



05 Twenty years of PACA – Retrospective reflections and opportunities for renewal

Twenty years ago, Dr Joerg Meyer-Stamer 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 and different way, with the ultimate aim of identifying the potentials, shortcomings and solutions of local economies in a rapid and highly participatory way.





An additional and indirect contribution of PACA to supporting developing and emerging countries has been made through the training of development practitioners. Even years after attending their first PACA trainings, our colleagues have confirmed that the PACA approach and method had a decisive influence on their *capacity building* and determined the way they tend to approach economic development.

The year 2019 also marks the tenth anniversary of the untimely passing of our friend, co-founder of Mesopartner and author of the PACA methodology. By introducing PACA, Joerg laid the foundation for the start-up and successful development of our consulting firm, Mesopartner. During the first few years of the company's life, PACA was our flagship product, for which there was enormous demand, and which was applied in more than forty countries. Many development practitioners were trained in PACA and became enthusiastic about this pragmatic and participatory approach. Its systemic view, its creation

of motivation among local actors, its activation of momentum via quick wins and its emphasis on using locally available resources have become good practice in international economic development.

For a considerable time, PACA and related instruments like the Hexagon of LED or the Compass of Competitiveness were dominant methodologies used by GTZ (now GIZ). They 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). Following the same logic, Mesopartner has developed similar methodologies such as RALIS (Rapid Appraisal for Local Innovation Systems) and, jointly with the International Cooperation Department of the Physikalisch-Technische Bundesanstalt (PTB), CALIDENA, a methodology to promote quality infrastructure for value chains.

During recent years, Mesopartner has adjusted its strategy and started focusing more strongly on enabling development organisations and practitioners to understand and solve their problems without referring to a specific process design and toolbox. The company's new strapline became "connect the dots", and with a process logic such as "systemic insight", we have started integrating complexity thinking in our approach. Nevertheless, even today we still refer to the key concepts and development logic of PACA and the Systemic Competitiveness framework, which we still continuously use in our practical consultancy and facilitation work. We have learned that it is a question of perspective and of trying to understand local realities when it comes to designing development processes, and not insistence on applying specific tools or methodologies.

Although Mesopartner has intentionally rejected the marketing of PACA in recent years, there is still a significant demand for the method. Mesopartner and associates have also explored ways of applying PACA to new thematic areas, such as the Pro-Poor PACA approach, the merger of PACA and Market System Development (both by Christian Schoen), the application of PACA in the context of refugees and in regions of failed states by Doug Hinson, or the gender-sensitive value chain promotion by Valerie Hindson and Frank Wältring. We frequently learn from PACA practitioners that they continue to work successfully with the method. Américo Herrera recently shared with us the finding that the method has been used in Mexico in over a hundred (!) agro-industrial areas. We are always keen to find out which lessons have been learned in recent exercises and what changes have been made to the methodology. This will allow us to update, adjust and renew the approach.

Given the success and lasting popularity of PACA, we and other PACA practitioners have begun to wonder whether we should fundamentally revise and update PACA. There are several reasons for this consideration:

- PACA is committed to *competitive advantage*, even in its name. Today, however, development has shifted towards *sustainable development* in a wider sense, which must also be reflected in the local development agenda.





- One methodological strength of PACA is its *systemic approach*. When it was being designed, PACA was ahead of its time in terms of criticising linear strategic planning. However, there is more potential for strengthening systemic thinking and stronger consideration of uncertainty and complexity in development. One way to do this could be to integrate ideas from systemic insight into the PACA method.
- When looking for local solutions, PACA targets quick wins and more ambitious catalytic activities, but does not look at the overall health of an economic system. The *resilience* discussion, which is gaining increasing momentum in economic development, focuses on making systems such as local economies stronger, healthier, more robust and ready to overcome external shocks (see Article 2, *Targeting resilience, not growth* in this AR). It is worthwhile considering building resilience ideas into the PACA method.



However, the question remains whether to leave PACA untouched the way it was originally designed, and in parallel create a new methodology with a different name, or to redesign the PACA method comprehensively under its original name. At this point we purposefully leave this question open for discussion and invite interested practitioners and clients to submit their views and comments. In 2019 we decided to create various opportunities to discuss the relevance and possible renewal of PACA. Like the methodology itself, we consider this discussion a participative process.

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