

environment; provision of market information; promotion of enterprise cooperation; organizing entrepreneurship events; entrepreneurship training; mobilizing access to business finance; promotion of Kalisizo as a business area; management and coordination of LED in Kalisizo area. Local people volunteered to spearhead the implementation of each of the proposals and we facilitated them through the way forward workshops to agree on the implementation work plan and strategies focusing on the use of local resources.



*The PACA Team*

A number of achievements have been attained thus far but from my perspective, the fascinating realizations are three.

- a) First the unwavering commitment of local PACA team, committee members and proposal champions, notwithstanding the absence of the now habitual direct financial rewards. Perhaps this commitment is because the stakeholders see own opportunities and are mesmerized about the new way of thinking involved in the PACA approach.



- b) Secondly and whilst still struggling to comprehend the unique virtues of PACA as opposed to the accustomed social approaches, getting the instant appreciation and involvement of the key stakeholders in the area including local leaders, private sector and NGOs. Without over blowing my own trumpet, and perhaps because of my reputation in the area as a development worker, investor and consultant, many a people have voiced their trust in the initiatives promoted by me as being potentially capable of bearing sustainable fruits.
- c) Thirdly, the keen interest demonstrated by the Ministry of Local Government to learn from PACA as one of the tools for promoting LED in the country. The MoLG in searching for practical tools that can promote LED in the country and have picked interest in studying the pros and cons of PACA as one of the tools that can be used nationally.



*Emmanuel*

Nonetheless, I also have disturbing concerns:

- a) First I am grappling with strategies for de-personalizing the process, shedding off some responsibilities and entrenching local ownership without slowing the momentum set apace. This is because till to-date I have pro-

vided the driving force and taken the lead role of this PACA initiative.

- b) Second we have to undo the perception of some stakeholders of PACA as a 'stand-alone' project rather than a mechanism for coordinating the formulation, implementation and monitoring of initiatives promoting LED in the area.
- c) Thirdly and because of the precedence set by government and donor programmes in terms of providing direct financial rewards, we have a challenge of managing expectations and inculcating the spirit of volunteerism and use of own resources.
- d) Fourthly, and a more practical challenge, mobilizing resources not necessarily for specific PACA proposal implementation but for ensuring the adequate coordination, monitoring, documentation and publicising of lessons.

Nevertheless, I am still motivated and aspire in the short-term for: continued commitment by the

local stakeholders; finding LED practitioners to partner with for comparison of notes, technical and financial support especially in regard to coordination and monitoring; and Kalisizo experience informing the design of the national strategy for LED promotion roll-out.

And I am also having two key mental questions that hopefully will be answered in the affirmative in not too so long a future. First, will PACA stimulate and sustain the revival of self propelled LED in Kalisizo? Second, will the Kalisizo PACA experience turn-out as a model that can be replicated in other areas and that can influence pro-poor LED related policy development in the country?

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The International Training Center of the ILO offers a two-week training course on “**Strategies for Local Economic Development**” which will run from 04 to 15 June 2007. There will be parallel courses in English and Spanish. For details please have a look at <http://learning.itcilo.org/entdev/led/>.

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