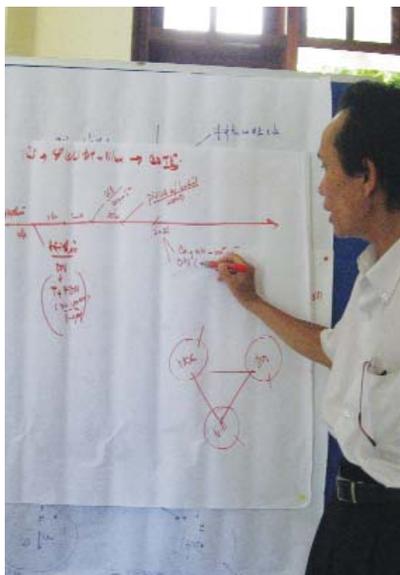


LRED Participatory Planning - the PACA Methodology



Background

Decentralization in Vietnam not only affects the provincial level but also the district and grassroots (commune) levels. In this context, provinces face the challenge of allocating resources within a broad range of socio-economic objectives to ensure sustainable development. They also need to mobilize internal resources from different sectors and their own districts. The district level must create its own strategic interventions from various fragmented small scale economic sectors to enhance its competitiveness - instead of fulfilling tasks assigned via top-down instructions like before. Setting priorities is unfamiliar in an environment that has traditionally believed in "equal shares for all" when allocating resources.

The private sector's involvement in local economic development planning and implementation is not yet fully promoted and practiced.

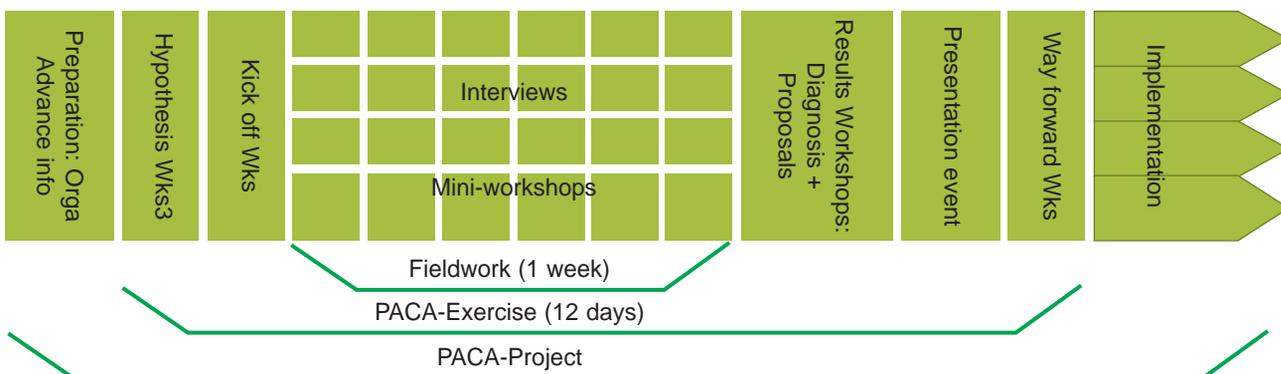


GTZ Intervention

PACA (Participatory Appraisal of Competitive Advantage), a tool developed by the German consulting company **mesopartner**, has been integrated into the LRED approach supported by GTZ-SMEDP in four Vietnamese provinces. This is the initial step of an LRED process.

PACA has been used for the quick appraisal of a local economy (an average income district of 100,000 residents) or a potential sector (catfish or tourism). It takes time to make local stakeholders fully aware of the LED process and to align them behind its common objectives. The tool raises awareness by creating interaction between public and private sectors through discussion on the locations' priorities. Quick and tangible results from a PACA exercise motivate local actors to dedicate more time and commitment to the LRED process in future.

A basic PACA exercise happens in the following sequence, resulting in around 10-15 practical proposals for the location.



It is tough to identify the location's competitive advantages and most strategic priorities from the opinions of the local public and private sectors. The implementation of PACA proposals is even more challenging. With initial investment from GTZ-SMEDP and commitment from local enterprises and district administrations, the LRED process is starting small, with 'learning by doing'. It is now crucial to link short-term and practical planning with the top-down strategy of the district so that implementation takes place and that the process continues. PACA follow-up activities and COMPASS (*mesopartner*) as an evaluation tool help local authorities keep track of the process.

GTZ-SMEDP also invested in building local expertise by training around 100 PACA facilitators. Facilitators come from national consulting companies and the Vietnam Chamber of Commerce and Industry (VCCI) and serve as multipliers of the approach. Others come from local governments that directly implement LRED projects.

Expected Impacts

- **Awareness- raising:** The LRED process is announced to the local public and private sectors. Improved involvement of private sector in the diagnosis process to identify and set priorities in allocating local resources.
- **Availability of local LRED facilitators:** Experienced facilitators contribute to the dissemination of LRED throughout the country.
- **Identification of business opportunities for start-up and investment:** PACA diagnosis provides a range of practical and quick-win proposals that open up business opportunities for local enterprises.



Lessons learnt

- It is crucial to have a **local champion** who has credibility and leverage between public and private sector interests to organize the PACA activities. He will help mobilize and motivate other local stakeholders in the ongoing process and maintain consistent commitment and ownership of the PACA proposal implementation.
- **Sector-based participatory monitoring and evaluation:** PACA follow-up should be monitored by the relevant district departments and local enterprises in the sector.
- **Multi-level governance:** Bottom-up planning methods like PACA and top-down strategies should be integrated and formalized on the provincial level as a regular planning procedure between the provincial and district levels.

For more information, please contact:

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