

Annual Reflection 2011



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Mesopartner Profile

Mesopartner is a knowledge firm that specialises in territorial development, competitiveness and innovation. Our strategic intent is to be globally acknowledged as an innovator in territorial development and partnering with strategic customers and associates through capacity building and coaching, as well as programme design, method and tool development and capture, knowledge management and problem solving.

We operate as a service provider both to development organisations (development agencies, ODA (Official Development Assistance) donors, development banks, NGOs, cluster networks and others) and to consultants and consulting firms. Since 2003, the knowledge that we have shared, and the tools that we have developed, have helped development organisations and stakeholders in many developing and transformation countries to conduct territorial development in a more effective and efficient way.

Mesopartner offers the knowledge that local actors need to address the challenge of innovation and change. We develop innovative tools based on territorial development, local economic development, cluster and value chain promotion, strengthening of local innovation systems and related topics. We coach and equip practitioners, and conduct leading-edge learning events for practitioners.

Foreword

In 2011 Mesopartner introduced some novelties in and around the company, became involved in the reactivation of previous work areas, intensified current activities and constantly deepened the expertise and learning in topics that the partners are involved in.

To commemorate our late partner and co-founder Dr Jörg Meyer-Stamer and continue his academic work, we founded and launched the Dr Jörg Meyer-Stamer Scholarship, which supports advanced students and young researchers in preparing their theses. One or two scholarships are provided each year in close cooperation with an international network of scholars who recommend students and supervise their work (see <http://www.jms-scholarship.com>). The first scholarship was granted in 2011 to a Latin-American lecturer and researcher working on local and regional economic development in Ecuador.

Mesopartner has started to support the Market Facilitation Initiative (MaFI) to change the way international donors work with markets and the poor. MaFI started in 2008 and has more than 240 experts from all over the world working in NGOs, donor agencies, private firms and academic institutions. The aim of MaFI is to advance policies and practices based



on facilitation and systems thinking to make markets work better for the poor and the environment. MaFI uses trust-based partnerships, complexity science, effective organisational learning, systemic M&E (monitoring and evaluation) and co-volutionary experimentation to unleash the power of markets. In this Annual Report a MaFI contributor and future Mesopartner associate, Marcus Jenal, describes one of the key papers of MaFI and explains how complexity and local economic development (LED) are interrelated.

Another novelty is an increasing focus on gender issues, currently mainly in the context of value chain initiatives in the Middle East and Northern



Africa (MENA) region, where Mesopartner works closely with a few associates to recognize and unpack the economic potential of men and women equally. Gender issues always played a role in our work, but more as a cross-cutting issue that somehow needs to be considered. This subject is now generating deeper societal insights for ourselves and is gaining increasing relevance in many partner organisations that ask for practical approaches to address this issue within their economic development programmes.

After years of shadowy existence and negligence, LED is re-emerging in Latin America. Regional development organisations led by the Inter-American Development Bank (IADB) and also academic



institutions, mainly from Argentina, Peru and Central America, are redefining the approach by focusing on the lessons learned from the main LED actors. Mesopartner is becoming actively involved in shaping a new understanding of LED in Latin America in the context of more proactive states and more socially responsible companies.

In 2011 Mesopartner became even more deeply involved in work on two of the company's key topics:





innovation and competitiveness. In this report two partners share their recent learning and insights from South Africa and Indonesia on these essential drivers of development.

Recommendations are made on the importance of fostering innovation systems to stimulate various types of innovation,

including the very important, but often neglected, business model

innovation. Moreover, it is explained how measuring and benchmarking competitiveness between locations and over time can lead to a self-perpetuating process of pushing up the competitiveness of each location and its companies.

Finally, another future Mesopartner associate presents his experience in the development of an SME support strategy in Armenia that has been developed in a very participatory way by using the model of systemic competitiveness. Backed by the country's prime minister, one partner and one associate of Mesopartner took the methodological leadership by continuously coordinating and coaching the whole process of strategy elaboration and writing up parts of the strategy, which will modernize and update the way SME policy is conducted in Armenia.

The Dr Jörg Meyer-Stamer Scholarship

The work of the late Mesopartner co-founder and partner Dr Jörg Meyer-Stamer remains well known in the development studies community around the world. Together with his academic colleagues at the German Development Institute, he co-authored the concept of Systemic Competitiveness, which challenges the dominating development dogma of the 1990s. It was always his objective to encourage new discussions, to challenge his colleagues and clients to question the status quo, and to look more deeply into the realities of economic development. He always shared his knowledge and encouraged development practitioners to think laterally and search for new horizons. He was a master in applying research insights to practice and vice versa, and was always eager to gain a deeper understanding of the real human and institutional challenges and opportunities for more inclusive economic development.

In 2011 the Mesopartners took the initiative of founding the Dr Jörg Meyer-Stamer Scholarship and invited friends and academic peers to support the scholarship project. From the first day, the response was very promising, and we are positive that the scholarship will become a sustainable project of former friends, academic colleagues and business partners of Jörg Meyer-Stamer. For more details see <http://www.jms-scholarship.com/>.

The Scholarship is considered a vehicle and platform of interchange and mutual learning between academics and practitioners, and young students and experienced knowledge bearers. Its specific objectives are to:

- Commemorate the work of Dr Jörg Meyer-Stamer
- Support advanced students and young researchers in their theses
- Continue and extend topics and methods related to Jörg Meyer-Stamer's contributions



- Consolidate and nurture a network of researchers and practitioners in the spirit of Jörg Meyer-Stamer.

Beneficiaries of the Dr Jörg Meyer-Stamer Scholarship are students and young researchers considered worthy of financial and advisory support, especially for field and action research in developing countries. The first Dr Jörg Meyer-Stamer Scholarship was awarded in 2011 to Mr Brian Wallis, a lecturer in local and regional development at FLACSO (Latin American Faculty of Social Sciences) in Ecuador, who helped to create the first academic journal on Territorial Economic Development (TED) in Spanish, Eutopia. Brian's research was supervised by Prof. Dr Peter Knorringa, chair of Private Sector and Development at the Institute of Social Studies (ISS) at Erasmus University in Rotterdam. In line with Peters' research programme, Brian highlighted the role of non-traditional private sector representatives in Territorial Economic Development, such as entrepreneurs and leaders from indigenous communities.



1 | Boosting development effectiveness: what would need to change?

Mesopartner is supporting the Market Facilitation Initiative (MaFI), which is an initiative of the SEEP Network (Small Enterprise Education and Promotion Network). A recent MaFI discussion paper, which is based on an extensive online discussion as well as a number of face-to-face meetings of economic development professionals, tries to answer the question: What needs to be changed to make development – and specifically economic development – more effective?

The basic assumption is that if we facilitate the market systems to



change from within, rather than through a number of direct and distorting interventions, we can achieve better and more sustainable results. The precondition for this is that we gain and use local



knowledge as much as possible to make informed choices in line with the context. The paper postulates four basic principles.

1) Changing the way we work. In order to achieve a broader and more sustainable impact, we need to change the way we approach a development problem. The main concepts that have to be internalized are: 'focus on root causes, not symptoms', 'focus on resilience and adaptability of the system', 'invest more in field-based, pre-design phases', and 'test and promote co-evolutionary



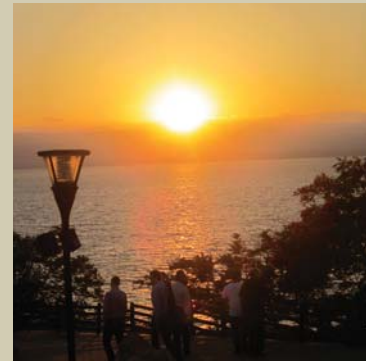
experimentation'. The concept of 'co-evolutionary experimentation' introduced by the discussion paper is a term signifying a need for a more experimental and evolutionary approach to intervention design. It signifies

a step away from solutions that are based on simple cause-and-effect relationships and that neglect the complexity of market systems towards an approach that is more adapted to complex and dynamic market realities. The focus on resilience and adaptability thereby puts this dynamism and constant change in the centre. The focus on root causes includes a deep understanding of the relationships between symptoms and causes and the appreciation of different perspectives of a problem.

2) Flexibility and accountability: the ultimate balancing act. Flexibility is needed to enable us to adapt our interventions to the learning and experiences that we gain during the implementation of a project. However,

the project also has to take into account the need for accountability not only to the donors and further up the line to parliaments and taxpayers, but also to the receiving countries and other stakeholders involved in the projects we implement.

3) Building capacity: speeding up the paradigm shift. The away step from the current concept of development following strictly planned multi-year projects, which – often unsuccessfully – implement simple solutions for complex problems to the new lens embracing the complexity of the systems we work in, and following the principles outlined above, is nothing less than a paradigm shift. In order to take this step and internalize



the new concept and its accompanying principles, the discussion paper advocates the establishment of capacity-building systems instead of individual training courses, as well as the need for the recognition of capacity building as a development strategy instead of 'overhead' costs.

4) Building up the evidence: what and how we measure. This involves monitoring frameworks that enable us to continuously adapt a project need to deliver real-time information on changes in the system. We need to be able to learn what works and what does not and adapt our interventions accordingly. Monitoring furthermore needs to show structural and deeper, systemic change achieved by the project.



By its nature, LED is harvesting local knowledge by including and working with local actors. Facilitating these actors to bring about change in their territories is one of the important aspects of LED. Building networks and clusters strengthens the resilience of the local economic system. Using local stakeholders as drivers of change ensures sustainability of the intervention. Experience gained on the local and regional level can and should be used on the national and international level to adopt policies and practices to create a better enabling environment for LED initiatives and inform other market development approaches. Knowledge gained in facilitating local change can show us how to make international development more effective and sustainable.

In conclusion, making economic development more effective firstly requires the actors involved to realize and embrace the complexity of the market system. It is a common learning process that involves donors, practitioners and our partners in economic development. Transactional capacities such as innovativeness and resilience become crucial.

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2 | Taking on a gender lens in value chain analysis: New insights

Although gender has been included as a cross-cutting indicator in most development projects, in reality the gender issue is rarely approached in an integrated way. In practice, many projects in industrialized as well as developing countries rather support isolated gender activities to comply with pre-defined indicators.

Since 2011, Mesopartner has been supporting GIZ and OXFAM in designing and promoting an integrated Gender-Sensitive Value Chain (GSVC) approach in the Middle East and Northern Africa (MENA) region. Various manuals exist on this topic prepared by different international organisations. However, the regional MENA programmes of GIZ and OXFAM-Québec wished to develop an even more practical GSVC approach for the MENA region, responding to major changes caused by the Arab Spring. This ongoing initiative includes, on the one hand, the design of training modules and the execution of national expert training in the GSVC approach, and on the other hand, a one-year promotion process of eight GSVC projects in Jordan, Morocco, Tunisia and Egypt by the GIZ, leading to the implementation of concrete short-term and medium-term promotion initiatives.

Like many other development practitioners, we typically do not pay too much attention to the gender topic in our work. This project, however, is providing us with intense learning and new insights. Taking on a gender lens in value chain analysis offers new opportunities to



strengthen the productive role of women in value chains and underlines their importance in economic systems. But what exactly are the key features of the GSVC approach?

Linking gender mainstreaming and competitiveness: Gender projects in many countries have been approached from a social or pro-poor perspective,

ignoring important business principles, together with the analysis of access to key resources and the roles of women and men as business and social actors in the society. Thus the GSVC approach integrates gender concepts into value chain tools in order to better identify missing assets of women and men as business actors in selected chains.

Integrating the meta level into the systemic perspective on value chains: Among others, a value chain analysis focuses on the identification of the quality of linkages between businesses and supporting services in the chain. However, to identify gender aspects in value chain relations, the analysis needs to dig deeper by considering societal values and the corresponding roles of men and women within the chain.

Understanding gender-related access and control over resources: In GSVC promotion projects, it is necessary to recognize the different assets of men and women and understand how they define their competitive position as business actors in the chain. In the MENA region as well as in other parts of the world, women have fewer opportunities to obtain certain economic





assets due to a lack of access to and control over resources, such as entrepreneurial experience, higher education, technology, market information, time for business networking, linkages with supporting institutions, etc. The identification of these differences is a precondition for strengthening the role of women as business actors in respective value chains.

Cooperation with business-oriented organisations and not only women associations: In many countries, women associations and like-minded NGOs are the promoters of support to marginalised women in society. Although they are representatives of the women's voice, these institutions often focus on social and sometimes even paternalistic support measures that treat women more as beneficiaries and less as important business actors and economic agents. The GSVC approach involves traditional women associations as long as they are open in providing economic services for their clients. However,

it is equally important to involve other business-relevant and market-oriented institutions and service providers, such as development agencies, research and quality institutes, technology centres and others, as these are the very organisations to which women need better access.

Creating networks that increase the power of women in the chain: Finally, the GSVC approach aims at strengthening networks among women as important chain operators and with their supporting institutions. The value chain logic assures a clear market orientation, but it also lays open the structures below the surface and thus offers opportunities to increase the competitiveness of men and women more equally.

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3 | The Rebirth of Local Economic Development in Latin America



Local Economic Development (LED) is being given new impetus by the Regional Training Program for Local Economic Development (ConectaDEL) run by the Inter-American Development Bank (IDB). This programme is becoming an essential element of the approach since it is based on two decades of LED practices in Latin America.

We must remember that LED arrived in Latin America from Europe with the experiences of Italian industrial districts, similar activities in Spain and, above all, through international cooperation programmes. Also dating from this period is the PACA methodology (Participatory Appraisal of Competitive Advantage) developed by Dr Jörg Meyer-Stamer (the late co-founder of Mesopartner), which has been widely disseminated throughout Latin America.

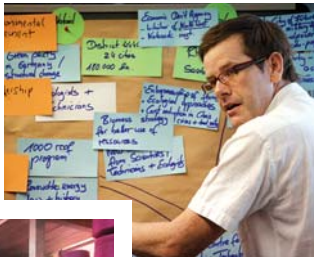
Around the beginning of the new millennium the 'LED craze' reached its peak. There were very few cities or regions that had not yet received participatory diagnoses, strategic plans and/or development agencies, but the results were not necessarily relevant. It was at this point that doubts were increasing regarding the effectiveness of the approach. One reason for the disillusionment was the high level of expectations

concerning endogenous potential. There was an underestimation of the prevailing centralism in countries where municipalities and provinces had neither the



competences nor the resources to play a more leading role. Assessment and monitoring of LED also proved inadequate. No solution was found to the dilemma between long-term impacts and the planning horizons of medium and short-term programmes. In addition, in successful cases, it was impossible to ascertain whether the results were due to the initiative itself or to a favourable set of circumstances.

Fortunately, LED has evolved and matured in recent years. It has also benefited from the change in the political and economic paradigm, which is to say the return of a state that more actively promotes development. In the Washington Consensus era, LED



was a survival strategy for areas seeking to compensate for the withdrawal of the state. Nowadays, on the other hand, the challenge for LED promoters lies in incorporating the local level into national economic policy. It is a question of overcoming the antagonism between 'bottom up' and 'top down' development in favour of an integrated multi-level policy.

The ConectaDEL programme helps to redefine the approach by focusing on the lessons learned by the main actors in LED in Latin America. One example is the 'Laboratory of Teaching Methods for Local Economic Development', jointly organized and facilitated by the Centre for Territorial Economic Development (CEDET) of the University of San Martín (UNSAM) and Mesopartner in Chascomus, Argentina. The course concentrated on teaching methods for transferring knowledge on LED, or rather, for encouraging participants to exchange knowledge on the subject and receive various feedback on their own style of facilitating training events. The continuous feedback on content, means and methodologies used for facilitation and for reaching the target group were key elements of the group didactic teaching.

The emphasis on the didactic issue coincides with the general understanding of the ConectaDEL community, which is oriented less towards working with content ('the what') and more towards the means of facilitation and training on LED ('the how'). In line with the andragogy approach, it is deemed necessary to find more participative ways to involve local stakeholders in development processes. This may also arise from some questioning of the academic nature of LED teaching (masters' courses for example).

It is too early to talk of a new LED approach just yet. We are still at the stage of reviewing and rethinking through practical experiences. In Latin America, it is also a matter of integrating the continent's own traditions into the approach: for example, the concept of 'good living' practiced by the Andean peoples, the structuralism of the United Nations Economic Commission for Latin America and the Caribbean (ECLAC) or teachings from the 'Pedagogy of Liberation'. Mesopartner is helping to rethink LED and make it more relevant by participating in networks such as ConectaDEL and in practical 'on the ground' consultancy.

Openness and connectivity will be key for the future of LED. The new context of more proactive states and more socially responsible companies will create new opportunities to make LED more relevant. This also requires the capacity to learn from mistakes and to be open to new ways and means of promoting local economies that take into account environmental balance and social equity. The driving force is still the search for a territorial identity and the commitment to comprehensive and sustainable development.

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4

Moving from product to business model innovation

Stimulating a sub-sector or region to upgrade and innovate cannot be achieved only by helping one firm or a few firms at a time. We have to apply a more systemic response. We have to challenge management models, we have to stimulate businesspeople to identify areas for management innovation. We have to get manufacturers connected to new networks, and we have to get them to think about problems or opportunities that they have not really investigated before. This will result in business models, processes and product/service innovations that are self-perpetuating, meaning they can do it over and over again because their competence has increased.

In their daily work, innovation practitioners often switch between working on firm-level innovation issues to working on the more systemic level of innovation systems. Mesopartner's focus is mainly on meso-institutions such as

technology intermediaries that are trying to get whole regions or sub-sectors to upgrade technologically. In other words, they aim for the modernization of a particular sub-sector or a region for a specific reason.

In the last few years we have noticed some patterns that explain why these meso-institutions are frequently missing their targets:

- 1) They focus mainly on the micro level of the firm, and do not move to the innovation system level. Moving from one firm to many firms is not necessarily systemic or holistic.
- 2) Many technology transfer or economic development programmes with an emphasis on innovation assume that firms cannot innovate (for whatever reason) and therefore suggest that agencies must innovate on their behalf. They thus take the very narrow



perspective of innovation being about products or processes, and that technology is about hardware and training. They miss the point that innovation emerges from within a specific framework, and that giving a firm a new product on a platter is not sustainable technology transfer.

3) A third pattern is the assumption that improving innovation in industry is an engineering problem. It ignores the fact that an innovation system is a dynamic framework which is mainly about how different economic agents interact, engage, share information and learn together what works and what does not work. Freeman (1987) defined an innovation system as "the network of institutions in the public and private sectors whose activities and interactions initiate, import and diffuse new technologies." The emphasis is mainly on the dynamics, process and transformation of knowledge and learning into desired outputs within an adaptive and complex economic system.

4) Innovation is somehow disconnected from creativity and creative thinking. Creativity in innovation is all about getting different people to think together. They may agree, but most often they do not. However,



somehow they need to recognize constraints, threats and opportunities, and then proceed from there. Generally in innovation literature the following four kinds of innovation activities are identified:

1. Product or service innovation
2. Process innovation
3. Business model or organizational innovation
4. Social or societal innovation.

The public sector often focuses on helping firms to develop new products or maybe even better processes, but the obstacles to product and process innovation are not a lack of effort, funding or modern equipment: the biggest obstacle is rather complacent or outdated



management, or perhaps business models that worked in the past but have not kept pace with change. Therefore, not only do we need new or innovative business models in industry, but also innovation in the business models of supporting institutions.

To assist manufacturers to design new products and services is not entirely a bad idea, but this does not address the systemic problem. We need business model innovation, we need new firms to emerge with new product combinations that draw on existing or easy-to-develop component competencies, or we need some business model innovation where some traditional component manufacturers expand their business by manufacturing

their own products. Perhaps we need some manufacturers to diversify horizontally or vertically. Where there are many innovations in business models, there are usually healthy innovation systems and diverse industrial systems.

Actually, the best impulse into innovation is still modern management that is strategic not only about the internal dynamics of the enterprise, but that also looks outside the firm into the market place, at their collaborators and competitors, and at new technologies. With firms that are aware of what is going on inside and outside, the discussion about innovation becomes creative in terms of what is possible or impossible. However, it is very difficult to assist a firm that is under-managed or managed according to outdated principles, and when a whole region is characterized by firms that are under-managed, innovation systems also struggle to perform as they should. Giving the latter group a new product, or taking them to a new market, simply will not do the trick. We need to inspire both industry and the supporting institutions to experiment with new business models.

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5

Territorial competitiveness: Enterprise surveys and competitiveness rankings



Territorial competitiveness is not only a challenge for national governments, but also for provinces, regions and locations within countries. In times of decentralization, competitiveness among different economic regions has become even more relevant and is a focus of local and regional governments worldwide. Aside from apparent shortcomings in infrastructure and institutional weaknesses, often a major challenge of decentralization concerns the limited dialogue and cooperation among relevant actors at the sub-national level. This is particularly true in the fields of local and regional economic development where interventions are geared towards promoting enterprise development and competitiveness at the local and regional level. Therefore it is important not only to assess the business climate at the national level, but also at the territorial level. With this purpose in mind, it proved useful to use enterprise surveys, such as business climate surveys (BCS) or local governance surveys, as instruments to initiate and strengthen public-private dialogue on framework conditions for private sector development.

Mesopartner has been involved in designing and conducting routine implementation of BCSs in Indonesia since 2005 in cooperation with GIZ and Swisscontact. In Indonesia, the local autonomy and decentralization laws promulgated in 1999 empowered district governments to implement economic policies which can directly impact the business environment and local competitiveness within their administrative boundaries. As in many countries with decentralization, in Indonesia the lack of awareness and communication among public and private actors about how to create a supportive business climate poses a considerable challenge for decentralization and regional economic development.





The provincial and regional BCS in Indonesia addresses the whole range of government-created factors that shape the enabling environment for business, from generic and sector-specific laws and regulations to service delivery, including development services, as well as companies' internal efforts to innovate and strengthen their competitiveness. It not only includes information gained from surveys, building on individual perceptions, but also includes information gained from hard statistical data. The aggregated figures are the basis for calculating indices to assess and rank the 35 districts and six regions in Central Java and – since 2010 – also the 12 districts in West Kalimantan. The most recent BCS, the so-called 'District Competitiveness Survey' in 2010 resulted in the calculation of an overall competitiveness index per district and province based on a set of 51 indicators and six sub-indices, including economic performance, perception of the business environment, business dynamics, local infrastructure, government performance and investment performance.

The BCS is a monitoring tool and at the same time a development instrument that helps to collect and assess



relevant information for the identification of shortcomings that feed into public-private dialogue processes on how to create a supportive business climate. However, it does not perform as a stand-alone instrument, but needs to be supplemented by follow-up steps. In order to respond to the challenges identified in the surveys, the districts and regions are encouraged to organize diagnostic workshops, initiate a district or regional internal dialogue process of public and private actors and work out more elaborate and detailed plans for increasing performance.

The aggregated results serve as the basis for assessing and comparing the competitiveness of different regions and districts in the two provinces. District profiles reflecting strengths and weaknesses are being ranked, presented and then taken up by public and private actors to propose measures for improvement to decision-makers at the provincial and district levels. The ranking of districts and regions stimulates competition between these sub-national areas and thereby accelerates local efforts to improve the business environment. As a precondition for this, the BCS results need to be tracked openly and published widely. Routine repetition of the survey at least on a biannual basis is crucial to provide the opportunity to the districts to gradually improve and demonstrate the achievements to the public. The usefulness of the whole BCS exercise crucially depends on how far its results manage to push economic development forward and contribute to the setting up of additional services for the private sector and the improvement of existing public and private services and institutions. An unintended consequence of the surveys is that they also improve local learning and reflection on what is working and why. This is often an element that local stakeholders overlook.



In both provinces, ownership of the enterprise surveys has been taken by a local public-private multi-stakeholder group. This arrangement is instrumental in the effective implementation and sustainability of the surveys. In the meantime, the surveys are mostly managed and financed by these local partners who are continuously capacitated with regard to the methodology and who are committed to continue jointly conducting the surveys and the territorial rankings on a regular basis in the future. Further dissemination of the methodology across Indonesia is planned and could contribute to more effective and transparent decentralized policy and decision making.

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6

Participatory approach to SME strategy development in Armenia



mesopartner
enabling the future

At the beginning of 2012, Armenia finalized the elaboration of its long-awaited national SME development strategy, which only started in autumn of 2011. The last government strategy for SME support was developed back in 2000 and no longer addressed the challenges faced by SMEs. Due to constant changes in the business and market environment, the assistance tools and support mechanisms were obsolete and outdated.



The strategy development process initially started as a private initiative coordinated by an expert group. The ambitious goal was to identify 'out-of-the-box' solutions for improving the business environment, entrepreneurial learning, accessibility of finances, and eventually wrapping all those efforts into a sustainable public-private dialogue platform.

The approaches and methods applied for the strategy development were innovative and differed substantially from traditional routes of policy development, which typically start and end at the macro level.

The bottom-up approach and the wide participation were perhaps the major success factors. The hugely participatory process involved the major target groups, namely the enterprises, state and local government bodies, as well as financial institutions; in addition, it included entrepreneurship support organizations, the chambers, unions, associations, business centres and others.

Partners and associates of Mesopartner took the methodological leadership by continuously coordinating and coaching the whole process of strategy elaboration, as well as developing several parts of the document, such as the review of international best practices, LED and SME development in the context of industrial policy, etc.

At different stages of the strategy development and implementation, international and donor organizations



got involved with GIZ as the lead partner and were supported by several other organizations, such as the Asian Development Bank (ADB), the United States Agency for International Development (USAID), the European Bank for Reconstruction and Development (EBRD), the Organization for Security and Co-operation in Europe (OSCE), etc.

Another key to success was the application of the systemic competitiveness model as the main methodological framework, later supplemented by local economic development, value chain and cluster promotion, access to finance and other models. The systemic competitiveness model is considered an important alternative to the conventional (and often isolated) approaches used so far at the policy level. For



the first time, it allowed SME state support to be looked at as a complex and mutually complementary system of interventions, in which the roles of relevant stakeholders are allocated in a way that overcomes market and government failures and that combines support mechanisms in a reasonable way, thus creating synergies and delivering tangible results.

Self-assessment is one of the key approaches in economic policy development, i.e. identifying the status of the economic development, its advantages and peculiarities, as well as the current challenges faced by the SME sector. After ensuring the participation of the government, experts and financial institutions, the consultant group also secured large-scale participation of enterprises. To this end, a 'red tape' workshop format was developed, which was applied during meetings with over 300 enterprises across Armenia.

These workshops were divided into two parts. First, the moderator interacted with enterprises to identify their main problems and challenges when dealing with the state government system. In the second part, government



representatives, namely the deputy ministers, joined the groups and tried to clarify the problems articulated. The issues were recorded for further use in developing strategic initiatives.

One of the key achievements of the strategy implementation was the establishment of the SME Development National Council (SMEDNC) in the Armenian Prime Minister's office, which included both the state government sector and relevant international organizations, along with unions and chambers. Following the initial presentation of the SME support strategy, the Armenian Prime Minister suggested that the expert group should plan and manage activities of the SMEDNC, the implementing agency for SME state support in Armenia. The proposal was accepted by the



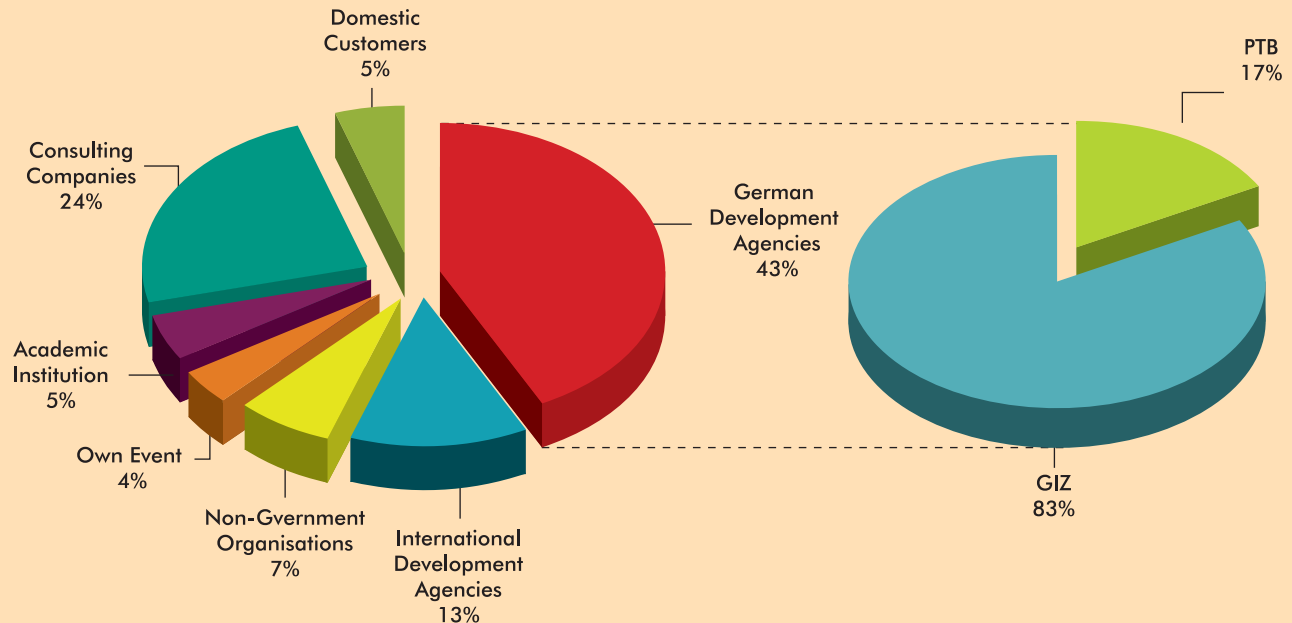
local Mesopartner associate who is currently leading the SMEDNC.

This opened a window of dialogue, enabling business support organizations to voice problems faced by entrepreneurs, while the government tried to tackle the issues using the international expertise. The establishment of the council served as a basis for institutionalizing SME participation in decision making in their relevant spheres.

In conclusion, the development of the SME support strategy in Armenia appears to rest on two main pillars, self-assessment and dialogue, while the application of the model of system competitiveness created awareness of stakeholder roles and enhanced participation. Currently the major challenge of SME support in Armenia is the improvement and strengthening of established mechanisms, as well as the coordination of efforts and events aimed at SME support by various governmental, international and private structures.

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Mesopartner's client structure, 2011 (generated revenues)



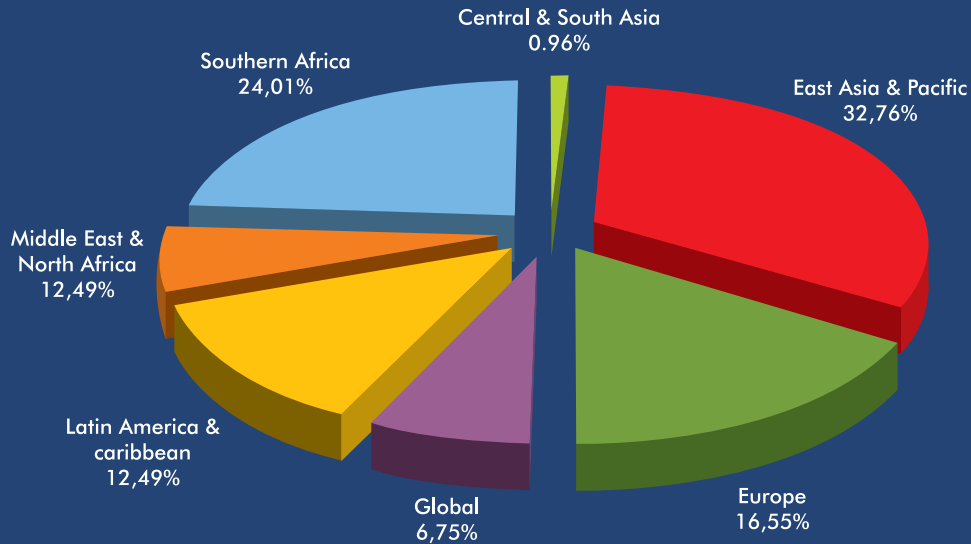


Mesopartner's strategic clients

GIZ Employment and Skills Development Services programme (ESDS), South Africa
GIZ Private Sector Promotion (PSP SMEDSEP) programme, The Philippines
GIZ Private Sector Promotion (Sector-project Innovative Approaches), Eschborn, Germany
GIZ Programme for Economic Growth, Namibia
GIZ Regional Economic Development (RED) programme, Indonesia
GIZ Support for Poverty Reduction Project, Vietnam
GIZ Programme for Sustainable Economic Development in Central America (DESCA), El Salvador
GIZ Economic Integration of Women in the MENA Region (WinFra)
GIZ Programme for Sustainable Economic Development, Ghana
Industrial Development Corporation – Agency Division South Africa
Inter-American Development Bank, Washington

Institute for Economic Research on Innovation (Tshwane University of Technology), South Africa
International Labour Organization (ILO), International Training Centre, Turin, Italy
International Labour Organization (ILO), Geneva, Switzerland
International Labour Organization (ILO), Lebanon and Vietnam
International Technical Cooperation of the German Metrology Institute (Physikalisch-Technische Bundesanstalt (PTB)), Germany
South African Electrotechnical Export Council
Technology Innovation Agency (TIA), South Africa
Technology Station in Electronics, Tshwane University of Technology, South Africa
World Vision Australia
University of Leipzig, Germany
Vaal University of Technology (VUT), South Africa
National Foundry Technology Network (NFTN), South Africa

Mesopartner's geographic footprint, 2011





COUNTRIES IN WHICH MESOPARTNERS WERE ACTIVE IN 2011

**ARGENTINA
BOLIVIA
BOTSWANA
CAMEROON
CHILE
COLOMBIA**

**DR CONGO
ECUADOR
EGYPT
FINLAND
GERMANY
GUATEMALA**

**INDONESIA
JORDAN
LEBANON
PERU
THE PHILIPPINES
ROMANIA**

**RWANDA
SOUTH AFRICA
SRI LANKA
SWAZILAND
TUNISIA
VIETNAM**

The **Mesopartners**





Shawn Cunningham

sc@mesopartner.com

Born 1973. PhD in Business Administration (North-West University, South Africa, 2009), Master's degree in Business Administration (North-West University, South Africa, 2001). PhD dissertation was about market failures in knowledge-intensive business services that affects the manufacturing sector.

Based in Pretoria, South Africa.

Main areas of expertise:

Private sector development

- * Innovation systems and technology transfer
- * Local and regional economic development
- * Cluster and value chain promotion
- * Small enterprise promotion

- * Knowledge-intensive business services
- * Process design and process facilitation
- * Expert development and coaching

Working experience:

- ☐ 2008 – current: Partner in Mesopartner
 - ☐ 2010 – current: Research Associate at the Institute for Economic Research on Innovation, Tshwane University of Technology
 - ☐ 2003 – 2007: Senior expert in the GTZ South Africa Local Economic Development and Business Development Services Programme
 - ☐ 2001 – 2002: Worked in a South African development agency called NAMAC (National Manufacturing Advisory Centre Programme)
 - ☐ 1996 – 2001: Own business in the IT sector
- Shawn also maintains a blogsite (<http://www.cunningham.org.za>) where he shares some ideas and insights from his fieldwork.





Christian Schoen

cs@mesopartner.com

Born 1965. MA in Economics (Munich, 1991).

Based in Hanoi, Vietnam

Main fields of expertise:

- * Local and regional economic development
- * Cluster and value chain development
- * Pro-poor LED approaches
- * Territorial and technology foresight
- * Business climate surveys and competitiveness rankings.

Working experience:

- ☐ Founding partner of Mesopartner (2003)
- ☐ 2001 – 2002: Fraunhofer Gesellschaft e.V., Jakarta (Indonesia), PERISKOP project coordinator and senior consultant
- ☐ 1999 – 2000: Fraunhofer Management GmbH, Munich (Germany), senior consultant
- ☐ 1992 – 1999: Dorsch Consult Ingenieurgesellschaft mbH, Munich (Germany), consultant.



Frank Wältring

fw@mesopartner.com

Born 1968. MA in social sciences with specialisation in economics (Duisburg, 1999).

Based in Bremen, Germany

Main fields of expertise:

- * Local and regional economic development
- * Cluster and network management
- * Value chain promotion
- * SME promotion
- * Business development services

Working experience:

- ☐ Since 2004: partner of Mesopartner
- ☐ 2003 – 2004: Private sector development specialist at GTZ headquarters, special focus south-east Europe
- ☐ 2001 – 2003: Junior professional in GTZ private sector development programme in Honduras
- ☐ 1999 – 2001: Researcher in joint INEF/IDS local cluster and global value chain project, Institute for Development and Peace, University of Duisburg

The Mesopartner administration



Ute D Mayer
udm@mesopartner.com

Since 2004 Mesopartner has been supported by a project assistant, Ute Dorothea Mayer. She is a German citizen, living in Argentina since 2002. She is fluent in English and Spanish and is delighted to provide services and assistance to anybody who has dealings with Mesopartner. In addition to administrative tasks for Mesopartner, one of her major assignments is to organise Mesopartner conventions, such as the Summer Academy in Germany. Ute is the point of contact for all questions regarding international events and the Mesopartner administration.



Annelien Cunningham
ac@mesopartner.com

Annelien Cunningham (MBA) provides regional administrative and content support to Mesopartner in Africa on a part-time basis. Her main tasks involve organising regional events such as the Africa Academies, LED study tours to Germany, and various other capacity-building events hosted in South Africa. Her background in business enables her to provide content and fieldwork-related support to Mesopartner in southern Africa.

Unless instructed otherwise, please direct all queries to Ute. Annelien should only be contacted in instances where she is listed as a contact person.

The Mesopartner Associates in 2011



Zini Godden
zinigod@hotmail.com
Born 1966. Master's degree in Public and Development Management, University of the Witwatersrand, 2006.
Based in South Africa.



Douglas Hindson
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Born 1946. DPhil (Development Studies) University of Sussex, 1983.
Based in France.



Valérie Hindson
valhindson@gmail.com
Born 1969. Diploma from the Institute of Political Studies (Sciences Po), Aix-en-Provence, France, 1992.
Based in France.



Anke Kaulard
ak@kauco.de
Born 1975. University Degree in Latin-American Regional Sciences with specialisation in economics and political sciences (University of Cologne, Germany, 2003).
Based in Peru and Germany.



Colin Mitchell
cm@mesopartner.com
Born 1953. Studied accounting and auditing and completed articles in 1979.
Based in South Africa.



Deepabandhu Ratnayake
2000.dr@gmail.com
Born 1963. BSc in Agriculture, Sri Lanka, 1986; MPhil in Economics, Sri Lanka, 1992; PG Dip. in Regional Development and Policy, Sri Lanka, 1999.
Based in Sri Lanka.

Mesopartner publications in 2011

CUNNINGHAM, S. 2011a. Putting the electrotechnical sector on the South African radar screen. Johannesburg: South African Electrotechnical Support Council (SAEEC).

CUNNINGHAM, S. 2011b. Understanding market failures in an economic development context. Mesopartner Monograph 4. Mesopartner.

CUNNINGHAM, S., DE BEER, D. & JOOSTE, J. H. 2011. Appraisal of the innovation system in the manufacturing sector in the Vaal region. Pretoria: Vaal University of Technology, GIZ and Mesopartner.

CUNNINGHAM, S. & EL MOHAMADI, A. 2011. Opportunities and challenges for technology transfer intermediaries to move beyond firm level to innovation system level interventions. Pretoria: Mesopartner and the National Foundry Technology Network.

CUNNINGHAM, S. 2011. Several articles on innovation, industrial development and economic development posted online at www.cunningham.org.za

HARMES-LIEDTKE, U. 2011. Measurement of quality infrastructure. Braunschweig, PTB. Discussion Paper 5/2011.

HARMES-LIEDTKE, U. CALIDENA Management Guide for Quality Infrastructure Institutions: Complementary document to the CALIDENA Handbook and Toolbox.

HARMES-LIEDTKE, U. CALIDENA Toolbox – Appendix of tools for consolidating the CALIDENA methodology.

SCHOEN, C. 2011. Rapid Assessment of Income-Generating Opportunities (RAIGO), Manual, Version 1.2, World Vision.

For details of publications see <http://www.mesopartner.com/nc/publications/>

Mesopartner books can be ordered at <http://stores.lulu.com/mesopartner>

Books that we recommend are listed in the Mesopartner Amazon store at <http://astore.amazon.com/mesopartner-20>

Mesopartner activities in 2011

Argentina	Teaching in the Master Course on Local Development, Universidad Nacional San Martín, Economic Territorial Development (LED Master Course) UNSAM, 0.1 staff months
Argentina	Coordination of a Competitive Plan on the Product-Cluster 'Tea', in Misiones, Buenos Aires, Posadas (Norte Grande) Ministry of Economy, 0.5 staff months
Argentina	Facilitation of a Workshop on Clusters within the programme 'Mendoza Productiva' Gobierno Provincial de Mendoza, 0.05 staff months
Argentina	Design and facilitation of a didactic laboratory in Local Economic Development within the programme "ConectaDEL – Training the Trainers" in Chascomús CEDET/IDB, 0.25 staff months
Argentina	Workshop on regional integration, Posadas Misiones Univ. Gastón Dachary, 0.1 staff months
Argentina	Teaching in the Master Course "Cluster Promotion" at the Universidad Nacional General Sarmiento UNGS, 0.05 staff months
Bolivia	Facilitation on quality promotion in selected value chains, here: Follow-up on CALIDENA in Cochabamba and El Alto PTB, 0.25 staff months
Botswana & Swaziland	Assisted the SADC Secretariat to conduct an assessment of the Customs-to-Business interface in Swaziland and elsewhere in SADC. Assisted the SADC Secretariat to develop a Private Sector Involvement strategy 1 staff month
Botswana & Germany	Assisted the PTB to conduct a baseline study of the awareness of escalation mechanisms by Regional Industry Associations in SADC of Non-Tariff Barriers and other Quality Infrastructure related issues, 0.8 staff months
Colombia	Presentation and workshop on megaprojects and LED in an international conference on strategic planning and economic development, organized by IDEA, Medellín ADRA (Agencia de Desarrollo Regional Antioquia), 0.25 staff months
Ecuador	Preparation and facilitation of a Train-the-Trainer workshop on the CALIDENA methodology in Quito PTB, 0.3 staff months

Mesopartner activities in 2011

Egypt	Gender-Sensitive Value Chain presentation in a regional GIZ conference in Cairo GIZ, 0.25 staff months
Germany	University seminar on regional systemic competitiveness at the University of Leipzig (SEPT Master Course) University of Leipzig, 0.5 staff months
Germany	Co-design and moderation of the "International Conference on Innovation by Cooperation" in the Deutsche Welle headquarters in Bonn CEPAL/GIZ, 0.25 staff months
Germany	Co-design, facilitation and moderation of the "International Management School for Policy Managers from Latin America and the Caribbean" CEPAL/GIZ, 1 staff month
Germany	Organization and moderation of the "Excursion on Climate Change Innovations" in North-Rhine Westphalia GIZ, 0.2 staff months
Germany	Training in international leadership – training on economic development and trade promotion for South Caucasian Experts GIZ, 0.3 staff months
Germany	Sensitization and Facilitation Workshop on the CALIDENA methodology for project coordinators and consultants at the headquarters in Braunschweig, Germany (WSKseminar) PTB, 0.15 staff months
Germany	Seminar on consolidation and amplification of the CALIDENA methodology, at the headquarters in Braunschweig, Germany PTB, 0.5 staff months
Germany	Capacity building for GIZ international leadership training on topics of market failure, innovation systems and systemic competitiveness GIZ, 0.1 staff months
Guatemala	Didactic concept and moderation at the 6th International Seminar on Quality Infrastructure in Central America (SISCAA) PTB, 0.25 staff months
Indonesia	Providing specific expertise in the fields of business climate surveys, regional strategies and investment promotion in Central Java and West Kalimantan in a regional economic development programme GIZ/Swisscontact, 2 staff months

Mesopartner activities in 2011

Italy	Tutor in the Enterprise Development through Value Chains and BDS course. ILO, 1 staff month
Jordan	Development and training of a gender-sensitive value chain module in Jordan and Germany for the MENA region GIZ/OXFAM, 1 staff month
Lebanon	Rapid sector assessment and training for the identification of economic opportunities in territories in Lebanon World Vision, 0.25 staff months
The Philippines	Upgrading and partially implementing the LRED Institutionalization Strategy in a private sector promotion programme GIZ, 1.25 staff months
The Philippines	Co-facilitating value chain training for ILO staff from various Asian countries ILO, 0.1 staff months
Romania	Rapid sector assessment and training for the identification of economic opportunities in territories in Romania World Vision, 0.25 staff months

South Africa	Co-facilitating PACA training for World Vision staff from Africa, Australia and Central Asia. Also provided strategic support to World Vision staff, assisted with online training and coaching of staff World Vision, 1 staff month
South Africa	Training for eThekweni-Economic Department on economic development in Durban eThekweni Municipality, 0.5 staff months
South Africa	Assisted the South African Electro-technical Export Council to write recommendations for the South African Industrial Policy Action Plan. Also worked on developing sector development material for the electronics sector Export Council, 0.5 staff months
South Africa	Provided technical assistance and strategic support to the National Foundry Technology Network (NFTN). Also moderated several events to align public stakeholders and to start a process of developing a 10-year sector development plan NFTN, 1.5 staff months

Mesopartner activities in 2011

South Africa

Conduct a RALIS at the Vaal University of Technology (VUT) to better understand the innovation in the sector around the university. Assisted with the development of the research strategy of the University, and supported organisational development at the university. Mesopartner and VUT successfully applied for public funding to start a cluster programme around the foundry sector in the Vaal region VUT, 1.4 staff months

South Africa

Assisted the GIZ ESDS programme with strategic and facilitation support to Universities, technology stations and the Technology Innovation Agency GIZ, 2.7 staff months

South Africa

Assisted the UNDP African Facility for Inclusive Market Development to establish a Community of Practice. Also moderated a training event for UNDP programmes and counterparts in Africa UNDP, 0.4 staff months

South Africa

Lectured at the Institute for Economic Research on innovation at the Tshwane University of Technology on the topic of local innovation systems and industrial development. IERI, 0.3 staff months

South Africa

Self-funded Mesopartner events and research on industrial policy and bottom-up innovation systems (including publications and events) Mesopartner, 1 staff month

Vietnam

Capacity development activities in participatory planning approaches in Thanh Hoa province (pro-poor PACA, participatory commune development planning) in a poverty reduction programme GTZ, 2.7 staff months

Vietnam

Design and facilitation of LED training and PPD workshops in Hoa Binh and Phu Tho provinces, finalisation of the LED implementation strategy in the Joint UN Green Production and Trade Project ILO, 1 staff month

Vietnam

University lectures in a German international Master Course at the University of Technology and Science in Hanoi (SEPT Master Course) University of Leipzig, 0.25 staff months

World

Preparing the RAIGO user manual (Rapid Appraisal of Income Generating Opportunities) World Vision, 0.15 staff months

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