CASE STUDY:

Ceara Regional Economic Development Project
(Cidades do Ceara – Cariri Central)

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Key issues

- Competitiveness
- Local and Regional Economic Development (LED)
- Local SME Clusters
- Case Study
I. Why is Cidades do Ceara a case to be discussed?

II. Project concept

III. Cariri footwear cluster

IV. Caveats
I. WHY IS CIDADES DO CEARA A CASE?

Ceara’s LED Strategy

METROPOLITAN REGION OF CARIRI
- Urbanization challenge
- Comprises 9 municipalities
  - Uneven development, which puts a lot of pressure on FMR
- Estimated population: 554,945 inhab (IBGE / 2008)
  - Secondary centers outside Fortaleza as priorities for the investments
  - 6.57% of CE
- Focus on clusters and its potential to stimulate economic development
  - Juazeiro do Norte: 246,515 inhab
  - Crato: 115,724 inhab
  - Barbalha: 52,496 inhab
I. WHY IS CIDADES DO CEARA A CASE?

Cariri’s competitiveness vis-a-vis other regions in Ceara

- Reasonable infrastructure and concentration of public and private investments
- Potential of endogenous productive activities (footwear and tourism) to create jobs and business opportunities
- Exceptional location ➔ equidistant from the main capitals in the Northeast
- Tripolar urban concentration ➔ agglomeration economies
- Strong education sector
I. WHY IS CIDADES DO CEARÁ A CASE?

Innovative approach towards regional development

- Decentralization of public policies and investments
- Focus on local / endogenous activities – footwear and tourism – as priorities for development
- Territorial planning
- Decision to target investments to reinforce an urban hierarchy within the state – idea of network, flows, connections…
- Private sector engagement, partnerships and participatory processes
II. PROJECT CONCEPT

CIDADES DO CEARÁ

I. Infrastructure Improvements

II. Cluster-based LED

III. Regional Management and Institutional Strengthening
II. PROJECT CONCEPT

I. INFRASTRUCTURE IMPROVEMENTS

I.1. Regional Infrastructure
I.2. Municipal Infrastructure

II. CLUSTER-BASED LED

II.1. Organization and Capacity Building
II.2. Infrastructure to Support Selected Clusters
II.3. Business Environment Improvement
II.4. Marketing Initiatives

III. REGIONAL MANAGEMENT AND INSTITUTIONAL STRENGTHENING

III.1. Municipal Level
III.2. State Level
III.3. Regional Management Level / Enhancement of Metropolitan Governance
III. CARIRI FOOTWEAR CLUSTER

From leather tradition to manufacture of plastic materials
III. CARIRI FOOTWEAR CLUSTER

Location

- Crato, Juazeiro do Norte and Barbalha

Firms

- estimated 400 (SEBRAE-CE)
- mainly Small and Micro Enterprises (SMEs)

Jobs

- about 12,000 jobs (SEBRAE-CE)
- 10% of the Brazilian jobs in the plastic footwear industry (RAIS, 2006)
III. CARIRI FOOTWEAR CLUSTER

Main products

- women, men, and children’s sandals made of synthetic and plastic inputs
- recycled material

Demand

- medium and low income consumers from local market, Northeast and North regions
III. CARIRI FOOTWEAR CLUSTER

Main opportunities

- Low labor cost
- Entrepreneurship / traditional skills
- Existence of a reasonably structured footwear chain in the region
- Institutional / technical public support
- Cariri’s strategic location
- Strong culture and potential to promote product identity
- Pioneering in recycling
MAIS UMA VEZ
OS BRASILEIROS
CONQUISTAM
O MUNDO
PELOS PÉS.
E NÃO ESTAMOS
FALANDO DE
SAMBA OU
FUTEBOL.
III. CARIRI FOOTWEAR CLUSTER

Key weaknesses

- Low skill profile of local labor force
- Lack of working capital (SMEs)
- Low quality products (low value-added)
- “Copy-oriented practices”
- Low access to machinery / technology (e.g. for the production of molders, laboratory tests)
- Fragile cooperation
III. CARIRI FOOTWEAR CLUSTER

Cidades do Ceará: Innovation as key to enhance competitiveness

Product innovation

- design introduction
- new inputs introduction

Process innovation

- technology introduction
- layout improvements

Management practices

Branding
III. CARIRI FOOTWEAR CLUSTER

Cidades do Ceara: timeframe for the investments

1. Promoting organization
   - Information exchange (fairs, technical missions, consultancies)
   - Planning CITE (Center for Information and Technologies)

2. Capacity building
   - Infrastructure (laboratories, equipment)

3. Marketing / promotion/ branding
III. CARIRI FOOTWEAR CLUSTER

Main functions of CITE

Coordination of the local technology system

Assistance in design development

Production and diffusion of info (trends, consumer preferences, markets…)

Laboratory and equipment support

Training / capacity building
IV. CAVEATS

Project as a “testing ground” to promote territorial economic development

Project’s budget  X complexity

Working with many institutions and partners requires refined coordination and effective implementation arrangement

Working with private sector demands prompt results, different practices and timeframe

Reducing expectations

Awareness of the limited role of the Project in cluster development and focus on private sector protagonism
Thank you!

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