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***The challenge of Local Economic Development:  
lessons to be learned from Ecuador***

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## List of Acronyms and Abbreviations

WB	: World Bank
IMF	: International Monetary Fund
LED	: Local Economic Development
PACA®	: Participatory Appraisal of Competitive Advantage
CONCOPE	: Council of Provincial Governments of Ecuador
GTZ	: German Corporation for Development Co-operation
CNC	: National Council of Competitiveness
CORPEI	: Exports and Investments Promotion Corporation
GPLR	: Provincial Government of Los Ríos
INIAP	: Autonomous National Institute of Agricultural Research
GPAO	: Provincial Government of El Oro
INP	: National Institute of Fisheries
USPAO	: Unit of Small-Scale Fisheries of El Oro
PRODEIN	: Projects of Integral Development
UTPL	: Private Technical University of Loja, branch Zamora



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## I. Introduction

### 1.1 Background

Despite the fact that for over fifty years the global agenda has set development as one of its top priorities, the less developed regions seem to face a discouraging situation of extreme poverty, increasing inequality and lack of opportunities. The world today is one where *globalization* has become the cornerstone on which development stands in the 21<sup>st</sup> century. Never before has the world seemed so small and reachable but yet so unequal. In this new global era where technological change is constantly challenging us, many of the less developed countries have come to realize that without a major transformation process they stand little chance in playing in the so-called *global game*.

For some, neoliberalism was the answer in moving towards economic growth and prosperity. Such declaration of principles brought major donor agencies -namely the World Bank and the International Monetary Fund- to their doorstep. But being a global player entailed fulfilling certain criteria that many of them lacked. Structural Adjustments Programs were the provided alternative so lesser developed countries could move forward down the road of economic success and overall development. Regardless of whether it was an option or an imposition from the IMF and/or WB, many countries in Latin America underwent major economic reforms during the 1980's and 1990's.

In this new state of affairs, globalization made evident the fact that competition was no longer limited to a local scope. Firms were no longer competing against other firms located in the same city, region or country, but with companies located anywhere in the world. Competition was now a global concept, and marked the beginning of an era where centralized governments started having major difficulties in being responsive to these new global pressures with the efficiency and efficacy required. Vertical and horizontal decentralization processes started to spread throughout the region, demonstrating that functional governments that could better cope with these new challenges were in demand.

When the neoliberal model, through its trickle down effect, was unable to solve two major development setbacks such as extreme poverty and inequality, the challenge for less developed countries was to find alternative strategies that could provide solutions. Political decentralization had fostered democratization processes that delivered more accountable governments, making top down interventions obsolete and unpopular. The new need was for approaches that could better represent the real concerns and hopes of citizens. The era of bottom-up approaches had begun.

Local Economic Development (LED) became a viable alternative, with its basic premise of creating economic opportunities at a local level using a long-term scope. The intention was to provide communities with a fair chance to improve their quality of life through employment-generating activities. The appearance of LED in the Latin American development scene was preceded by success stories from Europe and North America. Nevertheless, in the development practitioner's realm it was becoming more evident that the 'one fits all' type of approach was not the most appropriate strategy to follow. Even institutions like the World Bank recognized that the current situation regarding the outcomes of development interventions was not positive. "The past four decades' practices of delivering foreign aid are being called into question for poor achievements in sustainable impact, national ownership and appropriate technologies" (World Bank in Lusthaus et al., 1999:1).

## **1.2 Topic and Objectives of the Research**

When evaluating LED it is found that the tool kit it provides seems more suitable for the most advanced areas in the developing world. Despite the fact that current leading theory is aware of the factors that might hinder the evolvement of the development process "the way production is organized, the institutions, social and cultural structure and behaviour codes all condition development process..." (Vásquez-Barquero, 2002: 40); the reality shows that there is a need for discussion about how to start a LED process in a backward rural/urban area that lacks most, if not all, basic elements that make this intervention possible. Thus, the aim of this research is to present evidence in regards to the aspects that promote and/or prevent more or less successful LED initiatives in contexts characterized by a weak and fragmented private sector, a disorganized civil society where governance structure stability could be jeopardized due to the lack of a proper institutional setting; all of the former co-existing within a context of high levels of political as well as economic uncertainty.

In this respect, the paper will explore the role that government plays in fostering economic development and how the institutional setting unfolds in some of the less advanced areas of the developing world. The analysis is based on empirical evidence collected in three distinct initiatives that are currently taking place in Ecuador, which utilized PACA®<sup>1</sup>-Participatory Appraisal of Competitive Advantage- as a tool to promote LED. The three experiences presented seek to illustrate that perhaps with a different lens, local economic development can still be achieved in such settings.

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<sup>1</sup> PACA® is a patented methodology to promote LED created by mesopartner, a German consulting company.

### 1.3 Research Question

- ◆ To what extent is LED an appropriate approach to be undertaken in places characterized by weak governance structures?

### 1.4 Sub-Research Questions

- ◆ What type of institutional setting typifies some of the less advanced areas of the developing world?
- ◆ What types of organizations are found as a result of such context?
- ◆ Which role should local/intermediate levels of governments play in LED processes in these settings?
- ◆ How do various socio-cultural factors affect the outcomes of interventions?
- ◆ In what ways does PACA® contribute to a better LED process?

### 1.5 Methodology and Limitations of Research

(a) *Case Study Approach.* The paper examines three different cases in Ecuador where the PACA® methodology was utilized. Such cases were selected based on the following criteria:

- (i) Time period since implementation began
- (ii) Geographical location, and
- (iii) Number of actions accomplished within the timeframe of three months.

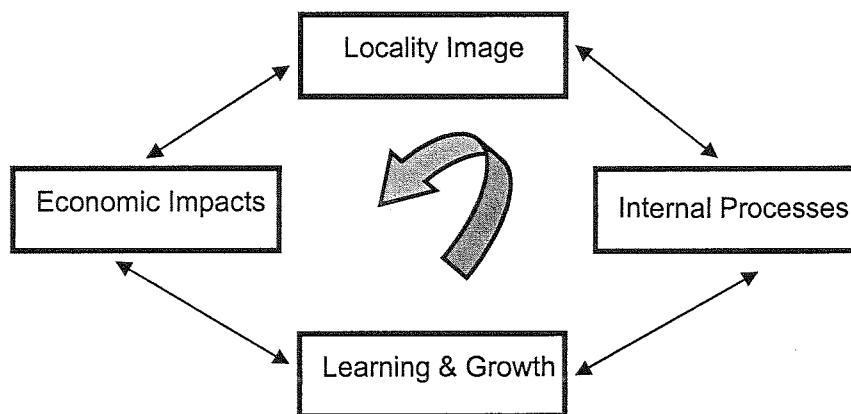
Regarding the first criteria, six months was the minimum time period required since it was important to evaluate how sustainable the initiative's results were. In terms of the geographical location, it was important to evaluate initiatives in at least two different regions of the country so as to confirm how much socio-cultural factors were an influencing factor. And finally, the last parameter regarding the number of actions accomplished under the standard of three months intended to be an 'a priori' indicator for a successful intervention. In this way, PACA® interventions that took place in Los Ríos (coastal), El Oro (coastal) and Zamora (orient) were selected for the fieldwork. During the research fieldwork that I conducted between July 25<sup>th</sup> and August 16<sup>th</sup>, 2004, primary data was collected through semi-structured interviews, meetings and informal gatherings with stakeholders involved in these initiatives. A list of interview participants can be found in Appendix A.

(b) *Balanced Scorecard.* The three interventions will be analyzed using the balanced scorecard developed by *mesopartner* -a consulting company specializing in local and regional development- who adapted the original framework developed by Kaplan and Norton (1993), modifying its clearly business orientation to one that could be used in development interventions such as a PACA® project.

The adapted scorecard is a system that provides an insight into the intervention's strategic objectives, and based on that information, four main areas that are critical to the success of any LED initiative are defined: learning and growth, internal processes, locality image and economic impacts. This practice entails a more strategic view in terms of which areas should be focused on in order to have a better evaluation process. As can be seen in Figure 1, a virtuous circle that starts with learning and growth has been created, with feedback stages all throughout, which ultimately strengthens the system in moving from simple to more complex outcomes, underlying the generation of a vibrant and dynamic economic process as the ultimate goal.

**Figure 1**

**Balanced Scorecard  
for PACA® projects**



*(i) Learning and Growth:*  
Capacity to learn and adapt to new situations (mentality and attitude). To learn about LED, to evaluate and adjust the LED practice.

*(ii) Internal Processes:*  
Entails the interaction and cooperation among organizations at local, meso and macro levels.

*(iii) Locality Image:*  
Attractiveness of a given locality to external /internal investors.

*(iv) Economic Impacts:*  
Visible results in terms of economic activity generated (growth, jobs, start-ups, business partnerships, etc)

In order to undertake the scorecard analysis, critical success factors for each area needed to be defined so as to understand what helps and what inhibits each particular area to develop. It is important to bear in mind two boundaries of this research paper: that the analysis undertaken in the balanced scorecard is limited to a qualitative nature, and that the PACA® methodology will not be assessed,

since the intention of the research is not to evaluate the tool as such, but to use it as a means to exemplify the form that LED takes in less advanced places in the developing world.

**Balanced Scorecard Exercise for a PACA® project:**

**Learning and Growth**

*Critical Success Factors*

◆ *Participation*

Involvement of local stakeholders in a PACA® exercise (planning & implementation process)

◆ *Local Ownership*

Local stakeholders being responsible for practical actions defined as part of a PACA® exercise.

**Internal Processes**

*Critical Success Factors*

◆ *Organizational development*

Refers to the extent to which relations and/or partnerships among different stakeholders - private, public and civil society- have evolved (inter sectoral agreements).

◆ *Mobilization*

Local stakeholders' capacity to organize themselves. It analyzes their current associative levels.

**Locality Image**

*Critical Success Factors*

◆ *Investment inflow and business retention*

Overall analysis in order to determine whether a PACA® project has brought new investments to the locality.

◆ *Standing with external promotion agencies*

Overall analysis in order to determine whether a PACA® project has achieved a shift in the local private/public pattern of funding projects (less external and more local).

**Economic Impacts**

*Critical Success Factors*

◆ *Activity generation*

Concrete economic results within the targeted sector. It could be expressed in terms of increase of income, and/or decrease of expenses, sectoral growth, new jobs, new start-ups and specific business agreements.

◆ *Relevance*

How important the chosen sector is for the PACA® intervention within the locality context.

◆ *Sustainability*

Whether the defined PACA® actions have generated a long-term process of economic development.

## **1.6 Structure of the paper**

The paper is organized into five chapters. Chapter I introduces the matter and objectives that define the nature of this particular research. Chapter II presents the guiding theoretical framework. The aim is to present a general but yet significant picture of mainstream LED in the context of Latin America. It is important to take into account that such a framework is strictly limited to the boundaries of the research which are expressed in the objectives of the paper. A brief description and the balanced scorecard analysis for each one of the three case studies will be introduced in Chapter III. Chapter IV will present the major findings in relation to the role that government, organizations and socio-cultural factors play in LED initiatives. Finally, chapter V will present the corresponding conclusions and recommendations derived from the overall analysis, taking into consideration the theory and empirical evidence provided.

## II. Theoretical Framework

### 2.1 Background

According to Vásquez-Barquero (2002: 21, 22) the paradigm of endogenous development joined the development debate from the beginning of the 1980's onward and sought to provide a new perspective of the processes of growth and structural change that were taking place as a response to the a new economic environment. The main idea behind this approach is that development will be generated when localities -namely local actors- are able to properly use the development potential that they already have. It entails a more holistic approach, since it is not only limited to economic improvements, but also includes social and cultural ones. The end result is not one single development path to follow, but rather different options, depending on where the importance is being stressed.

Local Economic Development is consequently one of those paths whose aim is to improve localities' economic well-being. In the past decade it has become one of the most popular development approaches in Latin America. Mainly due to its bottom-up nature LED can better interpret local demands, according to Vásquez-Barquero (2002:12) local development policy was a reaction to the new reality -firm shutdowns, de-industrialization and rising unemployment- that territories where now facing as a consequence of globalization.

Nevertheless, it is important to analyze the types of incentives that could have triggered government officials and local politicians to promote such an approach. The political rational behind LED is the fact that local politicians need legitimacy in order to remain in office, and one way of getting this legitimacy is through economic prosperity by means of job creation. Thus, politicians are prone to partner with different actors from the private sector and civil society, such as business chambers, non-governmental organizations or even international donors, in order to achieve this goal. From another perspective, the economic rationale behind LED is the fallacy of perfect markets, but at a local level it is possible to solve some distortions -namely information asymmetries- with bearable costs (German Federal Ministry for Economic Cooperation and Development).

E. J. Blakely (1989:266) states that LED began to be a popular practice in addressing regional disparities after the post-depression era in Europe and North America. In the beginning it was thought to be an additional component for national policy. Today the vision is different, since in many cases it has become the major element of national economic programs. In light of this, and considering the

importance that it currently holds in many settings throughout the developing world, it becomes essential to understand how this practice unfolds in the less advanced areas of Latin America.

## **2.2 Local Economic Development Framework**

In order to provide the core of the theoretical framework, three authors have been selected based on their strong LED backgrounds, which includes experiences both in North America and in Europe. Edward J. Blakely from the United States is one of the best-known scholars in the field and provides a first approach to the meaning of LED and how to undertake it in practical terms. From a different angle, A.H.J. (Bert) Helmsing and Antonio Vásquez-Barquero, both Europeans, have expertise in the Latin American context and have moved the debate further in terms of the complexity of the analysis and the inclusion of other elements -networks, external economies, innovation- into the discussion. In addition, their visions regarding the role of the government, organizations and socio-cultural factors will be enhanced with the views of other scholars so as to provide a more comprehensive picture of the current state of affairs in relation to how LED unfolds in the less developed areas of the developing world. It is important to bear in mind that the theories presented concentrate solely on the topics that are applicable for this research paper.

In reference to organizations and socio-cultural factors, the analysis will be partially based on considerations from the overall framework provided by D.C. North (1993) on institutions. He defines institutions as the incentive structure of societies. In this way, North argues that economic performance is determined by the interaction of political and economic institutions. More specifically, he talks about institutions being "...the humanly devised constraints that structure human interaction". Such constraints can take a formal stance, such as rules, laws and constitutions, or an informal position, such as norms of behaviour, conventions, and self imposed codes of conduct with their matching enforcement characteristics. Thus, when considering institutions as "the rules of the game", players come to be the organizations and the entrepreneurs that comprise it. Therefore, organizations are the direct result of the constraints provided by the institutional framework. In North's own words, "...if the institutional framework rewards productive activities then organizations -firms- will come into existence to engage in productive activities". In light of this, the LED framework presented will include the selected authors' views on organizations and on the *informal rules of the game*, the rules that are termed in this paper as socio-cultural factors.



## 2.3 Different Approaches to Local Economic Development

Due to his reputation as one of the most known scholars in the field; I decided to start with Edward J. Blakely's (1989: 58) definition on LED:

...a process by which local government and/or community-based groups manage their existing resources and enter into new partnership arrangements with the private sector, or with each other, to create new jobs and stimulate economic activity in a well-defined economic zone.

In general terms, Blakely states that LED seeks to create a favorable business environment that is able to promote competitiveness among local firms, fostering the creation of new businesses by means of attracting external investors and/or giving opportunities to local entrepreneurs. The overall aim of such activities is to provide jobs to local people. Blakely's approach to LED is based on the experience that the United States underwent after the oil crisis embargo in 1974. Up to that date, the country was experiencing fast growth rates, providing a pool of jobs that could meet the nation's labour supply. But, after the crisis many communities throughout the country faced a jobless situation for which they were not well prepared to deal with. The end result was segregation in the labour market, where the working middle class was the most affected. In this new context, localities realized that they were the ones who needed to react in order to tackle this new state of affairs; they were now the main players in the field.

Antonio Vázquez-Barquero (2002: 40) gives a whole new perspective to the LED debate. He goes beyond the basic premise of being an instrument to stimulate the local private sector and gives greater emphasis to concepts such as innovation, knowledge, flexible production and institutions. His approach to LED is in the following terms:

... a process of growth and structural change, which provides more well-being to the inhabitants of a city or region, as a result of the transfer of resources from traditional to modern activities, the employment of external economies and the introduction and diffusion of innovation.

Vázquez-Barquero defines LED as a process of capital accumulation that takes place in specific cities and regions. In this regard, for such accumulation to happen the local productive system needs to have an appropriately-skilled and non-conflictive workforce, combined with an entrepreneurial and organizational capacity that is able to diffuse technical innovations and knowledge. Flexible production becomes the key feature since it allows the creation of economies of scale, the reduction of transaction costs and the generation of networks among firms; all the former contributing directly to the diffusion of innovative new practices.

Firms competing globally rely heavily on the institutional, technological, organizational and economic contexts that they move within. The particular features of every specific context are the ones that help to build firms' competitive advantages. In his terms, local economies will grow when knowledge diffuses among firms raising sectoral competitive levels, when the production system is more flexible and responsive to fast changing market demands, when firms are surrounded by an innovative and dynamic environment and last but not least, when a proper set of complex but yet flexible institutions are in place to support the whole process (2002:16). Territories on the other hand, are not a mere support of economic activity and processes but are agents of social change. The interrelations produced between local and national spheres are a consequence of each locality's particular features in economic, political, social and cultural terms (2000:6).

In conclusion, LED is a process of growth and structural change that could be characterized in three distinct dimensions. The first one has to do with the economic realm and how local productive systems can become competitive players in the market; the second refers to the socio-cultural realm and how economic and social relations, local institutions and values are the basic pillars on which the development process stands; and the last dimension regarding the political and administrative realm, where local initiatives would be catalysts in terms of generating a favorable environment for production in a sustainable way (ibid: 6).

Finally, the last LED approach presented is the one provided by A.H.J. (Bert) Helmsing (2001:3):

...a process in which partnerships between local governments, community based groups and the private sector are established to manage existing resources, to create jobs and stimulate the economy of a well-defined territory.

LED in his words means the mobilization of actors, organizations and resources; the generation of new institutions and local systems as a consequence of dialogue and strategic actions. Going further in the debate he acknowledges the impacts that both external economies and collective learning have on LED processes. The focus is no longer on the interdependencies produced as a consequence of production or transaction activities but on the ones that are generated as a result of private-public governance. Factors such as trust and social embeddedness of networks take on a major role since they shape the relations and joint actions that the different actors may undertake. Collective learning is presented as a new resource for firms. "Learning is central to maintaining and renewing competencies" (2001:11). Industrial districts and clusters become key players in terms of knowledge spillovers. Inter-firm cooperation, a very mobile work force and informal networking are activities that foster and reinforce

this process. Therefore, there is now a need for policies that will address externalities in a structured way with a flexible and broad enough scope that would fit in the overall global context (2000:302,303).

## **2.4 The role of the Government**

Cities and regions needed to react in view of the lack of alternatives coming from the central government (Vásquez-Barquero, 2002:12). In light of this, localities began a process of restructuring their productive systems and fostering the creation of new institutions so as to become competitive new actors in what Ugarteche (in *ibid*: 2) calls “the new international division of labour”. The role of the state has been pushed down to local level, since local actors are the ones that have taken the lead in terms of delivering tailored solutions based on their particular circumstances. The fact that private and public actors are taking on the responsibility of managing local investments opportunities that seek to solve local problems has entailed a symbiosis between the social and economic spheres (*ibid*, 2000: 6).

Nonetheless, Helmsing talks about the “more prominent role” that local governments are undertaking in economic development processes due to the occurrence of several factors. First of all, decentralization processes have taken place in the public sector, often entailing a transfer of responsibilities but not of resources. Secondly, such processes have been accompanied by new legislation that has facilitated public-private partnerships. In third place, local governments have realized that they indeed have a role to play in terms of poverty reduction strategies, such as employment generating activities. Fourthly, some national governments have acknowledge the fact that new approaches are required in terms of being more responsive to people’s needs and have launched support programs that contribute to strengthen LED interventions; and finally, legitimate regionalist pressures have risen in the search for appropriate responses. Helmsing draws the conclusion that the difference in today’s setting is the realization by local governments that they are only one of a variety of players involved in the process of economic development within a community (2000:9).

Since the nineties (1990’s) a more active government at the local level has been reinforced by the *good governance* concept that marks the beginning of the government’s enabling role. Helmsing (2002a: 338) argues that within this new role, the process of enabling local planning is not a difficult task; however changing public decision-making processes in relation to financial, administrative and regulatory matters can be. Making local governments more enabling is something that NGOs and international donor agencies tend to ignore, instead focusing on community empowerment as the norm. Thus, how can local governments move in a systematic and formal way towards becoming more enabling?

The state, according to UNCHS, should have a broader role than just enabling so markets work properly; instead it should concentrate on giving coherence to initiatives coming from local actors, being the nexus between them and the supra/sub national level. In no case should such as role have a counterproductive effect on on-going decentralization policies. In fact, Albuquerque (2001: 296) states that neither decentralization nor regionalization processes could harm the state; they make it more efficient and thus stronger and more democratic.

For Blakely, public sector and/or community-based organizations have to realize the active role they must play in providing jobs and opportunities to local citizens. The stress is put in the partnerships that need to be built between both public and private actors. In this regard, the fact that any initiative or decision undertaken by the public sector will have an effect on its private counterpart is now widely accepted. The end result is that LED interventions can be championed by any actor in society irregardless of who takes the lead; the important factor is their ability to mobilize the rest of the actors to actively participate in the process. For Albuquerque (2001: 300), the participation of local governments in such partnerships is crucial, being that the public sector is the stakeholder who can guarantee initiatives with a long-term perspective, while the private sector is expected to have a profit-based approach.

However, before embarking on initiatives of a public-private nature, it is important to analyze whether the local institutional framework consents such initiatives taking place. Albuquerque (2001:318,319) mentions that in some occasions, the legal framework does not allow the public sector to partner with the private sector in institutions that foster local economic development. This situation can be exemplified by the case of Ranquil in Chile, where the local government could not participate in the Committee for Local Productive Promotion that was integrated by local producers and micro-entrepreneurs. This situation, according to Albuquerque, is a major drawback since it limits the participation of the public sector in institutions of a mixed nature (private-public) that are normally present in every international LED good practice.

From a different angle, local governments have been unable to articulate their own programmatic agendas and are still moving within the institutional framework provided by their central governments. According to Albuquerque (2001: 296, 297) within the LED experiences analyzed in the context of Latin America, promotion instruments with a distinct centralist nature were found in the cases of Mexico and Colombia. Moreover, most of the initiatives analyzed in Colombia were the result of a central policy that sought to foster competitiveness and the development of science, technology and employment.

Albuquerque (2004:162, 164) draws upon another important concern regarding local governments, that is the existence of several factors that are key to the learning process that these entities must undertake in order to generate appropriate local development strategies. Some of these factors are the degree of preparation and the extent to which the strategic competencies of the local government are consolidated. The local government's capacity to acknowledge the economic, social and cultural reality of its jurisdiction; its capacity to produce a meaningful dialogue with the community and its thoroughness to plan promoting activities and to coordinate and articulate development actions with other economic, social and political agents in line with its capacity to formulate plans and to negotiate with other levels of government. Thus it becomes central that local governments are trained in the competencies needed for their new role as promoters of economic development.

Finally, there is an open debate -and not much light yet shed on- which alternatives of governance strategy to choose. Markets, hierarchies and networks are currently the most acknowledged ways to undertake decision-making processes. All of them have positive and negative features, but the intention is to be able to take parts of each of them and generate a tailored strategy that ultimately serves the interests of the community. For Albuquerque (2004: 160) the concerted effort from public and private actors towards a meaningful strategy of local development comes from a shared vision that is spatially found between the market and the hierarchy, at the meso-economic level. This new economic level provides new ways of defining local development policies, in a context where decentralization and a more participatory democracy are the leading processes.

## **2.5 The role of Organizations<sup>2</sup>**

For Blakely, economic development entails a process of institution building. Given the fact that what are being sought after are strategies with a long term scope, this has necessarily resulted in the emergence of institutions that could support such a process for long time periods. The existence of an institution in charge of the whole process of LED -namely planning and coordinating- is of much relevance. In this regard, such an institution would better serve the community interests if it were comprised of people from the private as well as public sector. But, regardless the form that such a development organization takes, what is important is its capacity to perform as an "enterprise". It needs to have two distinct features, authority and resources; otherwise it will not fulfill the role for which it was created in the first place (1989:252,253, 257).

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<sup>2</sup> Some of the authors address institutions as both formal rules of the game and/or (supporting) organizations.

Meyer-Stamer (2003:11), on the other hand, doubts the effectiveness of LED agencies in the context of a developing country. He argues that either the institutional structure is not yet prepared -fairly incipient- and thus a LED agency will be overwhelmed with a multiplicity of different tasks, or there is already a whole set of different organizations working -uncoordinatedly- in economic development, to whom a newly created agency could be perceived as another competitor. He stresses the fact that creating an agency before any LED initiatives are undertaken breaks "the form-follows-function principle".

Vásquez-Barquero argues that what is relevant concerning institutions is their ability to be flexible enough to undertake the development process. Decentralization fostered the devolution of competencies to local governments and due to this, governance structures were reshaped so as to build new strategic partnerships among all different actors. Thus, the key feature of institutions today is that they can quickly adapt to the new demands imposed by the dynamics of globalization. (2002:102,103).

For Helmsing, public-private cooperation seeks to strengthen networks both horizontally and vertically. The aim is to be able to create meso-institutions at territorial as well as at industrial levels (2000:13). Competitiveness is no longer a matter of how a firm copes alone with productive issues but instead reflects how the relationships a firm has with its suppliers and the rest of the local businesses determine its future performance and thus competitive edge. Therefore, it is not an isolated process but one that is directly dependent on the context of a firm's standing in the market. The importance of networks according to UNCHS (2001:58) is the fact that they represent the real links between local and global processes. Although they are perceived to be rooted within civil society, they are actually being shaped by both public and private actors.

In order to work properly, public-private partnerships in the view of Meyer-Stamer (2003:13) need to fulfill some basic criteria. First of all, the public sector must take an interest in economic development with some basic knowledge about business and most importantly, a non-paternalistic view regarding the private sector. This may appear simple but many times is not, since government officials do not normally have business expertise. Another issue brought out by this author is the fact that in many developing settings, government officials do not have the same class background as the owners of micro and small enterprises, thereby creating a situation that complicates the communication process between the two. Concerning business associations and chambers of commerce, Doner & Schneider (in Meyer-Stamer 2003:12) state that in the context of the developing world, they normally are little more than clubs of business people with a limited set of professional services to offer to their members.

For Meyer-Stamer (2003:12), these business associations are hardly a reliable partner for LED initiatives since they typically lack resources and more importantly, do not hold any power in terms of enforcing their associate members to carry out the commitments they agree upon.

From another perspective, Albuquerque (2004:167) enumerates some of the major reasons why the private sector fails to actively participate in LED initiatives in the context of Latin America. He talks about the different nature of interests among private sector members, the (small) size of the majority of local enterprises and the uneven degree of representation of the business associations. Likewise, there are other important factors such as a broad set of activities that those organizations carry with a marked sectoral approach plus a traditional feeling of distrust towards local governments. Thus it becomes central to generate actions that will lead the private sector towards a process of associative strengthening, where business associations are truly representative of the sector's interests. For Albuquerque this transformative process of associations needs to include two distinct aspects. The first one entails a shift from a narrow sectoral vision towards one that contemplates the whole spectrum of the local productive chains. The second aspect is regarding the substitution of a recurring attitude of self-serving hidden agendas of associations' representatives (for their membership) towards an approach that seeks to support and foster the wider local productive system.

## **2.6 The role of Socio-Cultural Factors**

Social and cultural factors play a crucial role in interventions. According to UNESCO (2004), culture "...can help to promote or hinder rapid economic growth". In another dimension it also "...reflects its history, mores, institutions and attitudes, its social movements, conflicts and struggles, and the configurations of political power, internally and in the world at large". It is therefore the first element that should be taken into consideration before initiating any development intervention since it will be one of the determining factors behind the direction that any possible outcome could take.

Vásquez- Barquero addresses the so called socio-cultural factors as the "... social and cultural structures and behaviour codes" which can influence the outcomes of the development process along with the current productive system and the existent institutional framework. This means that the overall development process relies heavily upon local institutions and values which are the driving forces behind the economic and social relations created in a particular locality. In light of this, UNCHS (2001:62) states that "...national local political history and culture help to shape public-private relationships and decision-making".

An interesting issue pointed out by Monsted (in Vásquez-Barquero 2002: 57) has to do with the fact that trust plays a major role in endogenous development approaches such as LED. Without trust, networking and cooperation among firms is unlikely to happen. Thus it becomes a crucial factor in the foundation of economic relations within a locality (ibid, 2002:57). Helmsing states from another perspective that common, regional and culturally-based rules of behaviour are some of the preconditions for collective learning (2000: 289). He also stresses the importance of both trust and social embeddedness when he addresses the topic of networks in a context of innovation and collaboration among firms.

The lack of a local entrepreneurial culture facilitates the exercise of an assistance type of approach which generates social immobilization and resistance towards innovative proposals (Albuquerque, 2001: 316). From a public sector perspective, this has translated into the reality that in many Latin American countries no specific policies have been set to foster micro and small enterprises development, despite their importance as employment and income-generating engines (ibid, 2004: 162, 163). Albuquerque defines eight basic elements that comprise a successful LED initiative. The lack or shortcomings of any of these elements directly affects the initiative's future performance. Three of these elements are related to entrepreneurial drive and a dependency outlook. The first one is about a proactive attitude from the local government. The second is regarding the existence of entrepreneurial teams at a local level, and the last focuses on the promotion of micro and small enterprises while avoiding a paternalistic outlook. In addition, he stresses the fact that regional identity and social capital should not be taken for granted due to geographical or historical factors, but instead should be considered as intangible assets that can be shaped by local actors through concerted actions that seek to create trustworthy alliances, with the ultimate goal of facing common challenges together.

Finally, Guimarães (1998:33) addresses the difficulties development planners face because they "...are forced to deal with unique, individual, and path-dependent systems, in which unique events, history, characteristics, and even personalities may play as important role in determining the success or failure of local development efforts as variables which are more amenable to analysis and modeling".

## **2.7 Summarizing Theory**

Blakely and Helmsing define LED in terms of the partnerships between the different actors that are needed in order to stimulate a community's economy with the overall objective set on employment-generating activities. From a different perspective, Vásquez- Barquero defines it as a structural change that supports itself on external economies and diffusion of innovation. All three implicitly stress the fact



that LED is a type of intervention where the outcomes -generation of jobs- are as important as the means of obtaining them. Defining LED as just an employment generating strategy would not do justice to the concept. Local problems and demands are now dealt within a new governance structure resulting from new interrelations between public and private actors which are part of a new institutional setting. Such processes are perhaps the most important element, since they provide the necessary dose of sustainability that any intervention needs in order to have a long term scope.

Blakely and Vásquez-Barquero talk about local actors being in charge of the economic development process, but Helmsing talks about a more predominant role for the public sector. He acknowledges the fact that current driving forces in developing countries have pushed the latter to become an active promoter of economic development. However, Albuquerque holds some concerns regarding public and private actors to be found at a local level. He first draws attention to the fact that local governments need to be prepared before taking on the challenge of any LED initiative, since their capacity to assess reality and properly direct the economic development process cannot be taken for granted. Secondly, the business associations that represent private sector interests fail to participate in these types of initiatives due to their predominantly-sectoral focus, enhanced by a commonly seen self-serving behaviour.

Finally, there is an overall consensus regarding the importance of generating meaningful and mutually beneficial public-private partnerships. Networking, despite its informal nature, proves to be a significant decision-making alternative for local actors regardless of the level of development that the institutional structure holds, since it narrows the gap between local and more global initiatives. Trust within networks, a proactive local government, the necessary amount of entrepreneurial drive among the private sector and a paternalistic type of approach towards the local micro and small enterprises are some socio-cultural factors that need to be closely assessed before undertaking economic development initiatives.



### III. Case Studies

The case studies presented are three different initiatives undertaken by two provincial and one local government respectively. All three utilized PACA® in order to provide an economic impetus to their territories with the direct support of CONCOPE<sup>3</sup> and/or the German Corporation for Development Cooperation (GTZ). A general overview of the country will be presented in order to understand the overall context within which those interventions are taking place before moving into the description of the PACA® methodology and the three particular cases under analysis. As it was stated before, such analysis in the form of the balanced scorecard will be restricted to the economic sector(s) targeted by the PACA® intervention.

#### 3.1 General Overview

Ecuador is a country full of contrasts. The richness of its natural resources mixes with the diversity of its human geography, consisting of several different ethnic groups and Spanish colonizers<sup>4</sup> that arrived five hundred years ago. Unfortunately, Ecuador has failed -up to now- to build upon its comparative advantages and is still one of the poorest countries in the region<sup>5</sup>. Inequality<sup>6</sup> -another major issue- is thought to be in part a consequence of the way that the Spanish colonization took place, excluding the local indigenous people out of the reach of any mean of production (A. Acosta, 1995:16). Furthermore, the indigenous people in Ecuador were only granted the right to vote after the second half of the 20<sup>th</sup> century and had to face before that a life with practically no rights where they were even sold as part of the 'haciendas' for which they worked for (Tortosa, 2000).

According to the Human Development Report (2001:5) the limitations that still prevent Ecuador to achieve human development are not found in the lack of available productive resources but instead in the unequal social distribution of productive assets, income and opportunities. Historically, poverty comes to be the result of a highly polarized social structure that can be tracked down to colonial times (HDR 2001:6).

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<sup>3</sup> Council of Provincial Governments of Ecuador (autonomous public agency)

<sup>4</sup> The following is the ethnic distribution in Ecuador : mestizo (mixed Amerindian and white)65%, Amerindian 25%, Spanish and others 7%, black 3% (source The CIA World Fact Book)

<sup>5</sup> According to the 2002 HDI, Ecuador ranks a 100 of 177 countries. The best ranked country in Latin America and the Caribbean is Barbados (29) and the worst, Haiti (153).

<sup>6</sup> Ecuador's gini index (1998) is 43.7 and the share of income or consumption of the poorest 20% is of 3.3% (HDR 2003)

Another important factor that has played a major role in shaping Ecuadorian society is the high rivalry that exists between the two strongest regions in the country, the coast and the 'sierra'<sup>7</sup> (Fontaine in Ecuador y los Límites de la Democracia de Mercado and Tortosa, 2000). The coast is represented by the power of Ecuador's richest city, Guayaquil, whose people are known to be more liberal and entrepreneurially driven. This is in contrast to the people of the sierra, represented by the political power of Quito, where the population is perceived to be more conservative and less risk-taking. Regional disparities that can still be seen would be the direct consequence of such rivalry that has produced two confronting poles in a country that cannot afford such a situation. Furthermore, J. López (2002) addresses the antagonism between these two cities when she cites S. Haggard and R. Kaufman for whom the whole Ecuadorian governance crisis is the result of the historic division that exists between these two elites.

As is the condition in many countries in the developing world, corruption is part of the country's governance reality hampering any improvement in terms of development initiatives since it "discourages investment, limits economic growth, and alters the composition of government spending, often to the detriment of future economic growth" (Mauro in Hadiz, 2004:1). According to the 2003 corruption perception index prepared by Transparency International, Ecuador ranked one hundred and thirteenth (113<sup>th</sup>) with a corresponding index of 2.2<sup>8</sup>. The state has acknowledged the magnitude of this problem and has been taking some measures on this behalf. In 1999 the Civic Control Commission on Corruption -an autonomous body dependent on the Presidency- was created for the purpose of surveilling the performance of the three powers of the state --executive, judiciary and legislative (Ecuadorian Ministry of External Relations, 2003). Ecuador also subscribed to the United Nations Convention against corruption and is currently waiting for the Ecuadorian National Congress to ratify this agreement. A regional alliance with neighboring countries such as Argentina, Colombia and Peru has also been set so as to jointly find suitable strategies of corruption reduction.

During the past eight years, political instability has dramatically risen. Two presidents have been removed from office, first in 1997 and the latest in 2000. The last ousting represented a shift in what has been the pattern of behaviour of civil society, most importantly in the indigenous groups, since the removal of president Jamil Mahuad was promoted in great part by the social movement that represents the indigenous interests; a movement which has become a very strong political force in the country since the first indigenous upraise in 1990. In terms of the formal institutional context, the

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<sup>7</sup> Ecuador has four regions, the orient (Amazon), the hills (sierra), the coast and Galapagos.

<sup>8</sup> The best ranked country was Finland with an index of 9.7 and in Latin America; Chile holds the best position (20) with an index of 7.4.

decentralization law implemented in 1997 gave local and middle government levels<sup>9</sup> more space to maneuver, since it gave them the possibility to decide whether they wanted some competencies such as health, education, tourism, environment<sup>10</sup> and so forth transferred to the local level. Along with this, in 2001 the National Council of Competitiveness (CNC) -an autonomous agency dependent from the Presidency- was created in order to provide the country with the right institutional framework regarding the issue of competitiveness. Such a framework expresses itself in what is called 'Ecuador Compite' (Ecuador Competes) which is the name of the National Agenda of Competitiveness. In order to achieve the desired results, Ecuador Compite seeks to coordinate policies where private and public actors actively participate and cooperate. In this respect, the CNC considers the support that local governments can provide fundamental in terms of developing competitiveness and in fostering the productive value chains in their territories (Ecuador Compite, 2003).

Hence, the role for provincial and local governments has been changing gradually towards a more active one in terms of their involvement in economic affairs. Even though part of the drive has been coming from above, there has also been an understanding -based in the generalized sense of frustration and disillusionment towards Ecuador's political class and institutions during the entire 1990's -- that change needs to be a bottom-up initiative. For J. López, this last twenty years in democracy - after a decade of dictatorships in the 1970's- has seen the country immersed in a permanent crisis which none of the successive governments have been able to solve. In her opinion the future of Ecuador's democracy is being questioned by the worsening of people's living conditions, the rising migration rate, and the lack of trust in the political class (Democracia de Oropel, 2002)

Despite good intentions Ecuador does not seem to be able to generate a trustworthy institutional framework. Once again, ad-*portas* an election (municipal), an electoral reform was in demand by small political parties including the presidents' own – Sociedad Patriótica. Such reforms have quite a history in the country, demonstrated by the fact that in the past 26 years, 25 electoral reforms have taken place right before elections with no clear results seen in terms of stabilizing the political spectrum. The government of current President Lucio Gutiérrez, which has been in power since January 2003, has already been put on the spot. Early this year he had to fire his minister of social welfare since the United States government had him on the list of suspected corrupted officials. Most recently, President

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<sup>9</sup> Ecuador has four level of government: central, provincial, canton and parish. Middle-level refers to provincial government and local to canton (municipality).

<sup>10</sup> The decentralization law establishes that the only competencies that could not be transferred are defense and national security, international relations and foreign policy, macroeconomic and taxing policies, debt management and all the ones that the Constitution of the country explicitly expresses otherwise (CONCOPE, 2004)

Gutiérrez has been accused of having funded his presidential campaign with monies coming from the Colombian FARCS (Latinnews.com, 2004).

Trust and reliability in the national institutions is something hard to build in a country where President Gutiérrez has just met in Panama with former President A. Bucarám (ousted in 1997); an episode in the words of the head of the congress that has "endangered the security of the state". This meeting was about different alternatives that could allow Bucarám to come back to the country. Until today the ousted president confronts an arrest warrant, resulting from the accusation of the misappropriation of US\$90 million of public funds (Latin American Andean Group Report, 2004). Thus, today Gutiérrez manages Ecuador with very little public support -around six to eight percent- something that must be considered since he has only been in power for less than two years (El Tiempo.com, 2004). In sum, Ecuador today faces the challenges of the 21<sup>st</sup> century with a lack of a proper set of economic, political and social policies which are the building blocks for a society that urgently needs to take the right direction towards a sustainable and equitable development process.

### **3.2 Participatory Appraisal of Competitive Advantage**

PACA® comes into the development field as a methodology whose aim is to foster local economic development, bringing distinct and clearly-defined results in a short period of time, and by taking into accounts the locality's own resources and capabilities. It is a tool that seeks to support LED initiatives by resting immensely on the motivation and dedication of the stakeholders involved in the process. In summary, PACA® claims to be a participatory, action-oriented, business and opportunity driven tool to promote LED.

Local private, non-governmental or public agencies are normally the champions in terms of bringing a PACA® project to their locality. Before a PACA® project is implemented; some qualitative research work needs to be carried out between the entity that is championing the idea and the PACA® consultants<sup>11</sup>. This previous work brings as a result the definition of the economic sector(s) where the intervention is aiming so as to correctly map the stakeholders involved. In general, backward/sub-productive economic sectors that show potential are the ones selected.

A PACA® project has three distinct stages. Handled by the champion and the team of external consultants, the first stage has to do with mobilizing local stakeholders so as to motivate them to be

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<sup>11</sup> PACA® consultants are all the people trained in the PACA® methodology, up to now, there have been people trained in GTZ Ecuador as well as in CONCOPE. By the end of this year at least 10 new consultants coming from different backgrounds (private/public sector) are expected to be trained.

part of the PACA® team. The local stakeholder team is trained by the external consultants in issues such as: systemic competitiveness, Michael Porter's competitive advantage concept, and the Metaplan visualization method, among others. The composition of the PACA® team is very important since they are going to be the ones handling the next two stages. The second stage consists of the PACA® exercise that begins with a workshop where the PACA® initiative is presented to try and attract and involve local stakeholders in the upcoming activities. Next, for approximately one week, fieldwork takes place in the form of interviews and mini workshops, so as to gather first hand information regarding the selected sector. An in-depth analysis is then carried out by the PACA® team with the support of the external consultants in order to understand the challenges and drawbacks from the sector(s). A presentation of the findings is the last activity in this stage, where a list of actions that seek to enhance the competitiveness of the sector(s) is introduced. Such actions need to fulfill three basic criteria - viability with local resources, implementation within three months, and deliver clear, visible results. Finally, the last stage corresponds to the actions' implementation period by the PACA® team with the support of the local stakeholders (PACA®.com).

### 3.3 Case of Los Ríos

<i>Population</i>	650,709 (urban: 50%)
<i>Economically active population</i>	225,875
<i>Most important crops (% of national production)</i>	African Palm (22%), Rice (38%), Banana (39%), Maize (50%), Passion Fruit (78%), Soy (97%)
<i>Producers</i>	41,712

Source: Los Ríos Provincial Agricultural Strategic Plan, 2003

The province of Los Ríos is located in the coastal region of Ecuador. Its economic base is built upon agribusiness. Agriculture is the main livelihood with approximately eighty nine percent (89%) of the total land of the province being used for this purpose. Of the total number of producers, eighty four percent (84%) can be defined as small-scale with an average farm size of 5.45 hectares<sup>12</sup>. Human capital is evidently in shortage, with nineteen percent (19%) of all producers having no formal schooling, and a further sixty one percent (61%) with only primary education. As can be inferred, rural areas present high poverty incidence rates -an average of 71%- and infrastructure problems, evidenced for example, by only 10% of rural roads being asphalted (Provincial Agricultural Strategic Plan, 2003).

<sup>12</sup> Of the remaining 16%, 15% own farms with an average size of 46.53 hectares and 1% owns farms with an average size of 473.27 hectares.

Regarding the private sector, a high level of fragmentation can be seen. The associative level among producers is very low -around four percent (4%)- according to the records of the Exports & Investments Promoting Corporation (CORPEI). The main challenges in Los Rios today relate to issues such as technology transfer and an improvement in the commercialization and marketing capabilities within the productive sectors.

### **PACA® Los Ríos**

As part of the current Agricultural Strategic Plan being implemented by the Provincial Government of Los Ríos (GPLR), a Competitive Agenda was set in collaboration with CORPEI, in order to improve the performance of the productive sectors of the province. The PACA® experience was suggested by the prefect<sup>13</sup> so as to strengthen and expedite the overall process of fostering competitiveness within the *soy and maize* sectors in particular. The PACA® team was originally composed of five people: three officials of the provincial government, one faculty member of the local university and one member of a peasant organization (who was no longer active when the PACA® exercise finished). The team was assisted by three external consultants from CONCOPE. Table 1 in Appendix B contains a map of stakeholders demonstrating the participants in the value chain. As a result of the analysis undertaken by the PACA® team, eleven actions were identified to be completed during the following three months. Table 2 in Appendix C lists the actions and their current status.

#### ◆ Summary Table.

<i>Period</i>	Jan 20 <sup>th</sup> – May 20 <sup>th</sup> , 2004
<i>Sector of intervention</i>	Maize and Soy value chain
<i>PACA® team members</i>	5
<i>Number of actions</i>	11

Source: Provincial Government of Los Ríos, 2004

### **Analysis of PACA® Los Ríos**

Based on the information collected through semi-structured interviews that took place in Babahoyo and Guayaquil, written reports from both CONCOPE and the provincial government of Los Ríos, the following is the balanced scorecard analysis regarding the PACA® experience in the soy and maize value chain.

<sup>13</sup> Prefect is the elected head of the Provincial Government.



## ◆ Learning

<i>Participation</i>	<p>Highly motivated PACA® team members from the provincial government but failure of the GPLR -as champion of the initiative- in getting the private sector involved in the overall process. The lack of participation of the private sector could be explained by two reasons. The first one is the fact that both productive sectors are organizationally weak, thus mobilizing producers became a paramount task. On the other hand, 84% of farmers in Los Ríos are small-scale producers; hence they cannot afford the time to participate in activities that would divert them from their livelihood responsibilities.</p> <p>The primary role played by the GPLR has meant a clear skill and knowledge transfer. The PACA® experience has resulted in a provincial government more aware of the role that they can play as promoters of economic development through public-private partnerships.</p>
<i>Local Ownership</i>	<p>The target group was the soy and maize value chain, but no representatives of this chain were managing any action. Producers, middlemen and industries have only participated as recipients of actions. In addition, despite the initial will to address the whole soy/maize value chain, the major target has mainly been the producers.</p>

## ◆ Internal Processes

<i>Organizational Development</i>	<p>There has been a clear strengthening of the relations between the provincial government and other institutions such as CORPEI and INIAP<sup>14</sup>. There has been a rebuilding of trust among institutions in the private as well as the public sector. The aim of the provincial government is to become a reliable partner and source of information/support for local producers. In the same way, it has become a link between the different members of the soy value chain and is working towards an improvement in the local level of association's membership.</p> <p>Issues such as the use of certified seeds and associating are slowly starting to be discussed in informal gatherings amongst producers.</p>
<i>Mobilization</i>	<p>Due to the fact that the private sector is highly atomized there is no evidence of joint actions in a structured and formal way. It seems that the more organized associations mobilize only for specific reasons.</p> <p>In another perspective, networking is slowly starting to increase, due in part to some</p>

<sup>14</sup> INIAP: Autonomous National Institute of Agricultural Research

PACA® initiatives such as round tables, seminars and so forth, which have given producers the opportunity to interact on a more frequent basis.

#### ◆ **Locality Image**

<i>Investment inflow and business retention</i>	There was no information presently available, and with only three months having passed since the implementation process finished, it was not possible to measure if any change in terms of business and investment have resulted from a direct consequence of the PACA® intervention.
<i>Standing with external promoting agencies</i>	The same situation as above. In general, international and non-refundable funds are defined from one year to the other. Perhaps next year it will be possible to know whether any of the new funds obtained are coming as a consequence of the PACA® experience.

#### ◆ **Economic Impacts**

<i>Activity generation</i>	A very interesting agreement came as a result of the negotiating tables and was presented in the Soy Forum that took place late in May. A reference price for soy was defined that sought to benefit and protect both producers and industry. Currently the agreement is on hold, awaiting the final decision from the Ministry of Agriculture. For one producer association's leader, agreements like this one are quite positive since they introduce confidence in the traditionally unstable agricultural market. In his opinion, the number of hectares planted with soy has increased this year due to this fact. However, one official of the GPLR thinks that such an increase is relative to the fact that probably fewer hectares were planted the previous year due to a severe drought that affected the area.
<i>Relevance</i>	Soy and maize are two of the most important crops in an eminently agrarian province. Thus, in fostering them, one is fostering part of the main economic sources of Los Rios. And, as is the situation in many other farming-related areas, the incidence of poverty is quite high, involving a high percentage of the province's population.
<i>Sustainability</i>	It seems that as long as the current prefect stays in office, the GPLR will keep working on completing all eleven actions. He is going for re-election for a third term and therefore has the extra incentives of performing well and showing results. In addition, INIAP seems to have found a key partner in the GPLR, since the latter provides the

institute with the platform to deliver technology to their main target group - small producers. INIAP needs the logistics that can be provided by the GPLR since one of the major drawbacks of INIAP is its lack of resources which has prevented it until now to perform its role in terms of transferring technology on a formal and periodic basis. Very important is the fact that many of the actions are a response to the new role of middle level governments as promoters of economic development. Thus, it would be expected that despite political changes in offices this new approach for local politics is the way things are currently being done in the majority of provincial governments in Ecuador.

### 3.4 Case of El Oro

<i>Population</i>	527,763 (urban 76%)
<i>Economically active population</i>	195,046
<i>Small-Scale Fishermen</i>	6,000 – 7,500 app.
<i>Monthly Average Income of Small-Scale Fishermen</i>	US\$80-100 app.

Source: Provincial Government of El Oro, 2004

El Oro is located in the southwestern tip of Ecuador's coastal region and is known to be one of the richest provinces in terms of its primary production. It is the country's top producer of bananas and one of the most important in terms of shrimp. Unfortunately, not much of the income generated through these activities remains in the province. The reason for this lies in the fact that only the extractive process takes place in El Oro, with all the managerial and financial decisions being made in head offices in Guayaquil.

The sector chosen for the intervention -small-scale fishing- shows lots of potential in terms of productivity and profitability improvement that could be achieved if new technology and value-added processes were incorporated into the current production system. This sector has one association that encompasses cooperatives as well as independent fishermen. The aim of the association's leaders is to regain trust and respectability and be able to deliver real answers in terms of the sector's main concerns. Civil society in El Oro seems more driven and organized, at least in terms of the environmental issue that concerns the manglar,<sup>15</sup> and has shown a concerted effort to protect it for some time.

<sup>15</sup> An ecosystem that consists of a type of vegetation that is the habitat for shellfish and crabs.

## **PACA® EI Oro**

The prefect of El Oro decided to carry out a PACA® exercise so as to give new impetus to the sub-productive fishing sector. One element that played in favor of the selection of the small-scale fishing industry in finally being chosen was the fact that its leaders seemed very receptive to the proposal and showed immediate interest in starting to work on it. This proved to be a decisive factor, since the provincial government of El Oro (GPAO) wanted the target group to be the most involved in the execution of the forthcoming activities. The PACA® team was composed of nine people. Three officials from the GPAO, one lecturer from the Technical University of Machala (UTM), one delegate from the National Institute of Fisheries (INP), one delegate from a community organization that protects the Manglar (PMRC) and three leaders from the two biggest fishermen's associations. The team was also assisted by four external consultants (3 from CONCOPE and one from GTZ).

Table 3 in Appendix D shows a map of stakeholders that compose the small scale fishing sector in El Oro. The results of the PACA® exercise were 13 actions, listed with their current status of completion in Table 4 Appendix E. The first PACA® experience with the small-scale fishermen was a pilot project test for the GPAO. Since it was assessed as a positive experience, a new PACA® project has already been launched within the cattle farming sector.

### ◆ Summary Table

<i>Period</i>	May 26 <sup>th</sup> -November 15 <sup>th</sup> , 2003
<i>Sector of intervention</i>	Small-scale fishing
<i>PACA® team members</i>	9
<i>Number of actions</i>	13

Source: Provincial Government of El Oro, 2004.

## **Analysis of PACA® EI Oro**

Based on the information collected through semi-structured interviews that took place in Machala, Guayaquil and Loja, written reports from both CONCOPE and the provincial government of El Oro, the following is the balanced scorecard analysis regarding the PACA® experience with the small scale fishermen.

## ◆ Learning

### *Participation*

The composition of the PACA® team was very well balanced, since it encompassed members from the private and public sector, as well as from civil society. Of great importance is the fact that the main beneficiaries of the intervention -the small-scale fishermen- were highly involved in the PACA® exercise as well as in the implementation phase, which meant that the actions addressed were representative of the sector's problems and challenges.

Through being highly involved in the action's implementation phase the fishermen have learned a series of new skills and have gained a whole new vision about their sector, which they did not have before.

Their leader -Tomas Cruz- has even become a motivational speaker in seminars that have been organized in Quito and elsewhere, so as to show that development and improvements in peoples' lives are possible to achieve when you have the necessary drive.

### *Local Ownership*

Clearly there is a high level of local ownership. Small-scale fishermen have been directly or indirectly in charge of all the actions, with the unconditional support of the GPAO. Their leader's commitment is very strong towards improving the situation of the fishermen, which has entailed that other important stakeholders within the small-scale fishing sector, such as the local university and the INP, become more involved.

It is important to mention that the sense of ownership within the leaders of the fishermen was a direct result of the decision of the prefect to financially support them with the equivalent of 50% of their monthly income for the first six months of the project. In this way, the leaders could actually commit, on a part time basis, to the tasks related with the actions implementation process. Without this financial guarantee, it would have been difficult to receive such a commitment, since all are the sole breadwinners for their families.

## ◆ Internal Processes

### *Organizational Development*

The PACA® experience in El Oro was able to connect all major actors involved in the small-scale fishing sector of the province. This was an opportunity that allowed them to get to know each other's positions and

interests and realize that there were several ways they could work together in order to improve the productivity of the sector. Thus, partnerships were established between the fishermen and the University, the National Institute of Fishing and also with the Seaport Commander-In-Chief, under the sponsorship of the GPAO.

Clearly, there has been an improvement in the organizational culture of the fishermen's association. Now, their leaders work on a full time basis and have set up an office, with the support of GTZ. The office and all the operational expenses –except their salaries– are financed with membership fees.

*Mobilization*

One of the first actions undertaken by the fishermen leaders was to merge the two biggest associations of the province into one single entity, called the Unit of Small Scale Fisheries of El Oro (USPAO).

Through doing this, the leaders could understand early in the process the importance of organizing, and could see the benefits and synergies that could be generated through collective action. In general terms, the feeling is that the PACA® process opened doors for them that they never dared to knock on before. For the first time they felt that their sector was being considered and that the situation gave them the necessary confidence to address other actors, so as to start jointly working on the initiatives that concerned them.

◆ **Locality Image**

*Investment inflow and business retention*

Difficult to determine with the lack of statistics available at the provincial level.

*Standing with external promoting agencies*

Up to now, no new incoming resources have resulted from the PACA® experience.

◆ **Economic Impacts**

*Activity generation*

Although several of the actions defined in El Oro were directed towards decreasing the operational expenses of the fishermen, creating new sources of family income and improving their current margins through value added processes; none of them have so far showed concrete and/or meaningful results. Unfortunately, the one action, that due to its nature and scope could make the greatest contribution in relation to the fishermen's average income -

the warehouse facility-, is on stand-by but with a good possibility of being realized by the end of the year.

Nevertheless, it is important to stress that regardless of the lack of any results in terms of real and measurable economic impacts, the PACA@ experience made the fishermen more aware of the different potential alternatives in their power, making them more proactive in the search for new solutions and opportunities.

*Relevance*

The Prefectura<sup>16</sup> has calculated that around 30,000 people are economically dependent on this activity, representing 6% of the total population of the province.

*Sustainability*

Even though the official implementation period ended nine months ago, any uncompleted actions are still in process, with none having been left out.

One of the major problems the PACA@ team has faced is the fact that many of the head officers of the different government agencies and/or NGOs with which they set up agreements have changed several times during the project implementation negatively affecting the issue of partnership continuity. However, based on the meetings carried out with many of these organizations, there seems to be a genuine interest to re-initiate the relationships comprising the previous agreements.

Until now the fishermen had traditionally gone to the Prefectura, on a daily basis, in order to discuss their problems and find solutions with the support of the provincial government officials, something that clearly shows improvements in terms of network development.

In addition, since the income from membership dues does not yet allow paying salaries, the leaders have had to come up with different alternatives so as to still be able to make money and support their families. This particular situation demonstrates the strong commitment towards continuing the process of change and overall improvement within the sector. Moreover, the fishermen's leadership is also working towards getting younger/newer people involved in the activities, so the process will not stop when they ceased in their associative functions.

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<sup>16</sup> Prefectura is the name for the provincial government's head office.

Last but not least, three new actions have already been generated as a consequence of the thirteen initial ones.

### 3.5 Case of Zamora

<i>Population</i>	21,791 (Urban 48%)
<i>Economically active population</i>	7,613
<i>Producers</i>	1,506

Source: Census 2001, National Institute of Statistics of Ecuador

Zamora is the provincial capital of Zamora-Chinchipe province located in the oriental Amazonian region of Ecuador. The lack of opportunities and overall economic instability that dramatically increased during the nineties (1990's), hitting remote locations such as this one particularly hard, resulted in a massive migration process where approximately one third of Zamora's population moved to Spain and other locations in Europe and North America. In the end this exodus for new economic opportunities turned out to be the lifeline for many local economies -especially in the pre-dollarisation period- as remittances result in the second largest source of foreign currency (US\$) income to the country, after oil production (La Hora.com, 2004).

As in many other parts of the country, the economic base in Zamora is highly concentrated in primary activities, such as farming and forestry. The biggest employer is the public sector -municipality, provincial government, education and health units, and so forth with the rest of employment coming from the retail and construction sectors. A low level in education is evident, with only twenty one percent (21%) of the population having attended secondary school; a percentage that decreases to fourteen percent (14%) in rural areas (Census of population and housing, 2001).

In reference to the private sector, and specifically to the productive sectors where the intervention was aimed, some good indicators in terms of levels<sup>17</sup> of association could be found. Nevertheless, a culture of partnerships between private and public actors, or even within the private sector itself, does not exist yet. In this particular place paternalism is highly ingrained, resulting in a lack of proactive activity from the locals in searching for solutions to their problems. From their perspective, the government should be the one providing solutions to their concerns and challenges.

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<sup>17</sup> According to the municipality, there are 116 fish farmers of which 87% are associated. There are 15 frog farmers with a 100% level of association. Unfortunately there was no information regarding the associative level of cattle farmers.



## **PACA® Zamora**

The PACA® experience in Zamora was the result of an agreement between GTZ and the mayor of the city. Through this agreement, and by being part of the Territorial Economic Development (DET) program that GTZ runs throughout the country, a PACA® project was financed, providing the canton with a practical means of fostering improvements in its main productive sectors. The case of Zamora is different than that of Los Rios and El Oro since it only targets one canton (municipality) of the selected province, and it entailed a multi- sectoral approach.

The PACA® team was originally composed of five people: two members of the municipality, one delegate from the local Catholic Church, one delegate from the Institute of Eco-Development of the Amazon Region -ECORAE- and finally the vice-president of the Chamber of Micro Entrepreneurs. The vice-president participated only during the PACA® exercise and the church and ECORAE delegates were only part of the team for the first month of the implementation phase. Table 5 in Appendix F shows the map of the stakeholders involved in all sectors, and Table 6 in Appendix G lists the current status of completion of the fourteen actions defined by the PACA® exercise.

### ◆ Summary Table

<i>Period</i>	November 28 <sup>th</sup> , 2003-March 27 <sup>th</sup> , 2004
<i>Sector of intervention</i>	Livestock, fish farming, frog farming, tourism, migrant remittances, contract-out garbage collection
<i>PACA® team members</i>	5
<i>Number of actions</i>	14

Source: Municipality of Zamora, 2004.

## **Analysis of PACA® Zamora**

Based on the information collected through semi-structured interviews that took place in Zamora and Loja, combined with written reports from both CONCOPE and the municipality of Zamora, the following is the balanced scorecard analysis regarding this multi-sector PACA® experience.

### ◆ Learning

<i>Participation</i>	The municipality failed to include within the PACA® team any member of the producer's associations. Just as in the case of Los Ríos, the beneficiaries of the actions took a passive role as only recipients of the defined initiatives.
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	Members of the target groups participated only in the interviews and workshops that took place during the PACA® exercise.
<i>Local Ownership</i>	Low in terms of the producers' involvement, but high in terms of the role that the municipality played in the implementation process. The impression is that local producers do not feel that the PACA® actions were their own, but rather were initiatives coming from the municipality. In any case, this does not change the general sense of gratitude that they now have towards their local government.

#### ◆ Internal Processes

<i>Organizational Development</i>	First of all, the municipality strengthened its links with various actors in the community such as ECORAE and the UTPL. With the latter, they have created a partnership around the cattle-farming sector, focusing on technology transfer and an artificial insemination program. This has proven to be a very good opportunity for the municipality to start networking and building partnerships. However, within the producers' associations it is not clear whether the PACA® experience has had any direct effect.
<i>Mobilization</i>	Within the three producer's associations it was possible to observe a slight change towards recognizing the benefits of being better organized. However, outdated practices are highly ingrained, which along with a strong paternalistic approach makes any process of change a very difficult one.

#### ◆ Locality Image

<i>Investment inflow and business retention</i>	No information available in the municipality. No statistics of this sort exist at the local level.
<i>Standing with external promoting agencies</i>	All current projects being funded by external agencies are agreements that were created last year or in previous years.

#### ◆ Economic Impacts

<i>Activity generation</i>	Besides the fact that milk producers have increased their daily quota by 20%, there is no other evidence yet of concrete economic improvements. Nevertheless, PACA® provided local producers with the opportunity to realize
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some possible steps that they could undertake in order to improve their current production practices. In doing so, as long as continuous improvement in production techniques is followed, positive results should start to appear.

*Relevance*

Thirty six percent (36%) of the total active economic population is involved in agricultural-related activities (farming, cattle farming, hunting, fishing and forestry). Tourism, on the other hand, is a new alternative way of generating local resources that has not yet been explored.

*Sustainability*

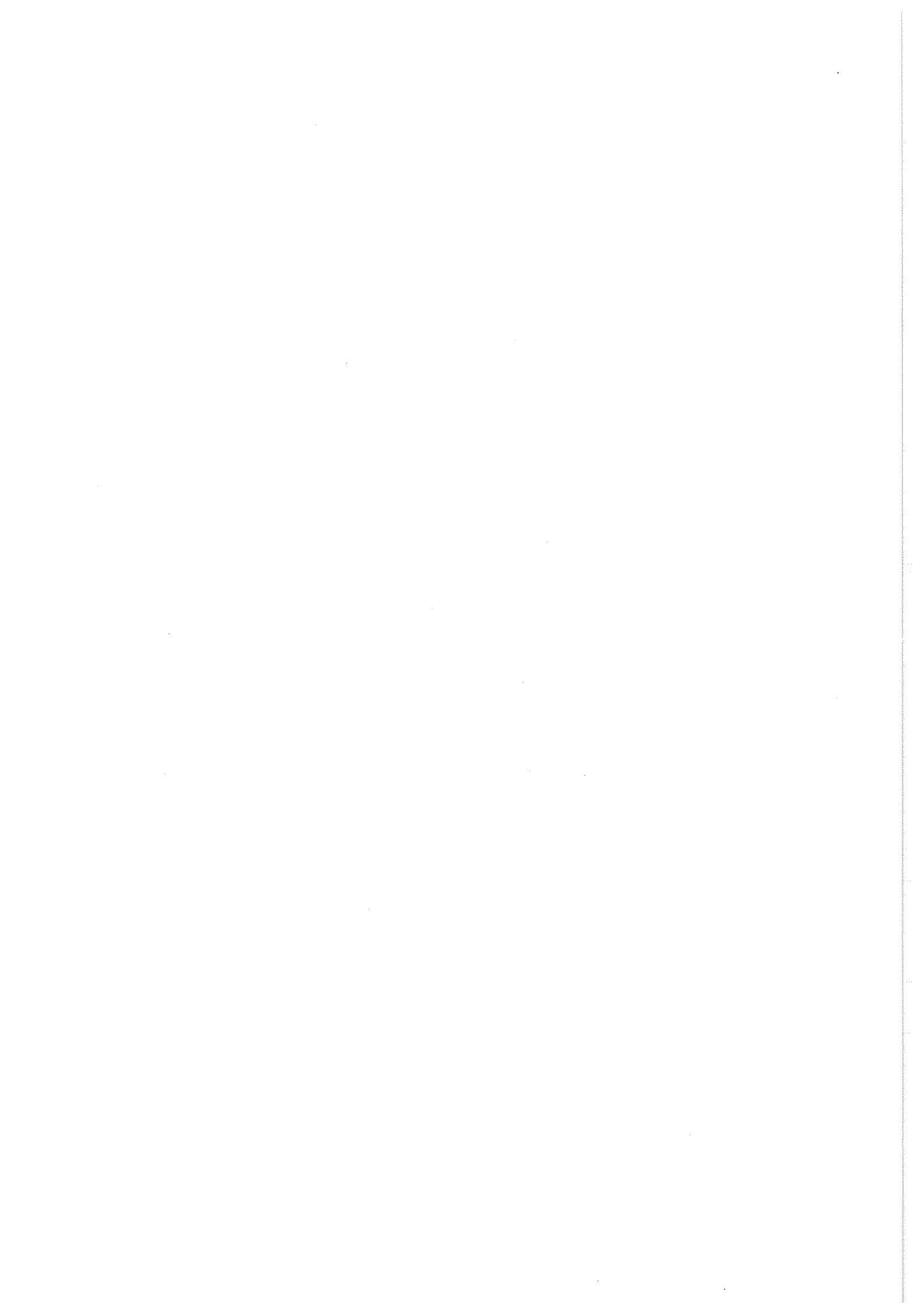
Bureaucracy and insufficient funding are the two biggest constraints in isolated and resource-lacking municipalities like Zamora. This explains why two actions are on hold until approval is obtained for the coming year's local budget.

Perhaps as a way to legitimize the process (or at least one way in which it could be interpreted), the municipality has already undertaken three new initiatives that seek to enhance two of the main local productive sectors (cattle and fish farming).

### **3.6 Summary**

Undoubtedly, the three PACA® initiatives presented show positive results in terms of the dynamism generated in the sectors that were targeted through the interventions. It is possible to observe that Los Ríos and Zamora acted in similar terms due most likely to their shared agrarian background, which seems to be an important factor when analyzing the experiences' constraints and difficulties. El Oro on the other hand, targets a sector outside the agricultural realm, thereby encompassing people with a different set of socio-cultural factors; perhaps a possible reason why the fishermen embraced the intervention in the way they did. The experience in El Oro provides interesting evidence of a move towards a systematic and continuous social and human capital building-up process. Moreover, both can be considered important elements in reinforcing the sustainability that the initiative has showed thus far.

In summary, some small and measurable economic results have been produced, but on the whole the major gain has been in relation to private-public governance structure strengthening, where local and provincial governments have seriously taken on the task of constructing new partnerships based on trust and reliability.



## IV. Findings

Based on the three case study analyses, the following chapter presents the findings and relates them to three topics that form the core of the paper: the role of the government, the role of organizations and the role of socio-cultural factors. These elements were chosen due to their key importance in any LED experience. The development agenda that has been "set" for the developing world is more concerned about the role that governments should play in society as a whole. In a neo-liberal era, *good governance* is at the forefront of the development debate, challenging government especially in regards to the role that it plays in the economic realm. Thus, it becomes crucial to see how such a role unfolds when economic development initiatives take place at a local level. Along with this, economic initiatives are constrained by socio-cultural factors that; in order to create meaningful and sustainable capacity building processes, require the technical support provided by meso-institutions from the public as well as the private sector.

### 4.1 Analysis of the Role of Government

Despite the fact that the decentralization process is still in its infancy it has generated a big political debate at the national level in terms of what role intermediate levels of government should now play. This has created a generalized agreement among politicians that the role of provincial governments needs to be strengthened, since they serve a crucial function as the connecting bridge between the local and national level. For this purpose and by working through CONCOPE, provincial governments have been actively working on creating the right framework to promote an overall improvement of economic conditions within their territorial jurisdictions, therefore taking the process of decentralization and modernization of the state one step further (CONCOPE Magazine, 2004).

The fact that competitiveness is one of Ecuador's current main concerns, the vision that intermediate levels of government hold is one where they are enabling the process so other actors in civil society and the private sector play a greater role in improving Ecuador's worldwide position. Unfortunately, the necessary conditions permitting this to happen have not been achieved as of yet. My impression is that the private sector (and to a lesser extent civil society) need to undertake major changes if they want to be part of the economic and political game. This new role in terms of promoting good governance has become a driving force among provincial governments who are decidedly taking a leading role and putting initiatives to work in that direction. In fact, since 2003 twelve PACA® initiatives have been undertaken in Ecuador, out of which seven have been championed by provincial governments, four by municipalities and one by the private sector (chamber of small industries).

Defining the sphere of action for the public sector has been extensively debated, especially after SAPs irruption in the less developed countries. Until now, the one issue that seems to have general consensus is the idea that the size of the state is not of concern, as long as it is functioning properly. When facing a disorganized civil society and very weak private sector, provincial and local governments have been taking a more preponderant role in terms of not only facilitating the right conditions, but also in providing the private sector with the tools they are currently lacking. This implies that the government needs to intervene in what should be the private sector's sphere. It is a dual role - on one hand to promote economic development, and on the other to generate capacity-building processes. Which is the right role? Perhaps neither economic development nor capacity building are but evidence showed that these are the two main roles that intermediate/local levels of governments are currently playing in Ecuador.

In Los Ríos the provincial government, along with CORPEI, sponsored round tables that preceded an important Soy Forum with the objective of gathering all major actors from the soy value chain together in order to generate synergies, future partnerships and joint actions. This resulted in an agreement entailing a reference price for the coming year's crop, in what was regarded as a win-win negotiating strategy. For many small producers, the whole process meant gaining awareness in terms of the position they hold in the chain and the realization that joint and collective actions do bring benefits. In the case of Zamora, after witnessing the positive experience of the PACA® action that involved organizing a visit of fish farmers to a Sport Fishing Complex in Loja, the local government promoted another benchmarking activity, this time sending a delegation to the northern part of the country.

In spite of the myriad of political problems that affect Ecuador, one positive feature of its political structure is the fact that mayors and prefects are elected positions. Thus, it could be observed that both levels of government are becoming more accountable, due to the requirement of being more responsive to their constituencies, which in some cases has provided them with the capacity to more easily mobilize other actors. For instance, the prefect of El Oro is a much-respected politician and any initiative that he promotes normally receives strong support from the community. This was the case in the PACA® experience, where all stakeholders involved in small-scale fishing gave a positive initial response in being part of the process, and are still involved in some of the ongoing activities.

Notwithstanding, the biggest challenge of national as well as local/middle levels of government is the issue of legitimacy, considering that Ecuador's large bureaucratic apparatus is still the major source of corruption and clientelism. The side effect of this is a lack of sustainable actions due to a context where

officials are regularly removed from their posting, thereby losing any programmatic continuity. At the end, this has resulted in a complete lack of faith in the central government, which makes people prone to have bigger expectations and be more demanding with their local and provincial elected officials.

#### **4.2 Analysis of the Role of Organizations**

As was stated before, the biggest national concern focuses on fostering competitiveness in the primary Ecuadorian productive sectors. The creation of the National Council of Competitiveness (CNC) reflects the real importance this issue holds within the country's priorities. The importance of the CNC is that it gives the issue of competitiveness an institutional frame, where other actors, like CORPEI can make significant and meaningful contributions. In light of this, support organizations acting as the executing bodies of formal institutions are in much need in Ecuador. Only CORPEI and CONCOPE (one private and the other with public roots but autonomous) have been fulfilling a supportive capacity-building role, bringing to the forefront topics of national interest such as competitiveness, decentralization and modernization of the state.

Access to credit is one of the major drawbacks for small producers. It appears that financial institutions are found to only serve the interests of the elites, and the national banking system technology has been kept -in the opinion of some- purposely outdated. Because of political and economic instability, agencies' head officers (public, private, non-governmental) have been rotating recurrently. At the local level this situation is aggravated, since the rotation period seems to be even shorter. For instance, the branch of PRODEIN<sup>18</sup> located in Machala, the capital of El Oro has had at least three different directors since the beginning of the year. The Arco Iris Foundation has had at least two different executive directors since the PACA® implementation process started, and the head of the police department has also changed. Therefore, when the situation of leadership change becomes normal practice, it is very difficult to work and plan with a long-term scope.

Associative practices are the biggest concern for support institutions such as CORPEI. The level of association is quite low and producers would rather not participate in sectoral organizations due to issues of credibility. Reasons for this are the history of failures of cooperatives in Ecuador and past corruptive leadership behaviors that are still discouraging people from becoming involved. This lack of organization has meant that small/medium producers do not hold any bargaining power in the market and are basically dependent on the decisions taken by big agribusiness. For instance in Los Ríos' soy value chain, it was found that big producers have no incentive to participate in any type of collective

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<sup>18</sup> Projects of Integral Development (Agency dependent of the Ministry of Social Welfare)

action, unless it is with their peers. On the contrary, they seem keen to jeopardize any initiative that they feel affects their particular interests. This year a new mechanism of commercialization was defined regarding soy. The idea was that producers could directly sell their production to industry, resulting in the demise of the old practice of selling through associations. Such a situation directly threatens middlemen revenues since they would no longer collect a fee for being the bridge between producers and industry. This situation resulted in one middlemen association -APROCICO- directly pressuring the minister of agriculture to dictate a decree of returning to the old practice. This situation distinctly shows how APROCICO did not recognize the validity of an inter-association agreement.

Another issue needing attention is the type and quality of leadership. Some current organization's officers as well as public officials in all three PACA® experiences stressed the need for more innovative, visionary and entrepreneurially driven leaders. Associative levels will not likely change unless without the emergence of a new type of leader, one whose major task is to regain trust and legitimacy for the producers' organizations.

#### **4.3 Analysis of the Role of Socio-Cultural Factors**

State and market in the Ecuadorian society have been shaped by the particular driving forces that are presently at large in the country: high economic and political instability; the latter translated into significant political turnover, lack of credibility of the political class due to high levels of corruption, the strong rivalry between Ecuador's two main cities and so forth. The result is a civil society that, until the beginning of the 1990's, was very defenseless; a situation that is different today with an indigenous movement taking a greater role in Ecuadorian politics. Nevertheless, this latter seemed to have lost part of their gained credibility by first supporting, and then withdrawing, from the political coalition that brought Lucio Gutierrez to power in January of last year.

If such a context is now taken to a backward and/or remote rural/urban area, the situation becomes particularly complex when mixed with low levels of school enrollment and almost non-existent exposure to technology. The following table illustrates this situation through two critical social indicators - poverty and illiteracy:



	Region	Rural Population	Poverty Incidence	Illiteracy	Functional Illiteracy <sup>19</sup>
Los Ríos	Coastal	50%	72%	15.8%	32.8%
El Oro	Coastal	24%	44%	5.9%	17.7%
Zamora	Amazon	52%	60%	9.9%	26.7%

Source: Integrated Systems of Social Indicators of Ecuador (SIISE, 3.0)

Thus, considering the figures of the previous table and the observations I made on-site, the primary conclusion would be that indeed the geographical location makes a difference in terms of the local idiosyncrasies found. Firstly, despite the fact that both Los Ríos and El Oro are located in what is supposed to be a more entrepreneurial region, my appraisal is that there are more *proactive* and *entrepreneurially driven people* in El Oro. Such a situation most likely corresponds to the fact that El Oro is a richer region, with a lower poverty incidence and better literacy rates. Nonetheless, being basically an agrarian province with a higher percentage of rural population is another factor that could be negatively affecting the performance of Los Ríos. Rural areas are normally behind in terms of access to services, but also in terms of the exposure that its population can eventually face regarding technology transfer processes. The end result is people more reluctant to take risks because of the traditional fear of trying something new.

In relation to how the PACA® experience unfolded, in terms of stakeholder participation and the type of leaders that were encountered in both sites, it was noticeable that El Oro had more visionary leaders who understood their mission and the challenge of becoming a more competitive sector. On the other hand, Zamora which is located on the eastern part of the country has inevitably paid the cost of being distant from the two major poles of development. The rural pattern among the population is also highly embedded in its local social structures, resembling the case of Los Ríos but even stronger due to Zamora's geographical isolation.

Another important factor refers to a *saving culture*, which in part explains the low productivity levels in El Oro. The major issue is the fishermen's customary lifestyle of surviving on a day-to-day basis. An intricate system exists, where middlemen lend the fishermen money to buy their needed fishing inputs in exchange for half their daily catch at a pre-arranged price. In the long run, this situation has prevented the fishermen from capitalizing half of their earnings in order to improve their fishing practices. Nevertheless, the leaders of the newly created fishermen's association -USPAO- have

<sup>19</sup> The denomination of functional illiteracy applies to people of 15 years and older that are unable to understand what they read, that cannot properly write and who cannot also undertake basic math operations.

acknowledged this situation. Training on how to create and run a small saving cooperative was provided by PRODEIN, and the association now offers their membership an operating micro credit service, thereby addressing two important constraints. Firstly, a micro credit system of their own to make up for their exclusion from the formal financial market and secondly, the opportunity to move slowly away from their current dependent relationship with local middlemen.

*Paternalism* is yet another issue that affects interventions in Ecuador. This behaviour is most likely the result of the way the Spanish, native people and later mestizos have been interacting since colonial times. As was stated before, natives were always marginalized and never given much consideration within society. Such power relations between a small but dominant landowner elite with a large native and mestizo group has resulted in large groups of impoverished and illiterate people. From this, a culture of aid has developed out of necessity inevitably indoctrinating them in the idea that the state is the primary supporter/provider. In Los Ríos and in Zamora, my impression was that local private actors did not really appear compelled to take responsibility for any planned activities. The situation became particularly critical in Zamora, with all defined activities in the frog-farming sector jeopardized by the same farmers' unwillingness to invest and/or spend any money, due to their expectation that the municipality and international donor should cover all costs. Such behavior is commonplace for private sector members in rural areas.

*Trust* also plays a major role, particularly in terms of relations with the institutional framework and the organizations that comprise it. In countries where corruption is perceived to cut across all major political and economic spheres, people do not expect that institutions truly work and/or that they are enforced to the same degree for all citizens. Corruption undermines people's trust in their formal set of institutions, which in the end establishes a growing *distrusting culture* that becomes ingrained in their codes of behaviour. Such behaviour keeps feeding from a reality of a sequence of disappointing experiences; this is one of the primary reasons behind the low levels of association among producers. Cooperatives failed in Ecuador basically due to bad management and continuous fraud. Thus, people have been left with the sensation that the interests of the poor are not taken into account, and thus are no longer keen to participate in activities that have not shown serious results. This has been especially true in rural areas where distrusting behaviors seem to be the norm. That is why in all three PACA® experiences, the major emphasis was put towards regaining peoples' trust in their associations and their leadership, in order to start off any long term initiative on the right foot.

#### **4.4 Summary of Findings**

Decentralization has been the main force behind the new role that local and provincial governments presently play in Ecuador. The formal recognition by the state of their role as economic promoters comes to be a way of legitimizing the real importance that competitiveness holds within the national economic agenda. Chiefly, provincial governments have taken the road towards becoming enablers of a process that is meant to bring economic well being into the territorial jurisdictions they represent. Due to the inherent factors that constitute the current social, political and economic context, this enabling role needs to go beyond its primarily definition and embrace not only a direct role as providers of economic opportunities but also in handing over appropriate alternatives, where the private sector and to a lesser extent civil society can acquire the skills they currently lack.

One of the key pillars on which to build sustainable economic development is the one regarding the provision of technical support by meso-institutions. Unfortunately, the Ecuadorian situation is a case where these types of institutions are in clear deficit. Only two agencies are found to have taken a predominant role -CONCOPE and CORPEI- in terms of providing provincial governments, and the private-export-oriented-sector respectively, with some of the necessary tools in order to better face increasing worldwide competition. From another perspective, it would be fair to say that local associative levels are still low, and associations as a whole have a quite negative outlook among producers. Thus, an important issue regarding association and leadership legitimacy needs to be solved. Lack of entrepreneurial drive, a paternalistic approach, a deficient saving culture and distrustful behavior come to be the major socio-cultural factors influencing the outcomes of interventions in all three settings. All these factors take individual forms and intensities, with different regional idiosyncrasies playing a part. Special attention needs to be placed in rural locations, since the rural pattern tends to intensify some of these features in a particularly strong manner.



## V. Conclusions

Local Economic Development is currently one of the most popular bottom-up approaches in the developing world. The overall aim of LED is to be able to generate economic results with the concerted efforts of actors from civil society, the public and the private sector. Nonetheless, the ability of LED to deliver results can be highly tested in backward rural/urban areas that do not have the proper institutional structure to support such a process, nor the financial resources to undertake it and not even people's willingness and necessary capabilities to benefit from it.

In Ecuador, a country where the major economic activity is based on primary production, where national industry is practically lacking and where land is highly concentrated, the result is a fragmented private sector, comprised to a large extent of small producers with low skills and productivity levels. These factors compounded by unaffordable micro credit, in the end, results in a vicious cycle of poverty for these producers. It might seem that in such a context, any action towards fueling the economic activity could easily be jeopardized, even by those who most need it. Helmsing (2002b: 2) addresses this issue when he asserts that the state has a very important role to play in terms of being a regulator of the economy and society. "The poor are a weak player in many respects but the state can improve their position in the market (by protecting minimal rights and improving access to resources)".

Mainstream LED, reflecting the new demands that come as a consequence of decentralization processes, defines the new role of the government as one in which the main focus is "...to facilitate and regulate the overall framework within which other actors can make their most effective contribution" (Helmsing, 2002a: 317). This means the government no longer holds a prominent position among the variety of actors that are part of a certain locality; instead it becomes one more player in the field. In a context where the state has taken on a less-dominant role, the multiplicity of actors complicates the policymaking process "...since no single actor is legitimate enough to direct societal change". Consensus must now be socially constructed through alliances, coalitions and compromises among all different actors. For that to happen, negotiation, discussions and debate must take place, primary at the local level due to the difficulties of undertaking such a process at the central one (UNCHS 2001: 61, 62).

Thus, the challenge is to set in motion locally-owned development processes that are able to generate different degrees of economic dynamism in settings such as the ones that were explored in this

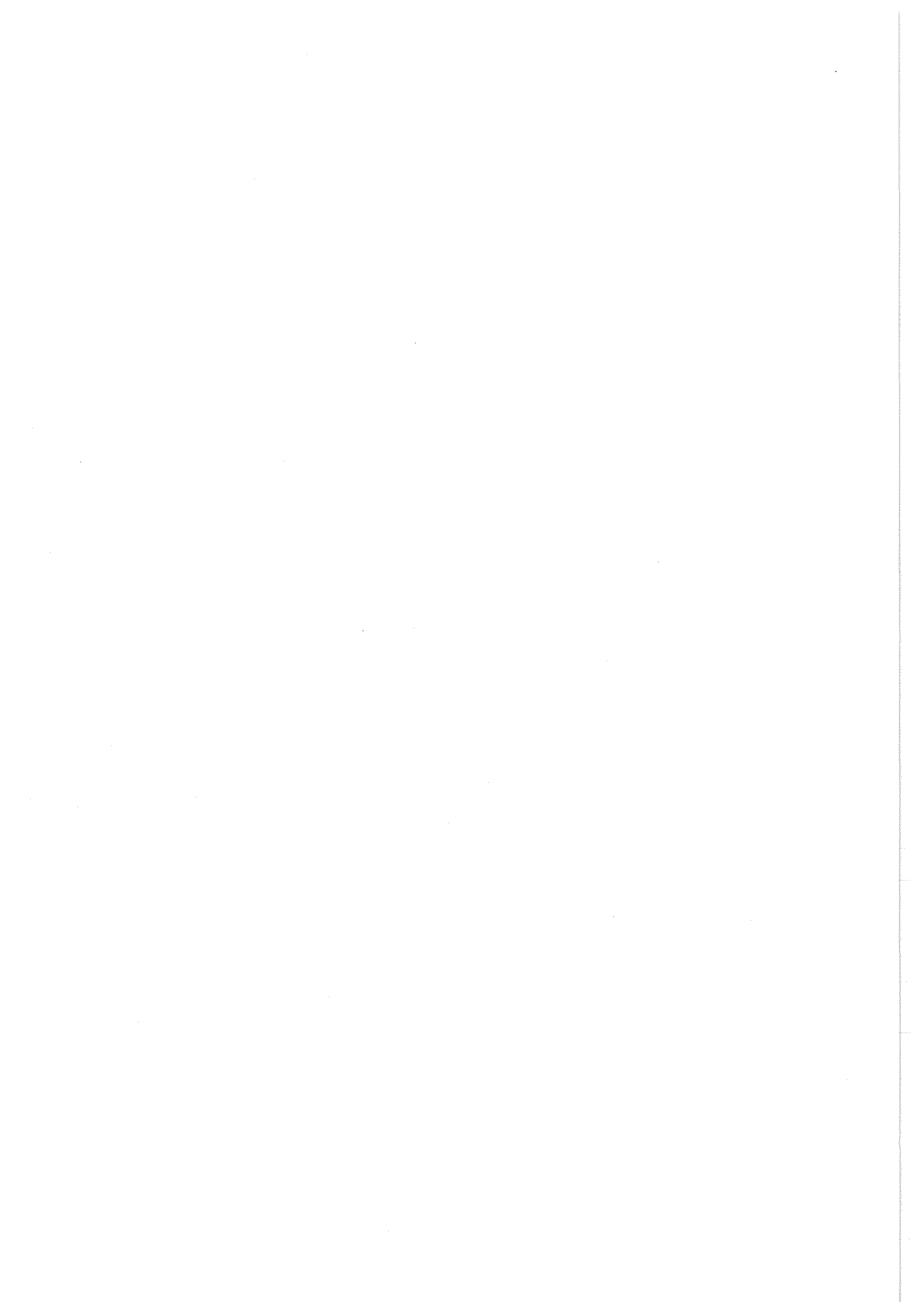
research. Based on the results of the case studies, PACA® has proven to be a useful and practical methodology. But, despite the initial positive evaluation, the PACA® framework could benefit from reflection on three important issues. First of all, it is my perception that the implementation timeframe for the actions -three months- does not realistically allow enough opportunity for these initiatives to be fully completed. Secondly and also related to the previous point is the fact that these initiatives need to be better evaluated -before being selected- in terms of their level of complexity and also in terms of what their actual end goals are. There is still the need to undertake a basic planning process, so the implementers of the actions have a better understanding of what exactly they are aiming for. Finally a formal follow-up process, encompassing different timelines, is a must as a way of measuring whether the results were achieved and if so, in a sustainable way.

The different degrees of dynamism created in Los Rios, El Oro and Zamora basically point towards laying the first building blocks for ground zero. Prior to undertaking any initiative towards economic development, it is essential to ensure that the basic elements for LED are present. Thus, is LED the right approach for contexts like the ones described in this paper? Perhaps LED needs to be revised in light of what can be observed in some of the less advanced areas of Latin America. When considering these types of settings, the main focus should be placed on the public-private partnerships that can be built. Such partnerships create a starting point from which a locality's economic dynamism can be built upon. More results -at least at this stage- may seem too ambitious. Therefore, in contexts where governance structures do not work properly, the role of the government has to go beyond enabling but distinctly, the local government needs to become a promoter and leader of the whole development process. In other words, when governance structures are weak and fragmented, the role of the government needs to be predominant, since the other players are not prepared to stand up and fulfill their expected functions.

In order to do so, local governments need to concentrate on three distinct aspects. The first one is the imperative need to start promoting a trustworthy environment, so the private sector feels compelled to participate in initiatives of economic development. However crucial, it is also the most difficult to achieve since it entails a change in behavior, not only from politicians but also from bureaucrats, something that cannot be expected to happen overnight. In summary, as long as local governments are still perceived to have clientelist behavior, little participation of the private sector can be anticipated. The second aspect is in relation to a clear definition of the "rules of the game", in terms of policies and also in terms of the organizations that originate from them. This does not necessarily mean that local governments need to embark on creating a whole new set of organizations, but rather should learn and

benefit from the ones already created at the central/provincial level. The aim is to develop the institutional setting at the local level, but avoiding creating overlapping policies and/or organizations. Finally, the last aspect of local government focus should be on providing the private sector, alongside civil society, with the necessary tools to ensure greater participation in the local decision-making process. This entails working on their associative skills, competitiveness, technology transfer issues and so forth. Along with this, it is essential to have a clear understanding of local factors and idiosyncrasies that might hinder the development of economic initiatives. Paternalism and the resulting lack of entrepreneurial drive are two socio-cultural factors that greatly affect these types of interventions. Undoubtedly they need to be considered before any planning takes place.

The reality is economic development will not be boosted unless there are joint initiatives between all major local stakeholders. The need for strategic partnerships is a necessary first step. In highly uneven societies, such as in the case of Ecuador, local political will comes to be an appreciated asset. Fortunately (or unfortunately), in cases like the ones analyzed in this research, local governments are still the best chance for many small-scale producers.





## Appendix A – List of Semi-Structured Interviews and Meetings

### ◆ Meso Institutions and International Donors. City of Quito.

Name	Position	Organization	Date
Jorge Olmedo	Executive Director	CONCOPE – Council of Provincial Governments of Ecuador	29/07/04
Janos Zimmermann	Programme Director	GTZ – German Technical Cooperation	29/07/04
Sergio Ochoa	Advisor	CNC – Council of National Competitiveness	30/07/04
Mario Unda	Sociologist	NGO 'Ciudad'	31/07/04

### ◆ Meso Institutions. City of Guayaquil.

Name	Position	Organization	Date
Ana Jaramillo	External Consultant	CORPEI– Exports & Investments Promoting Corporation	02/08/04
Lizzy Velez	External Consultant	CORPEI– Exports & Investments Promoting Corporation	02/08/04
Giovanni Ginatta	National Coordinator Bio-commerce Program	CORPEI– Exports & Investments Promoting Corporation	02/08/04
William Revelo	Biologist	INP – National Institute of Fisheries	04/08/04

### ◆ PACA® of Los Rios. City of Babahoyo.

Name	Position	Organization	Date
Ricardo Muñiz	Planning Department's Director	GPLR – Provincial Government of Los Rios	02/08/04
Victoria Rendón	Lecturer	UTB – Technical University of Babahoyo	02/08/04
Pedro Romero	Planning Department staff	GPLR– Provincial Government of Los Rios	02/08/04

Name	Position	Organization	Date
Willman García	President of Association	APA– Association of Agricultural Producers	03/08/04
Fernando Onofre	Provincial Council member	GPLR– Provincial Government of Los Rios	03/08/04
Jessenia Onofre	Planning Department staff	GPLR– Provincial Government of Los Rios	03/08/04

◆ PACA® of El Oro. City of Machala.

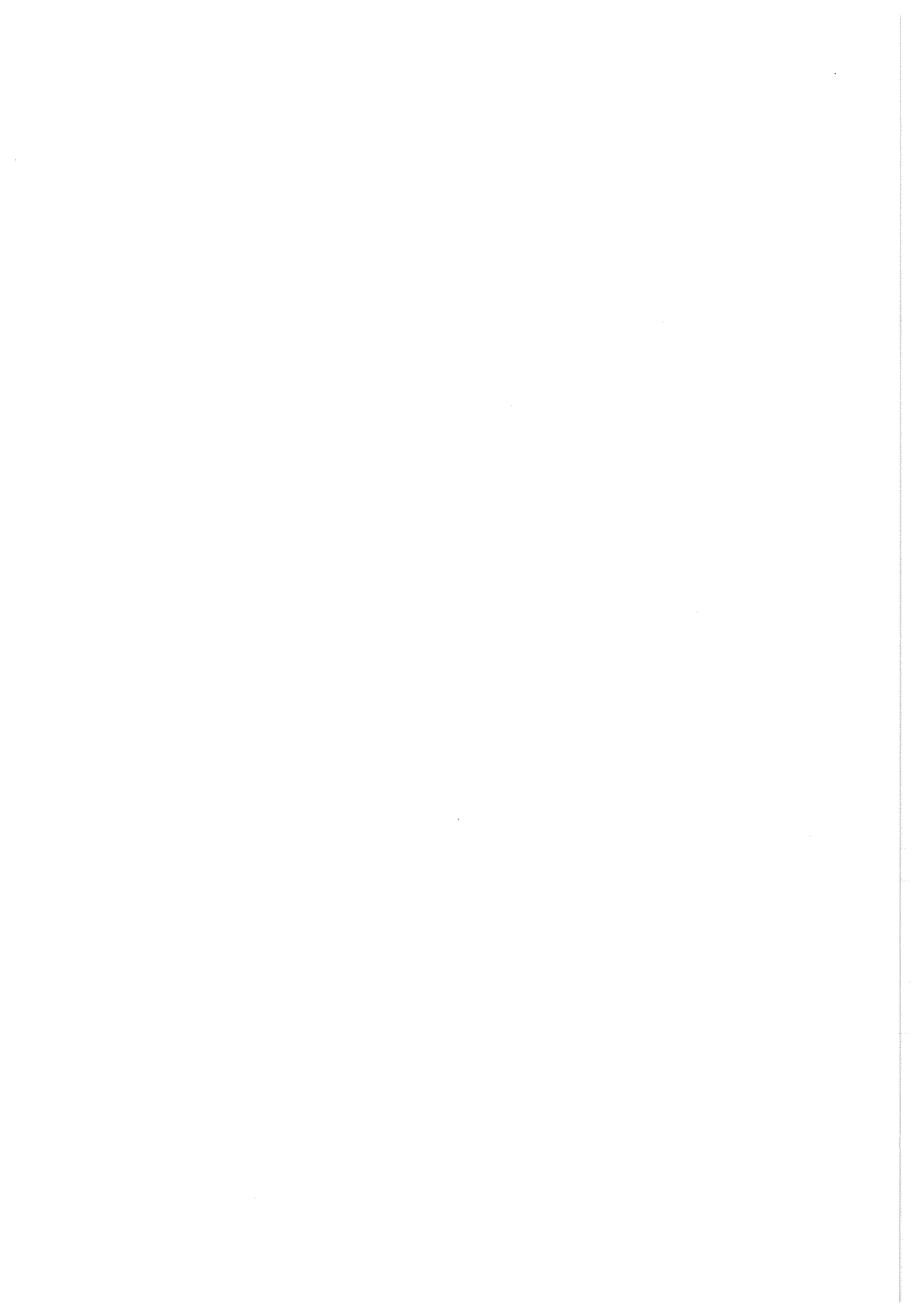
Name	Position	Organization	Date
Lourdes Luna	Planning Department	GPAO – Provincial Government of El Oro	04/08/04
Hugo Añazco	Planning Department	GPAO– Provincial Government of El Oro	04/08/04
Ítalo Encalada	Planning Department	GPAO– Provincial Government of El Oro	04/08/04
Oscar Ordóñez Durán	Vice-Prefect	GPAO– Provincial Government of El Oro	05/08/04
Tomas Cruz	Leader	USPAO– Unit of Small-Scale Fisheries of El Oro	06/08/04 07/08/04
Silvino Cruz	Leader	USPAO– Unit of Small-Scale Fisheries of El Oro	06/08/04 07/08/04
Sabino Pezo	Leader	USPAO– Unit of Small-Scale Fisheries of El Oro	06/08/04
Patricio Quishpe	Lecturer	UTM – Technical University of Machala	06/08/04
Montgomery Sánchez	Prefect	GPAO– Provincial Government of El Oro	06/08/04
Rolando Bravo	Director	PRODEIN – Projects of Integral Devt.	09/08/04
Roland Montealegre	Coordinator	PRODEIN – Projects of Integral Devt.	09/08/04
Francisco Arrobo	Chief of Bureau	Provincial Police Department	10/08/04

◆ International Donor and NGO. City of Loja.

Name	Position	Organization	Date
Fausto López	Executive Director	NGO 'Arco Iris'	11/08/04
Jurgen Popp	A.P. PROMODE – Advisor Programme of Modernization and Decentralization	GTZ – German Technical Cooperation	11/08/04
Ricardo Pazmiño	Advisor	GTZ– German Technical Cooperation	11/08/04

◆ PACA® of Zamora. City of Zamora.

Name	Position	Organization	Date
Saúl Jiménez	Department of Community Development	Municipality of Zamora	12/08/04
Ángel Valladares	Department of Community Development	Municipality of Zamora	12/08/04
Delia Sivisaca	President of Association	Fish Farmer Association of Piuntza	12/08/04
Víctor Reyes Z.	Mayor	Municipality of Zamora	16/08/04
Ángel Flores	Director of Finance	Municipality of Zamora	16/08/04
Carlos Castillo V.	Cattle Farmer	Association of Cattle Farmers from Piuntza	16/08/04
Luis Erráez	Frog Farmer	Association of Frog Farmers from Piuntza	16/08/04



## Appendix B – Map of Stakeholders PACA® Los Ríos

◆ Table 1. Map of Stakeholders in the soy and maize value chain

Producer's Associations	10
Producers & Middlemen Associations	3
Middlemen	5
Industries	5
Financial Institutions	1
Support/Research Agricultural Institutions	4
Universities/Technical Schools	4
Public Institutions	4
Other associations	1
Private Supporting Institutions	2
<b>TOTAL</b>	<b>39</b>

### (i) Producers' Associations

Name	Place	Membership
Centros Agrícolas (Agricultural centers) (only two operational ones)	Ventanas Palenque	300 154
FENAMAIZ – National Federation of Maize Producers	Ventanas	N/A <sup>20</sup>
UOCQ – Union of Peasant Organizations of Quevedo	Quevedo	N/A
UNOCAVB – Union of Peasant Organizations of Vinces & Baba	Quevedo	N/A
UOCLOR – Union of Peasant Organizations of Los Ríos	Babahoyo	N/A
UCUM – Union of Urban Marginal Peasants	Babahoyo	N/A
Federación Tierra Fértil	Ventanas	700
APA – Association of Agricultural Producers	Ventanas	40
APAM – Association of Agricultural Producers of Montalvo	Montalvo	N/A

<sup>20</sup> Information unavailable.

**(ii) Association of Producers and/or Middlemen**

Name	Place	Membership
ADEPA – Association of Agricultural Producers	Babahoyo	16
ACPA – Association of Agricultural Buyers & Producers	Babahoyo	N/A
APROCICO – Producers' Association of Short Cycle	Quevedo	N/A

**(iii) Middlemen (retailers)**

Name
AGRIPAC
EICOPA
Villares
Manobanda
COD-PROAGRO

**(iv) Industries**

Name	Place
La Oriental	Quevedo
Ales	Manta
Grasas Unicol	Guayaquil
Ingranagro	Duran
La Fabril	Quevedo

**(v) Financial Institutions**

Name	Place
BNF – National Bank of Development	Babahoyo

**(vi) Support and/or Research Institutions**

Name	Place	Role
INIAP Autonomous National Institute of Agricultural Research	Quevedo	-Research & technology transfer

Name	Place	Role
AGRIPAC	Babahoyo	-R&D -Selling of inputs & seeds
PROMSA –Agricultural Service Improvement Programme	Quito	-Agricultural training services (low coverage in the province)
IICA – Inter American Institute of Agricultural Training	Quito	-Training and support

**(vii) Universities and/or Technical Schools**

Name	Place
ITAV –Agricultural Technological Institute of Vinces	Vinces
UTB – Technical University of Babahoyo	Babahoyo
CTA – Agricultural Technical School	Pueblo Viejo
UTEQ – Technical University of Quevedo	Quevedo

**(viii) Public Institutions**

Name	Place
GPLR – Provincial Government of Los Ríos	Babahoyo
MAG – Ministry of Agriculture, branch Los Ríos	Babahoyo
Municipalities	Provincial
Consultative Council of Maize	Guayaquil

**(ix) Other associations**

Name	Place
Agronomists' association of Los Ríos	Babahoyo

**(x) Private Supporting Institutions**

Name	Place
CONCOPE- Council of Provincial Governments of Ecuador	Quito
CORPEI – Exports & Investments Promoting Corporation	Guayaquil



## Appendix C – Actions Defined for Los Ríos

◆ Table 2. Lists of Actions.

Action	Responsible	Collaborator
(1) Support to INIAP in terms of importing genetic (hybrid) seeds	GPLR	INIAP
<p><i>Progress:</i></p> <p>This action is in stand by because of money matters. Seeds are costly and nor INIAP nor the GPLR have extra resources. The GPLR is hoping to find an international donor that could finance the initiative</p>		
(2) Technical support & training for producers per zones	GPLR	INIAP
<p><i>Progress:</i></p> <p>Two seminars on Management of the Soy have been held in July and August of 2004 with a total attendance of 184 producers.</p>		
(3) Awareness campaigns about the use of certified seeds	GPLR	INIAP
<p><i>Progress:</i></p> <p>Awareness campaigns through local radio stations already took place. Material such as brochures and leaflets have been distributed in all seminars and workshops organized.</p>		
(4) Provincial Forum for Commercialization Alternatives	GPLR	CORPEI
<p><i>Progress:</i></p> <p>Formulated based on the results of the round tables, it took place on May 20<sup>th</sup>, 2004 in Babahoyo with the attendance of 224 producers and members of the soy value chain.</p>		
(5) Negotiating Tables between producers and industries	CORPEI	GPLR
<p><i>Progress:</i></p> <p>They were the anteroom of the Soy Provincial Forum organized in late May. It allowed producers and industrial representatives to discuss common interests and come up with a price agreement for the upcoming soy harvest. There were at least three organized (2 in Guayaquil and one in Babahoyo).</p>		
(6) Children's Soy and Maize School's Breakfasts	GPLR	-
<p><i>Progress:</i></p> <p>At this point the GPLR is just concentrating in creating awareness among producers about other alternative uses for both crops. They have a cadastre of all the public schools that are subscribed to the breakfast program. To be able to carry this initiative they need the intervention of the ministry of Welfare but they have not addressed any authority yet.</p>		

Action	Responsible	Collaborator
(7) University's alliances in order to better the Agricultural Curricula	Technical Univ. of Babahoyo	GPLR
<p><i>Progress:</i></p> <p>This action is being managed by the UTB and despite the fact that reflects a problem that is critical to Los Rios, it has a national scope and the resolution needs to come from an agreement from the rest of universities along with the Minister of Education.</p>		
(8) Spreading out Agricultural information and Research	GPLR	-Universities - INIAP
<p><i>Progress:</i></p> <p>This action is been implemented along with action 2.</p>		
(9) Identification of micro entrepreneurial initiatives in the maize and soy value chain	GPLR	-OIT -CONCOPE
<p><i>Progress:</i></p> <p>People from the GPLR, University, and council members from other provinces were trained in a workshop that took place from the 3<sup>rd</sup> to 7<sup>th</sup> of May, 2004.</p>		
(10) Directory of Enterprises and Participant Institutions of the productive chains	GPLR	CORPEI
<p><i>Progress:</i></p> <p>The GPLR is still collecting information. There is a lack of cadastres; the information needs to be collected in a door to door basis.</p>		
(11) Collective action's good practices	GPLR	-
<p><i>Progress:</i></p> <p>They are still at the point of identifying local organizations with good associative practices with which they could develop partnerships with.</p>		

## Appendix D – Map of Stakeholders PACA® EI Oro

◆ **Table 3. Map of Stakeholders in the small-scale fishing sector**

Public Institutions	5
NGOs	2
Small Scale Fishermen's Associations	3
Supporting Private/Public Institutions	3
Universities	3
International Donor	1
<b>TOTAL</b>	<b>17</b>

### (i) Public Institutions

Name	Place
GPAO- Provincial Government of EI ORO	Machala
PRODEIN – Projects of Integral Development (Agency dependent of the Ministry of Social Welfare)	Machala
Seaport Commander in chief	Machala
Police force	Machala
Sub-secretariat of Fisheries	Guayaquil

### (ii) NGOs

Name	Place
Arco Iris Foundation	Loja
Pro-Naturaleza (counterpart of Arco Iris)	Peru

**(iii) Small-Scale Fishermen Associations**

Name	Place	Members
UOPPAO- Union of Small-Scale Fishermen Organizations of El Oro (comprises 28 associations)	Puerto Bolívar	
UCOPROPAO – Union of Cooperatives of Small-Scale Fishermen of El Oro (comprises 5 cooperatives)	Puerto Bolivar	
USPAO – Unit of Small-Scale Fisheries of El Oro	Puerto Bolivar	1,200 app.

**(iv) Supporting Public and Private Institutions**

Name	Place
PMRC – Coastal Resources Management Program	Machala
INP – National Institute of Fisheries	Guayaquil
UCV – Unit of Surveillance and conservation	Machala

**(v) Universities**

Name	Place
UTM – Technical University of Machala	Machala
UTPL – Private Technical University of Loja	Loja
University of El Azuay	Loja

**(vi) International Donor**

Name	Place
GTZ – German Corporation for Development Co-operation	Quito

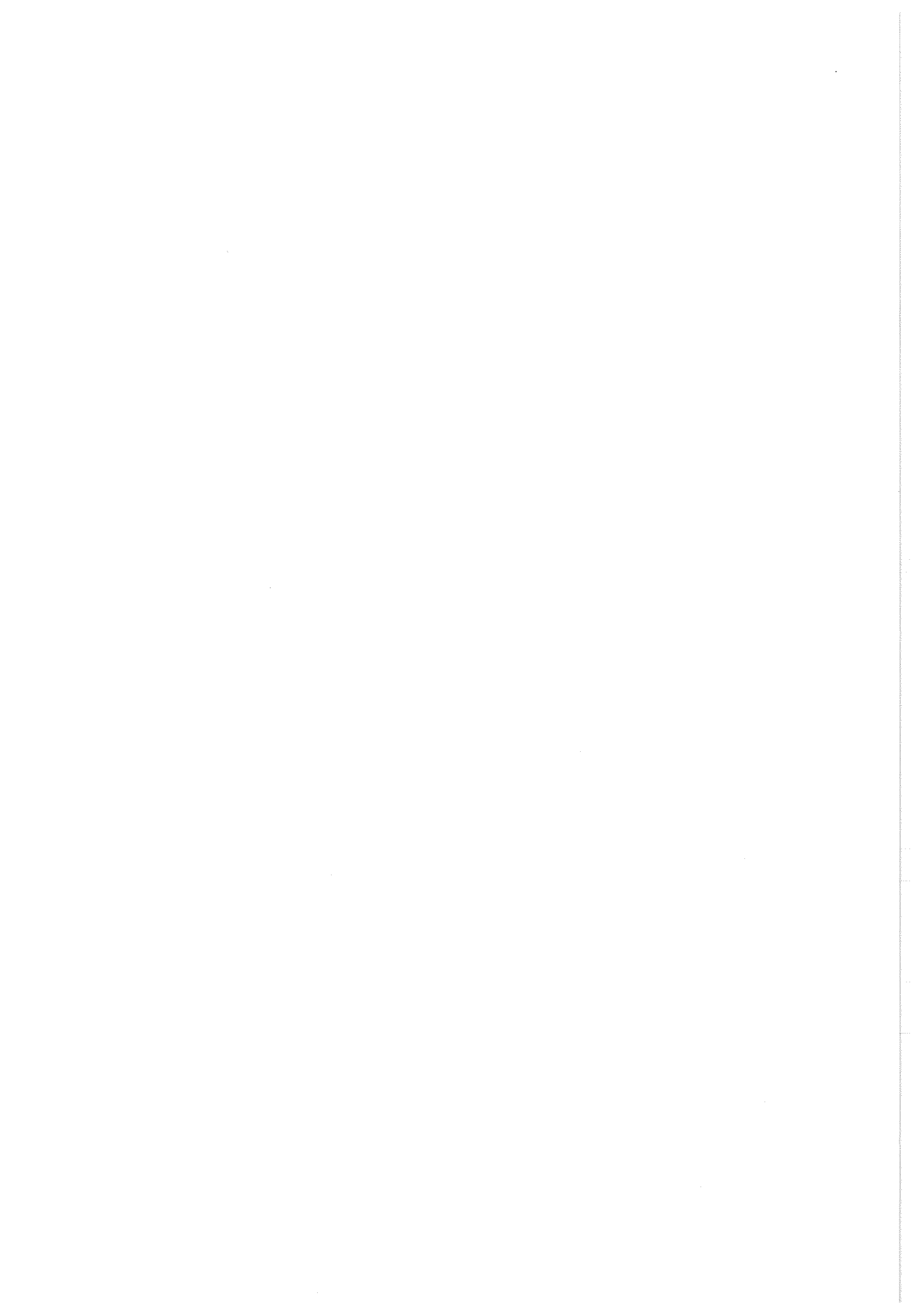
## Appendix E – Actions Defined for El Oro

◆ Table 4. Lists of Actions.

Action	Responsible	Collaborator
(1) Motorboats' workshops	GPAO	-
<p><i>Progress:</i></p> <p>The workshops took place on July, August and September of this year. Eighteen workshops were initially planned and 360 people expected. By early August the planned agenda was on track and 8 workshops had already taken place with 107 participants.</p>		
(2) Inspection of middlemen's scales in the local seaport	UOPPAO, UCOPROPAO	Police force, Seaport Commander in Chief
<p><i>Progress:</i></p> <p>Two inspections have taken place already in Puerto Bolivar.</p>		
(3) Formalization and legalization of fishing practices	UOPPAO, UCOPROPAO	Seaport Commander in Chief
<p><i>Progress:</i></p> <p>Still running. Up to now 600 hundred new registrations have taken place. Major difficulty encountered has been to get independent fishermen to follow the procedure.</p>		
(4) Creation of a single small scale fishing organization	UOPPAO, UCOPROPAO	GPAO
<p><i>Progress:</i></p> <p>A new association was created -USPAO- that encompasses UOPPAO and UCOPROPAO associate members; it has a provisional board constituted with leaders from the former two. Its legalization has already been processed and they are waiting for the final approval.</p>		
(5) Handicraft's workshops	UOPPAO, UCOPROPAO	PRODEIN
<p><i>Progress:</i></p> <p>The workshops were targeted for the spouses of the fishermen so families could have an extra income. The fishermen's leaders feel that the workshops did no leave women prepared to start on their own so they are trying to get new ones. So far, 151 women were trained.</p>		

Action	Responsible	Collaborator
(6) Study to regulate the opening and closing of the fishing season of endanger species	UOPPAO,INP, UCOPROPAO	UTM
<p><i>Progress:</i></p> <p>This is long term project since it entails the study of the species reproductive patterns (16 months). It is currently being handled by the UTM which through student's thesis is getting the necessary information so as to produce a formal proposal that will be presented to the INP which is the official body that regulates the opening and closing of every species fishing season.</p>		
(7) Zoning to sow and fatten shells	UOPPAO, UCOPROPAO	UTM, INP
<p><i>Progress:</i></p> <p>The zones have been already identified. This action also has a long term scope since the management of the resources needs to be a matter of formal study. The UTM is also handling this activity through students' internships and thesis.</p>		
(8) Group purchase of fishing inputs and articles	UOPPAO, UCOPROPAO	
<p><i>Progress:</i></p> <p>So far, a list has been produced with all the fishing inputs and articles that fishermen need to properly operate their businesses. The next step is to get funds so as to start buying wholesale materials and in this way, make them available to the association's membership at lower costs.</p>		
(9) Internship in Puerto Lopez in order to learn small scale fishing good practices	GPAO	
<p><i>Progress:</i></p> <p>It took place on July this year. Eight fishermen were trained whom are supposed to prepare workshop sessions so as to spread the new practices among their fellow fishermen.</p>		
(10) Direct selling of fishing products (without middlemen)	UOPPAO, UCOPROPAO	Arco Iris Foundation
<p><i>Progress:</i></p> <p>This action is in stand-by. The warehouse that was going to be provided by Arco Iris so fishermen could sell their product there is yet not available due to some financial problems. The foundation is currently searching for alternatives so as to make the warehouse operational by the end of the year.</p>		

Action	Responsible	Collaborator
(11) Surveillance squad	UOPPAO, UCOPROPAO	GPAO, Arco Iris Foundation
<p><i>Progress:</i></p> <p>Due to maritime piracy there is an urgent need to create a squad to guard the entire coast of El Oro. The fishermen are contributing with logistics and volunteers; the army with one official; the GPAO with fuel so at this point only radio transistors are missing in order to start operating. These devices were going to be provided by Arco Iris foundation but due to two consecutives changes of the executive directors and lack of resources, the GPAO is now going to fund this purchase.</p>		
(12) Typical food workshop	UOPPAO, UCOPROPAO	GPAO, PRODEIN
<p><i>Progress:</i></p> <p>It took place in march this year and 25 people were trained. It was funded by the GPAO.</p>		
(13) Creation of eco-tourism packages	GPAO	UTPL
<p><i>Progress:</i></p> <p>Information has already been collected by the UTPL. Next step is to define the packages and make them available for local tourist operators.</p>		





## Appendix F – Map of Stakeholders PACA® Zamora

◆ **Table 5. Multi-sector map of stakeholders**

Public Institutions	6
Financial Institutions	4
Chamber of Commerce	1
Frog Farmer's Association	1
Fish Farmer's Association	3
Cattle Farmer's Association	3
Supporting Private/Public Institutions	3
Universities and Training Centers	5
International Donor	1
<b>TOTAL</b>	<b>27</b>

### (i) Public Institutions

Name	Place
Municipality of Zamora	Zamora
Governor of the Province	Zamora
MAG – Ministry of Agriculture, branch Zamora	Zamora
Ministry of Social Welfare, branch Zamora	Zamora
Ministry of Environment, branch Zamora	Zamora
Mining Regional Office	Zamora

### (ii) Financial Institutions

Name	Place
National Development Bank	Zamora
Bank of Loja	Loja
Cooperative 11 de Julio	Zamora
Savings & Credit Cooperative Manuel Esteban Godoy	Zamora

**(iii) Chambers**

Name	Place
Chamber of Tourism	Zamora
Chamber of Mining	Zamora
Chamber of Agriculture	Zamora
Chamber of Commerce of Micro Entrepreneurs	Zamora

**(iv) Frog Farmer Association**

Name	Place	Number of Associates
Association of Frog Farmers of Piuntza	Piuntza	13

**(v) Fish Farmers Associations**

Name	Place	Number of Associates
Association of Fish Farmers	Namacuntza	12
Agro-Industrial Association of Fish Farmers	Cumbaratza	75
Association of Fish Farmers	Piuntza	14

**(vi) Cattle Farmers Associations**

Name	Place	Number of Associates
Association of Cattle Farmers	Cumbaratza	16
Association of Cattle Farmers	Piuntza	12
Association of Cattle Farmers	Guadalupe	15

**(vii) Retailer's Association**

Name	Place
Retailer Association of Zamora	Zamora

**(viii) Supporting Public and Private Institutions**

Name	Place
ECORAE – Institute for the Eco-Development of the Amazon Region	Zamora
PREDESUR – Development Program for the Southern Region	Zamora

Name	Place
Pastoral Social del Vicariato Apostólico	Zamora

**(ix) Universities and Training Centers**

Name	Place
UNL – National University of Loja	Loja
UEA – Amazon Ecologic University	Loja
UCC – Catholic University of Cuenca	Cuenca
UTPL – Private Technical University of Loja, branch Zamora	Zamora
Amazons Training Center	Zamora

**(x) International Donor**

Name	Place
GTZ – German Corporation for Development Co-operation	Quito



## Appendix G – Actions Defined for Zamora

◆ Table 6. Lists of Actions.

Action	Responsible
(1) Design of standard barn and water trough for livestock Beneficiaries: Cattle farmers	Municipality
<p><i>Progress:</i></p> <p>The drawing design is ready and available for the farmers. The municipality also agreed to donate building materials and is going to build eleven barn floors.</p>	
(2) Meeting with farmers and UTPL Beneficiaries: Farmers that have milk distribution contracts with UTPL	Municipality
<p><i>Progress:</i></p> <p>The meeting took place February 7<sup>th</sup> of this year. Measures such as improving the hygienic procedures, better cattle feed and the purchase of new breed of cattle were direct results of this activity.</p>	
(3) Benchmarking of Sport fishing in Loja Beneficiaries: Fish farmers (11)	Municipality
<p><i>Progress:</i></p> <p>The one-day visit took place on February 14<sup>th</sup>, 2004 and exposed local fish farmers to a good practice venture which also entailed them to become aware of new business opportunities.</p>	
(4) Quality Certificate for Tilapia <sup>21</sup> Beneficiaries: Fish farmers	Municipality
<p><i>Progress:</i></p> <p>The municipality is currently working with the Ministry of Fisheries so as to get a formal certification from them.</p>	
(5) Definition of a unique selling price for Tilapia Beneficiaries: Fish farmers	Municipality
<p><i>Progress:</i></p> <p>This action did not progress since the producers did not agree to set a fix price.</p>	

<sup>21</sup> Tilapia is a type of fish.

Action	Responsible
(6) Business tables in Quito regarding the frog business Beneficiaries: Frog farmers	Municipality
<p><i>Progress:</i></p> <p>This action did not progress since the producers were not willing to finance any part of it. Logistics and contacts were ready in Quito and producers just needed to self-support themselves a couple of days in the capital but they decided that it was not worth it.</p>	
(7) Agreement with ECORAE regarding financing the last phase of a plant of feed food. Beneficiaries: Frog farmers	Municipality
<p><i>Progress:</i></p> <p>It is in stand by even though the funds are available mainly due to some individualistic behaviour from one of the most influential producers who happens to have a feed distribution business and is not interested in having competition.</p>	
(8) Up to date web page of Frog Producers Beneficiaries: Frog farmers	Municipality
<p><i>Progress:</i></p> <p>The same issue encountered before. Producers are not willing to spend any money in the initiatives. Even though the cost to maintain a web page per year is quite low, they did not want to undertake that expense.</p>	
(9) Web page of Zamora's tourist attractions	Municipality
<p><i>Progress:</i></p> <p>It was supposed to be operational by the end of September this year.</p>	
(10) Training in Community Tourism in San Carlos de las Minas	Municipality
<p><i>Progress:</i></p> <p>It comprised a two day workshop. In the first one, Introduction to tourism 20 people attended and in the second one, Customer Service 19 people attended.</p>	
(11) Creation of tourist packages that link Zamora with Loja and Vilcabamba <sup>22</sup>	Municipality

<sup>22</sup> Loja and Vilcabamba are two very tourist cities in the neighboring province of Loja.

<i>Progress:</i> Packages have been already created and have been presented in some inter-municipal meetings regarding tourism. The next step is to get the private sector involved so as to bring tourist operators into the province.	
(12) Business contact so as to commercialize shuar's <sup>23</sup> crafts in Loja	Municipality
<i>Progress:</i> A business contact was set and some shuar crafts are already being sold in a shop in Loja. The municipality of Loja has also agreed to facilitate them some logistics for their business.	
(13) Creation of an Agency of Entrepreneurial Development (ADE) in Zamora	Municipality
<i>Progress:</i> The project outline is ready and is going to be presented for the municipality's budget of next year.	
(14) Feasibility study of garbage collection contracting-out	Municipality
<i>Progress:</i> The terms of reference of the project have been elaborated and presented to the municipal council which gave its approval. The study will be undertaken as part of next year's budget.	

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<sup>23</sup> Shuar is a local ethnic group.





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