



# Local Economic Development in Nicaragua



International  
Labour  
Organization

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## The Competitiveness Agenda: Planning Dynamically

Taking into consideration that economic and political spheres are not static and enterprises have to adapt their strategies according to the fluctuations of the market, it becomes necessary to have at hand flexible instruments for economic planning. In Nicaragua, the Departmental Competitiveness Agendas, which are a flexible instrument of planning in the short and medium term, are being introduced at the local level in a participative manner. Here we present the process of the department of Granada.

### Project Facts

**Title:**  
Departmental Competitiveness Agenda of Granada

**Duration:**  
Undefined

**Donor:**  
British Cooperation (DFID)

**International Partner:**  
German Development Service in Central America

**National Partner:**  
- Nicaraguan Institute of Support for Small and Medium Enterprises (INPYME)  
- Ministry of Development, Industry and Commerce (MIFIC)  
- Presidential Commission of Competitiveness (CPC)

**Objectives:**  
To elaborate and implement a dynamic and participative tool to upgrade the business environment in the Department and promote its competitiveness.

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Beginning in the second semester of 2006, two public institutions in Nicaragua -the Presidential Commission of Competitiveness (CPC) and the Nicaraguan Institute of Support for Small and Medium enterprises (INPYME)- together initiated a Programme to Promote the Competitiveness of the Department of Granada through the construction of a **Departmental Competitiveness Agenda**. The process was assisted by the German Service of Cooperation (DED) and funded by the British Cooperation (DFID).

INPYME has supported and coordinated actions with business groups in the city of Granada since 2004. When jointly discussing the process of strategic planning, it became evident that though a Strategic Plan for Departmental Development for 2003-2013 does exist, the ambitious actions described in the document have encountered several

problems in their implementation. For this reason it was decided to elaborate a more **dynamic process of planning** for a shorter period of time and with well-defined responsibilities. The success of the case of Granada in doing so has generated a demand for methodological support in the elaboration of Agendas in 6 other departments of the country.

The concept of the Competitiveness Agenda is based on the creation of a practical instrument to define in participative manner priority actions, allocating responsibilities and resources to steadily improve the business environment and accordingly, the economic and entrepreneurial competitiveness in the territory. The Agenda is dynamic; that is to say, it is renewed periodically. The Agenda can be considered as a dynamic **private sector tool** to improve its business performance and to negotiate with local and



national governments the allocation of public investment towards the improvement of the business environment at the departmental level.

The actors involved in the development of the Agenda are the organized private sector, the local government, the territorial councils and some institutions of the national government. As seen in the following graph, each of these actors has **clearly defined**, which guarantees a higher level of coordination.

department is collected following variables and indicators that together determine the **competitiveness of the territory**. In Granada, a series of variables were defined regarding the use of land, availability of natural resources, infrastructure, educational level and unemployment rate among others. Local government policies and the role of institutions are also analyzed. It is in this stage when it is important to identify actors that can act as **local leaders** and involve them at an early stage of the process.

In the second step, public and private actors

**Actors involved in the Departmental Competitiveness Agenda**

Actor	Role	Tasks
1. Organized Private Sector	Main Actor	- To determine and prioritize the contents of the agenda - To participate in its negotiation and implementation
2. Local Government	Municipal Coordinator	- To look after the Municipal interests of the Agenda - To coordinate and negotiate local implementation
3. Territorial Councils	Departmental Coordinator	- To coordinate the public-private participative process - To monitor the carrying out of the tasks and negotiate actions
4. National Governmental Institutions	Facilitator	-To provide technical assistance and build capacity at the local level -To negotiate actions

The design and implementation of the agenda has **four steps**, each one of them lasting between one and two months. In the first step, basic information about the

previously identified participate in the construction of the Agenda, discussing its contents. In this stage “spokespersons” who will promote the Agenda once it is elaborated are identified.

Information sessions and training workshops are held to familiarize the actors with such key concepts as local development, business and territorial competitiveness, social capital, civil participation and service quality, among others.

The third step takes place once the institutional mapping is completed and key local actors identified. It is at this moment when **strengths and weaknesses** in the performance of each economic sector of the department are analyzed. Subsequently, feasible actions that can be implemented within one or two years to foster the strengths identified are proposed. The order of priorities among the proposed actions is established by a **participative vote**.

The actions can be of several types:

- Actions of collective interest which offer a common benefit for various productive sectors.
- Actions orientated by a general vision of departmental development taking into account sectorial and municipal participation
- Feasible short-term actions to be carried out immediately to start the process

The actions are then structured according to levels of intervention following the **systemic competitiveness approach**:

Level I: actions to improve the efficiency and quality of the enterprises and inter-enterprises relations.

Level II: actions to strengthen local institutions that support the local economic development process.

Level III: Actions to improve the local and departmental policies that affect the business environment.

Box 1

### What is Systemic Competitiveness ?

The concept was elaborated in the beginning of the 90's by collaborators of the German Institute for Economic Research (DIE) as an instrument for analyzing the differences in economic growth among countries. The concept takes as its point of departure the distinction between 4 levels that are crucial for the competitiveness of a territory:

Micro level: the enterprises and their strategies

Meso level: institutions and organizations that support enterprises

Macro level: policies that constitute the legal framework

Meta level: values and attitudes regarding change and development

The systemic levels are interrelated, but the approach makes it possible to identify the strengths and weaknesses in each one of them.

The chosen actions are included in the first draft of the Agenda, which has to be validated by the consensus of the involved actors.



Actors in Granada planning the Departmental Competitiveness Agenda

Finally, once the Agenda is approved and it has a graphic identity through a logo and a slogan, it is publicly launched in order to institutionalize the process and to seek for further support.

### Lessons Learned

The Competitiveness Agenda of Granada was approved in June 2007 and thus is too early to derive lessons learned from the implementation phase. Nevertheless, the following can be observed from the process:

- The elaboration of the Agenda has to be as **inclusive** as possible. It is crucial that the participants note

that their proposals are valued. In Granada this has been true above all regarding the private sector, which turned out to be a more stable group in the development of the Agenda than the public sector.

- The consolidation of an inclusive Local Working Team able to demonstrate **local leadership** during the process is crucial to motivate other actors and to secure the sustainability of the process.
- **Capacity building** is needed to level the playing field so that all local actors involved have an accurate knowledge of the concepts of the agenda and equal opportunities of participation in its construction. Information sessions, workshop and trainings are useful for sharing knowledge and to allocate responsibilities, avoiding eventual conflicts that might affect the process of construction of mutual trust.

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