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Making Local Economic Development Strategies: A Trainer's Manual

By

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**A Knowledge Product of the World Bank and Cities of Change Initiative,
produced in conjunction with the Bertelsmann Foundation**



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Trainer's Guide to Manual

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FOREWORD

'Making Local Economic Development Strategies: A Trainer's Manual' has been prepared as an output of the Cities of Change initiative that supports policy and administration reform in local governments in Central and Eastern Europe. As a collaborative effort of the Urban Development Unit of the World Bank and the Bertelsmann Foundation of Germany, this Manual has been developed as a resource to train municipal officials and community representatives in the core elements of local economic development and strategy planning. The Manual provides a module-based approach to conceptualizing and devising integrated LED strategies for local area development, and forms part of a broader set of LED knowledge and learning products that include a Local Economic Development Primer, LED Quick Reference Guide and a Management Tool for Local Economic Development. These and other LED resources are available to view and download at: www.worldbank.org/urban/led and www.citiesofchange.net/

Should you wish to comment on the usefulness of the Primer, or suggest additional information or case studies, do contact the World Bank urbanhelp@worldbank.org, gwen.swinburn@gmail.com and gswinburn@worldbank.org.

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Making Local Economic Development Strategies: A Trainer's Manual

Introduction

Making Local Economic Development Strategies: A Trainer's Manual consists of six separate but complimentary sections that together form a comprehensive teaching tool for local economic development (LED) strategic planning. The Trainer's Guide outlines the core trainer competencies, approach and requirements necessary to successfully deliver the training program. The five teaching modules that comprise the training course provide a step-by-step approach reflecting the five stage approach to LED strategic planning. This introduction outlines the structure of the Trainer's Guide and the Trainer's Manual, and provides a brief description of each of the teaching modules that comprise the Manual.

Table 1: The five stage sequence of the LED strategic planning process

| Local Economic Development The Five Stages of Strategic Planning | |
|--|--|
| Stage 1: Organizing the Effort Stage 2: Local Economy Assessment Stage 3: Strategy Making | Stage 4: Strategy Implementation Stage 5: Strategy Review |

The course is intended to provide participants with an understanding of the concepts, approaches and processes of LED strategic planning. Each module is accompanied by a supporting series of PowerPoint slides, exercises, templates and supplementary learning materials. The course has been structured in five modules and can be delivered in five separate workshops, or fewer if deemed appropriate. The schedule for training delivery is at the discretion of the trainer. Depending on the time horizon, experience and learning requirements of participants, the trainer may select to deliver Modules 1 and 2 in a single training period. Experience has shown that effective results come from a learning program that consists of three workshops and one study tour. It is envisaged that the entire training process will take place over a period of between twelve to eighteen months, with intervening periods of weeks or months occurring between each course module.

Making Local Economic Development Strategies: A Trainer's Manual is not intended to be prescriptive, but rather, aims to offer an example of how to facilitate strategic planning for local economic development as an integral part of municipal government. It is hoped that *A Trainer's Manual* will serve to explain the core complexities associated with local economic development strategic planning so that they are more easily understood.

The **Trainer's Guide to Manual** aims to support experienced trainers in their task of effectively delivering the five module training course on the process of LED strategy development and implementation. The Guide highlights the fundamental concepts, tools and instruments necessary for developing and implementing local economic strategies and action plans, and provides suggestions and guidance on how the trainer can, and should, organize the delivery of the five training modules. It provides information on learning approaches, the use and application of training materials, and managing the learning delivery process.

Module 1 'Introduction to LED and Organizing the Effort', provides an introduction to local economic development and examines the context of LED activity and action within an increasingly globalized economy. It focuses on how to Organize the Effort for LED Strategic Planning. It explores the role that LED strategic planning has in strengthening the local economy and provides an introduction to the purpose and process of strategic planning with an overview of

the five sequential stages. The five different steps of Stage One Organizing the Effort are also presented. The module introduces participants to the first steps of Stage Two and highlights the data needs for making an LED strategy. It provides an understanding of the role of the business enabling environment in LED and concludes with a session on the planning and implementation of tasks to improve the business enabling environment.

In **Module Two 'An Introduction to the Local Economy Assessment'**, data assessment tools are discussed and participants learn how to assess the internal and external economic circumstances of the municipality, and interpret data to make it meaningful for the local economy assessment. The module encourages participants to understand the city's economy, its competitive advantage and economic position using tools such as a SWOT (strength's weaknesses, opportunities, threats) analysis. The module provides guidance on how to bring stakeholders to consensus, an important skill when determining the critical issues that form the basis for the LED strategy. It concludes with planning for implementation, the tasks of data collection and analysis, assessment reporting, SWOT analysis and defining critical issues.

Module 3 'Formulating the LED Strategy', introduces participants to the stages of preparing a strategic plan based on their local economy assessment. The module guides participants through the logical steps of defining an LED vision, setting goals and objectives, and selecting programs for implementation. Participants consider project identification, analysis and prioritization, and learn how to use objective criteria to choose the projects that best achieve the goals they have defined. Participants learn to define and identify programs appropriate to their city's needs, select and prioritize projects, and identify sources of LED project finance.

In **Module 4 'LED Strategy Implementation'**, participants are introduced to the steps of preparing for LED strategy implementation. The first step is to detail an action plan for each project on the priority list. This establishes a hierarchy of tasks, responsible parties, realistic timetables, financial needs and sources, expected impacts and results, and list of stakeholders. Participants determine the structures for implementing the strategy, examine the institutional implications of LED programs and assess the roles of different partners. They consider the schedule for implementation, the financing plan, monitoring and evaluation and stakeholder involvement.

In **Module 5 'Strategy Review'**, participants learn how to use monitoring and evaluation as a tool to track and assess the progress in the strategy and in project implementation. As monitoring indicators need to be determined early in the strategic planning process, participants will learn how monitoring using indicators can assist in measuring impact. They will learn to select appropriate indicators and targets to measure project outputs and progress in meeting objectives and goals. They will also learn how to set up a monitoring and evaluation system in the strategy planning and strategy implementation phase. The module will develop participant understanding of selecting outcomes for LED activities, selecting indicators and targets, designing an LED monitoring and evaluation system, and planning for a review and evaluation of the LED strategy.

At the end of this training, it is envisaged that participants will be able to:

- Define LED, explain the core components of LED, and have an understanding of why LED is important and necessary
- Analyze the tools of LED and choose those appropriate to their own strategic goals and objectives
- Implement the steps for developing an LED Strategic Plan
- Develop an action plan for implementation of the strategy
- Monitor and evaluate the process of strategy implementation

TRAINER'S GUIDE TO MANUAL

1. INTRODUCTION

The purpose of local economic development is to build up the economic capacity of a local area to improve its economic future and the quality of life for all. It is a process by which public, business and non-governmental sector partners work collectively to create better conditions for economic growth and employment generation.

The success of a community today depends upon its ability to adapt to the dynamic local, national and international market economy. Strategically planned LED is increasingly used by communities to strengthen the local economic capacity of an area, improve the investment climate and facilitate an increase in the productivity and competitiveness of local businesses, entrepreneurs and workers. An understanding of the principles and practices of strategic LED planning will position communities to be able to improve their quality of life, create new economic opportunities and fight poverty.

Globalization increases both opportunities and competition for local investment. It offers opportunities for local businesses to develop new markets but also presents challenges from international competitors entering local markets. Multi-site, multi-national manufacturing, banking and service corporations compete globally to find cost efficient sites in which to locate. Technologically advanced growth industries require highly specialized skills and a supporting technology infrastructure. Local conditions determine the relative advantage of an area and its ability to attract and retain investment. Even small towns and their surrounding rural regions can develop local economic opportunities at a national or international level by building on their local economic strengths.

At the national level, macro-economic, fiscal and monetary reforms have directly impacted the economy at the local level. National regulatory and legal frameworks such as tax reform, telecommunications deregulation and environmental standards directly influence the local business climate, either enhancing or reducing the potential for local economic development. In many countries, national government functions continue to be decentralized thereby increasing the responsibility of municipal governments to retain and attract private industry.

Communities within and between regions often compete to attract external and local investment, however, opportunities exist for communities to collaborate with each other to help all their economies grow. They can do this for example, by supporting strategic infrastructure or environmental improvements that demonstrate a broad regional impact. An association of local municipalities or regional governments working together can serve to facilitate LED efforts by acting as an intermediary between national and municipal governments.

Businesses, both large and small, often choose to locate in urban areas because of agglomeration economies (the benefits derived from sharing markets, infrastructure, labor pools and information with other firms). The economic advantage of urban areas depends significantly on the quality of urban governance and management, and on the policies affecting the availability of, or lack of, electricity, transport, telecommunications, sanitation and developable urban land. Factors affecting labor productivity in the local economy include the availability and quality of housing, health and education services, skills, security, training opportunities and public transport. These 'hard' and 'soft' infrastructure factors are major determinants of a community's relative

advantage. The quality and provision of 'hard' and 'soft' infrastructure forms the cornerstone of a successful local economy.

Metropolitan areas can offer many opportunities through agglomeration economies, economies of scale and effort as a result of the size of the physical and human capital available, as well as the size of its services and internal market. Uncoordinated and disparate institutional frameworks and planning bodies in metropolitan areas can serve to undermine area-wide economic growth. Metropolitan-wide LED agencies, consortia and networks can be created to address these constraints. These innovative institutional frameworks, which represent the interests of different municipalities and partner agencies in the same metropolitan area, can bring benefits to the key actors of each municipality (public departments, business and civil society organizations). These frameworks can serve to unite the efforts of different localities and increase LED results, and can strengthen representation in higher levels of decision-making.

As will be seen in this training course, there are many ways in which municipalities can contribute to improving their local economies. The most important and effective local economic development activity that a municipality can undertake is to improve the regulatory processes and procedures to which businesses are subjected by the municipality itself. A survey of most municipalities would reveal a number of complex, poorly managed, expensive and unnecessary business registration systems. By reducing these, a municipality can quickly improve its local investment climate.

In most countries, economic growth is determined not only by the formal economy (the economic sectors that are legally registered and pay taxes) but also by the informal economy (those activities that are not legally registered). In some cases the size of the informal economy is greater than the formal economy, and it interacts with the formal economy by supplying certain goods and services. The linkages between the formal and informal sectors of the economy need to be understood and considered in the devising of a local economic development strategy, although this is often easier said than done.

Communities and businesses increasingly recognize that a successful local economy requires social as well as economic, environmental and physical renewal or investment. In many cities, large numbers of low-income families work within the informal economy, however, these informal activities are often low-growth activities as a result of a lack of access to proper infrastructure and services (electricity, water, roads), regular means of financing, information and skills. The development of an LED strategy should recognize and accommodate the constraints and opportunities of the informal economy so as to broaden the impact of the strategy.

2. TRAINING OBJECTIVES

The broad objective of this Guide is to inform the planning and delivery of the LED course so as to ensure that participants are able to develop a strategic plan for local economic development, and an action plan for implementation. On completion of the course, participants will be able to:

Table 2: Summary of Learning Objectives

| Learning Objectives |
|---|
| Define LED, explain the core components of LED, and have an understanding of why LED is important and necessary <ul style="list-style-type: none"> ▪ Analyze the tools of LED and choose those appropriate to their own strategic goals and objectives ▪ Implement the steps for developing an LED Strategic Plan ▪ Develop an action plan for implementation of the strategy ▪ Monitor and evaluate the process of strategy implementation |

This Trainer's Guide has been compiled to support experienced trainers in their task of delivering training courses on the processes of Local Economic Development strategy development and implementation. The accompanying training course provides an overview of the issues and challenges of local economic development and strategic planning, and includes PowerPoint presentations, training exercises, worksheets, templates and supplementary learning materials.

This Trainer's Guide highlights the fundamental concepts, tools and instruments necessary for developing and implementing local economic strategies and action plans. With the primary aim of support municipalities to develop integrated LED strategies, it draws on the experience of training programs for municipal governments previously implemented by the World Bank and the Bertelsmann Foundation.

The Guide has been structured to enable trainers to prepare, conduct and deliver LED courses. The course materials have been designed to provide course participants with a thorough understanding of the key issues and approaches to LED strategy development. A key focus of the Guide is to identify and utilize learning tools for local economic development that help participants apply the LED concepts and instruments learned throughout the training to the design and implementation of their own strategic plan.

The Guide has been structured in five modules and can be delivered in five separate workshops or can be combined. Experience has shown that effective results come from a learning program that consists of three workshops and one study tour.

1. **Workshop 1:** Modules 1 and 2
2. **Workshop 2:** Module 3
3. Study Tour
4. **Workshop 3:** Modules 4 and 5

The aim of the training course is to give municipalities time between each workshop to apply what they have learned and complete the designated tasks, within their municipality and with minimal facilitated support. The whole process takes between 12 and 18 months and assumes that municipalities, and not consultants, do the work.

This Guide should be used by an experienced trainer that has an understanding and knowledge of the fundamental concepts and practices of strategic planning and local economic development. The trainer should be able to draw on prior knowledge and experience to prepare the course and guide the participants through the development of a strategic plan tailored to a specific context. Trainers may want to consult additional and supporting materials on LED and strategic planning, and further references are available in the LED Primer and on the World Bank LED Web site (www.worldbank.org/urban/led). The LED Web site is regularly updated with new tools, case studies and references.

Target Group

This training course has been designed for key municipal representatives such as Mayors, Deputy Mayors, City Council members, Directors of Planning, Directors of Economy, Directors of Finance, and Directors of Public Works. Good practice shows that participants should also include representatives of the business community and non-governmental organizations such as a university, a chamber of commerce, public-private partnerships or sector groups that are, or could be, actively involved in LED.

The training methodology, including presentation materials and LED tools, was originally devised for municipal clients in Central and Eastern Europe. The course materials are designed primarily for municipalities in transitioning economies and are based on specific needs, financial capacity, legal and regulatory frameworks, and level of knowledge and experience. Where appropriate, the content of the course may need to be adapted to accommodate specific group learning needs and relevance. Significant adaptations will be necessary to adapt the training course to non-western and non-industrialized settings in order to meet course objectives.

3. THE PHASED TRAINING APPROACH

The training is delivered in a series of staged modules to allow participants the opportunity to develop and construct an LED strategy relevant to, and based on, their own town or city. Each LED training module provides information on the relevant theoretical and practical information that is necessary to fulfill each of the five stages of the LED strategic planning approach.

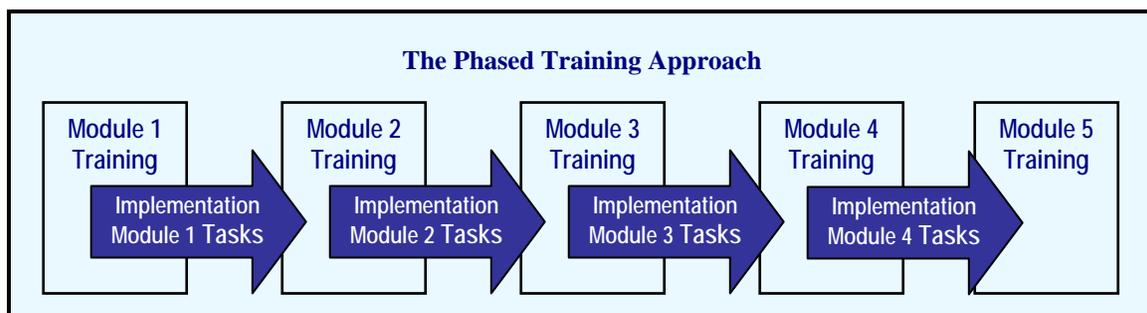
- Module 1: Introduction to LED; Organizing the Effort
- Module 2: The Local Economy Assessment
- Module 3: Formulating the LED Strategy
- Module 4: Implementing the LED Strategy
- Module 5: Strategy Review: Monitoring and Evaluating the Strategy

Following each training module, participants will be expected to apply the knowledge and skills they have learned to the development of a specific LED strategic planning task. It is envisaged that the entire training process (training plus practical application) will take place over a period of between twelve to eighteen months, with periods of several weeks or months occurring between each course module. Periods between course modules will be dedicated to implementing the strategic planning tasks identified in each training module. The trainer and the participants will agree the length of time needed for the implementation of the tasks, and each module will build upon the level of knowledge and experience gained from the delivery and implementation of previous taught modules. Ideally, facilitators or consultants should work with the municipalities on a regular basis.

The final session of each module is devoted to preparation for the implementation of tasks. The preparation session is loosely structured so that the trainer can adapt it to the needs of participant groups by determining the tasks that can be accomplished, how they will be accomplished, by whom, and the time needed. The training materials include tools, templates and worksheets that help participants to implement the tasks. The participants need to return to their homes with an agreed work plan.

In learning about LED strategic planning, participants will need assistance from a trainer or other person with experience to carry out the tasks of strategic planning. It is not the intention of this training course to provide prescriptive instructions to trainers or participants on every conceivable aspect of LED strategy development and implementation.

Table 3: The Phased Training Approach



Training Structure and Contents

Course modules are separate components that cover an entire learning concept or process, and each of the five modules that comprise this training course is between one and two days in length. Each module includes the information necessary for participants to implement a series of strategic planning tasks following the training session.

Modules are subdivided into **sessions** that reflect a logical structuring of materials within the module. Sessions are generally between two and three hours in length, and often include group exercises. Each session contains LED presentation materials, trainer notes, PowerPoint slides, key questions for discussion and supplementary learning materials. Most sessions include exercises that require participants to apply the concepts and skills learned to a real life work situation. The training includes a variety of learning approaches such as interactive lectures, small group exercises, case studies, role-playing, supplementary materials and group discussion.

Modules Two, Three, Four and Five commence with an opening session in which participants are asked to report on their strategic planning progress, highlight problems encountered, and provide feedback on their experiences of practically implementing the previous module's learning. The course includes suggestions on the kind of materials that should be prepared for this reporting session and how it should be presented, however, the exact details of how each session will be delivered will depend on the trainer. The table below provides a summary of the course structure in the order that it occurs.

Table 4: Summary of Course Structure

| Module | Sessions | Learning Objectives |
|---|--|---|
| Module 1: Introduction to LED; Organizing the Effort | <ol style="list-style-type: none"> 1. Introductory Session 2. The Global and National Context 3. LED and Strategic Planning Process 4. Organizing the Effort 5. The Local Economy Assessment 6. The Business Enabling Environment Audit 7. Planning for Implementation | <ul style="list-style-type: none"> ▪ Understand competitiveness factors ▪ Become familiar with the purpose of local economic development and strategic planning methodology ▪ Organize local government to make an LED strategy ▪ LED stakeholders analysis ▪ To identify and know how to collect LED data ▪ To understand and be able to assess the business enabling environment |
| Module 2: The Local Economy Assessment | <ol style="list-style-type: none"> 1. Feedback on Module One Implementation 2. The Local Economy Assessment: Data Analysis 3. SWOT Analysis 4. Coming to consensus 5. Planning for Implementation | <ul style="list-style-type: none"> ▪ Understand and analyze socio economic factors and trends ▪ Use data and audits to provide meaningful input to the competitive analysis ▪ Prepare a community profile ▪ Make an audit of external factors affecting the city competitive situation ▪ Undertake a SWOT analysis and prioritize ▪ Develop consensus on critical strategic planning issues |
| Module 3: Creating the LED Strategy | <ol style="list-style-type: none"> 1. Feedback on Module Two Implementation 2. Strategy-making: Vision, goals, objectives 3. Strategy-making: Programs and Projects 4. Selecting Projects 5. Financing LED Programs 6. Assessing and Prioritizing Projects 7. Planning for Implementation | <ul style="list-style-type: none"> ▪ Define interrelated Vision, goals and objectives for LED strategy ▪ Define and identify programs appropriate to their city's needs ▪ Select and prioritize projects ▪ Identify sources of LED project finance |
| Module 4: Implementing the LED Strategy | <ol style="list-style-type: none"> 1. Feedback on Module 3 Implementation 2. Action Planning 3. Risk Assessment 4. Organizational Structures for Implementation 5. Documenting the Strategy 6. Writing and communicating the Strategy 7. Planning for Implementation | <ul style="list-style-type: none"> ▪ Prepare detailed action plans for projects ▪ Assess risk factors that condition project success ▪ Select an institutional structure for strategy implementation ▪ Prepare integrated plan implementation |
| Module 5: Monitoring and Evaluating the Strategy | <ol style="list-style-type: none"> 1. Feedback on Module 4 Implementation 2. Monitoring and Evaluation 3. Integrating M&E with Strategic Planning 4. Evaluations and Strategy Review | <ul style="list-style-type: none"> ▪ Select outcomes for led activities ▪ Select indicators and targets ▪ Design an M&E system ▪ Review and evaluate LED strategy |

4. COURSE MATERIALS

Each participant should be given a folder or document holder in which to file course materials as they are distributed. Each folder or document holder will contain a printed copy of the World Bank LED Primer, a training course agenda, and notepaper. Supplementary learning materials, templates, worksheets, copies of PowerPoint presentations and participant notes will be added gradually to the folder during the course of the training program, thereby building a handy reference file for use during LED strategy implementation. Below is a list of the key material:

Table 5: List of Training Material

| Training Material | Description | User |
|--|---|-------------------------|
| Trainer's Guide: An Introduction to the LED Trainer's Manual | Instructions to the Trainer on the approaches to teaching; contains suggestions on ways of presenting materials and running exercises | Trainer |
| Sample Course Agenda | Sample schedule and agenda based on the actual training materials. The times for each session are indicative only. | Trainer |
| Trainer's Manual | General guidelines for designing and conducting the LED training for each Module | Trainer |
| LED Presentation Materials | Brief overview of the presentation materials, to be expanded by the trainer. | Trainer |
| PowerPoint Slides | Presentations that trainers can adapt, select from, or expand upon | Trainer Participants |
| Exercise Instructions | Explanation of exercises for participants | Participants |
| Learning Materials | Supplementary reference and case materials for both trainer and participant. | Trainer Participants |
| Templates | To guide the implementation of strategy tasks | Trainer Participants |
| LED Quick Reference Guide | Core LED reference reading | Trainer Participants |
| LED Primer | Core LED reference reading | Trainer Participants |

Use of Materials in Training Sessions

These training materials are intended to support the trainer in designing and conducting an LED course. Each module begins with a summary of the module's contents, an overview of the key learning objectives, exercises and available supplementary learning materials.

For each session, a table has been created that provides:

- (a) Title of session and duration;
- (b) Learning objectives;
- (c) List of exercises;
- (d) List of PowerPoint presentations;
- (e) Recommended reading; and,
- (f) Detailed trainer's note to help guide the training process. Below is a more detailed review of the session structure and content.

- **Specific learning objectives for each session:** These include both “knowledge objectives” (concepts and ideas) and “skills objectives” (what the participant is expected to learn). It is useful to write the session objectives on a flipchart at the beginning of each session and then review and present the objectives to participants. At the end of the session, you can refer back to them when summarizing the important points of the session.

 **Session Total Time:** This provides the trainer with an estimate and guideline for pacing the delivery of the session. The total time includes the time for exercises.

 **PowerPoint Presentations:** The PowerPoint slides are keyed to the presentation materials. The numbers correspond to the numbered order of the module's power point presentation. Trainers may want to skip or add PowerPoint slides as needed. The PowerPoint slides do not duplicate the presentation materials, they compliment each other.

 **Learning Materials:** These are suggestions of supplementary learning materials that are either referred to in module, or distributed to participants during the presentation. These materials have been selected to highlight an important concept or strategic planning task, such as a sample business survey form, or alternatively to provide a practical real world example, such as a municipal SWOT analysis. Other suggested readings provide additional background information to help participants understand particular concepts.

 **Templates:** Templates are used as means of organizing the strategic planning tasks. Templates have been designed to make it easier for participants to carry out some part of a task; for example, the Stakeholder Analysis template is used as a guide to setting up the Stakeholder Groups. Since most of the exercises prepare the participants for carrying out similar tasks in real life, the same templates are used in the training exercises. Instructions for how to use templates can be initially given to participants during the exercises. The Planning for Implementation session allows the trainer an opportunity to discuss in detail the use of templates in a real life situation.

 **Exercises:** Exercises allow participants to apply theory and concepts to their own experience and situation as practice and preparation for application and implementation of tasks in real life. Most of the exercises are designed for participants from the same city to work together in a small group to accomplish a task or practice a skill necessary for strategic planning. The input and information they will draw on is from their own particular city and situation.

- Exercises contain (a) the time allotted for completing the exercise; (b) participant learning objectives; (c) instructions to participants; (d) notes to help trainers both structure the exercise

and maximize understanding of concepts or skills and manage the process; and, (e) templates for participants to use in the exercise in some cases.

- It is important to give clear directions for the exercises. Clearly explain what the objective of the exercise is, and tell the participants what they are expected to do and how to do it. Write the instructions on a flip chart or make a copy to distribute to participants. Review the instructions with participants before they begin, and answer any questions they may have.
- As a part of the exercise each small work group should **reports its findings or conclusions** to the entire group. This allows an important opportunity for participants to share information, methods, and conclusions with each other, and to consider how they might undertake the task in real life. This approach provides the trainer with a chance to critique the conclusions, emphasize important points that might not have been understood, or rectify misconceptions. The “reports” usually lead into discussions. Most of the exercises in this course provide input for the session “Planning for Implementation”, and the participants should be instructed to keep their flip charts, notes or templates for use in that session.
- Questions relating to learning “Application” should follow each exercise or be used at the end of a session. The questions are intended to stimulate participants to reflect on what they have learned from the exercises. Participants should draw conclusions about how they would apply what they have learned in real life. The applications questions help participants think through how they will use and apply the leaning into the next stage of strategy planning.

Notes to the Trainer: This has been designed to help trainers incorporate key ideas into their presentations. Trainer notes are also designed to help trainers make the sessions livelier so as to engage the audience. It is expected that all trainers will have some familiarity with interactive training techniques.

Trainer’s notes are meant to be a guide of how the session should be presented. In particular, timing may vary considerably from one group to another depending not only on the expertise of the group, but also on the nature of the group discussion and the number and quality of examples that are incorporated into the discussion. The notes consist of the questions and comments.

- (a) **Questions** are provided for the trainer to ask participants at different stages of the “interactive presentations”. Interactive lectures allow participants to draw on their own knowledge and experience and link it to new information. By asking a question before giving information, it is possible to find out how much participants already know about a subject. Asking questions during a presentation that draws on participants’ own experiences will help them to link theory to their own experience and understanding. Asking questions during presentations can keep participants stimulated and interested (refer to Tips for Making Presentations more Interactive).
- (b) **Comments** are indications to the trainer of how and where to emphasize certain points, references to other parts of the course, indications of where and how to incorporate handouts within the session, and where PowerPoint slides relate to the presentation materials. Comments help the trainer manage the group exercises.

LED Presentation Material: Presentation materials cover important concepts and information on strategic planning and LED that should be covered during the session. They are presented in outline form for use during oral presentations. They are presented in a logical order. They draw on the LED Primer and other written sources. They should be supplemented by real life

experiences, examples and supplementary information, and are intended as an aide to the trainer in giving presentations on the key themes and topics of strategic planning and LED.

Summary of Session: Each session should end with a summary that brings together the important points that participants should think about. One way to do this is to ask questions that stimulate the participants to reflect on the important points and how they will use this information. In sessions where the exercise concludes the session, the “Reflections and Application” questions serve the same purpose in summarizing the learning.

5. ADAPTING COURSE MATERIAL

Trainers will want to adapt the course and supplement the course materials to suit the specific needs of the participants and the objectives of the training. Case studies, role-play and exercises suggested in the course may need adapting to fit different audiences and their particular levels of knowledge. It is expected that specific supplementary information and examples will be added by the trainer, and that the trainer will determine which points demand special emphasis and which issues are most relevant for discussion and elaboration. Some basic principles apply to adapting materials.

Identify the Audience

The first step is to identify the intended audience and their level of knowledge and sophistication about the topic. However, the tendency is often to use materials without taking into consideration the audience and how it can be influenced or learn most effectively. 'One-size-fits-all' material rarely works for everyone. Before using these course materials or adapting them, identify the audience, assess their level of knowledge, and determine what information they need to meet the objectives. There are several ways to determine the level of knowledge and training needs of a targeted audience and these may include sending a pre-course questionnaire, conducting face-to-face interviews, in focus group discussions, or through peer and supervisor briefings.

Determine the Objectives

Once the background and needs of a given audience has been identified, the next step is to establish objectives for the use of the materials. This involves thinking through what the audience will do with the materials. Be clear about objectives so that the materials can be focused, appropriate and effective. Clear objectives identify what skills the participants should have and be able to use, or what concepts and information they should understand after completing the exercise. Before designing new material, verify your objectives with those of prospective participants and clients to make sure that the course addresses real and perceived needs.

Adapt the Materials

Frequent reference to the objectives will highlight the association between the content and the objectives. Finding and integrating real life examples is critical to the process of tailoring the materials to the context. People learn and are influenced best through examples that they can relate to.

In order to make sure that participants can interact with the material in a participatory environment, new or revised individual and group exercises and case studies must be carefully developed, and time set aside to complete the program. These materials need to supplement the instructional materials in a way that meets the needs of the audience.

6. DESIGNING AND DELIVERING EFFECTIVE TRAINING

In recognizing that adults learn best when there are opportunities to participate in discussions and apply what they are learning to their own experiences, this course is designed to be highly interactive. The course aims to use participants' own experiences as a learning tool, and provides opportunities for participants to engage in an activity, review the activity critically, abstract useful insights from the analysis, and apply the result in a practical situation. It is based on several assumptions about adult learning:

- Adults are motivated to learn as they develop needs and interests that learning will satisfy. They will learn what they think they need to know.
- Adults are more interested in practical applications of knowledge than in theory.
- Experience is the best source of information for adults. Training needs to involve active participation in a planned series of experiences that demonstrate the application of a theory to real life situations.
- Adults are self-directing. The core method for adult learning is to engage the adult in a process of inquiry and analysis so that they discover information by themselves, rather than to transmit knowledge to them. In practice, this translates into a give and take between trainer and participants, with the trainer asking questions of the participants to draw on their own experience and knowledge.
- Adults have a limited concentration span. Lecturing to adults should not exceed 45 minutes.
- Adults take in only about 20% of what is said and repetition of key points is imperative.

Good training should consider the needs of adult learners and incorporate the following characteristics:

- Clear objectives indicating what participants will be able to say or do at the end of the course;
- Participatory, providing opportunities to share or contribute ideas;
- Include practice or application in the use of skills or concepts;
- Make links between topics and link theory to practice;
- Use a mix of methodologies;
- Use interactive learning strategies and avoid long lectures;
- Focus on practical skills and real life examples;
- Accommodate different learning styles by using overhead slides, engaging participants in the discussion, recording their comments on flip charts, etc;
- Draw upon the participants' existing knowledge and experience.

Training sessions need to be properly introduced, conducted and processed. For effective learning to take place, trainers must effectively introduce the goals and objectives for each session, ask pertinent and probing questions, guide group discussion, and provide proper application of information at the end of each session. Trainers should take the following steps:

Before Training

- Prepare carefully. Prior to each session, the trainer should review the outline, contents and activities of the session. Try to anticipate questions and difficulties the participants are likely to have, and review any areas you are uncertain about. Plan carefully, but be flexible so that you can alter your plan to accommodate the needs of the group. Think about the timing of sessions and alter presentations and exercises to fit time slots and participant needs;

- Determine the point at which you will introduce supplementary learning materials, whether during a session or at the end of a session. Decide what needs to be explained or how supplementary learning materials will be related to the session activities. Ensure that there are sufficient copies available;
- Review and/or revise PowerPoint presentations and other support materials as needed;
- Gather the materials and equipment you will need for the session (see section below); and,
- Plan the structure of the Session “Planning for Implementation”. Determine what tasks participants will be expected to accomplish.

During Training

- **Review Objectives.** In most cases the module as well as each session should begin with an overview of the session objectives and activities. Explain what participants can expect to learn and how the objectives fit into the course goals. This can be done verbally but it is best to also use an overhead or a flip chart as well. Be sure to verify that your objectives and the objectives and goals of the participants coincide;
- **Give clear directions.** It is important to explain what is expected of participants for each activity. They need to know what they are to do, how they are to do it, what results are expected, and how much time they will be given;
- **When breaking into small work groups,** allow time for participants to arrange themselves and the furniture so that they give their full attention to directions. Print the instructions included in the course materials and hand them out or read them from a slide or flip chart. Ask for, and answer, questions before beginning an activity;
- **Facilitate learning.** As facilitator, the trainer’s responsibilities include guiding the group process by keeping things moving, providing feedback, stimulating thinking by asking the right questions, including everyone in the learning process, and helping the group sum up each session. Session presentation materials are accompanied by suggested questions to ask participants that are intended to help participants relate theory to their own reality, and to stimulate discussion. Use answers to every question or observation as a chance to stimulate discussion. Do not conduct a straight lecture with a question session at the end; the lectures are designed to be interactive;
- **When conducting group activities,** do not join in as a participant. Maintaining the role of facilitator will allow you to walk around the room and observe how participants are doing, and offer suggestions and assistance. Feedback sessions follow each group exercise. Each work group reports their findings from the exercise and gets feedback from both the trainer and the other participants. This is an occasion for the trainer to highlight important points, make comparisons between groups and stimulate discussion. Feedback sessions need to be well structured to be effective, and depend on good facilitation to make them meaningful;
- **No matter how good the quality of a presentation or activity,** it will be useless for the participants if they do not understand the information. Entitled “Application” in the trainer’s notes, the trainer will lead a discussion that enables participants to reflect on the activity or information, and share their reactions in a structured way with the whole group. The trainer’s job is to help participants think critically about the exercise and the value of information, and draw conclusions that might be generalized to real life. This stage is best symbolized by the questions “what did you learn from all this” and “what general meaning does this have for you?”. After participants have extracted information or conclusions that might be useful to

them, they are guided to incorporate what they have learned into their work. This phase attempts to put thought into action and relate the training to how they can apply it in real life. Look for ways to encourage participants to convert what they learned into action, such as asking them “what is the first thing you can do at work to apply what you have learned,” or “what problems, if any, do you anticipate in applying on the job what you have learned”?

- Provide Closure. It is helpful to relate the learning back to the objectives.

Table 6: Tips for making presentations more interactive

| General | Before | During |
|---|---|---|
| <ul style="list-style-type: none"> ▪ Do not present more than 20-30 minutes without having participants do something more active than listen. ▪ Pose questions to the group. Facilitate the group to answer the question rather than answering yourself. ▪ Create discussion points in your presentation. Ask the group their opinion on a point. Set up debate teams. ▪ Give a problem to solve. Have participants work out the problem individually, and then ask for answers. ▪ Do not present all the information in lecture format. Give participants short pieces to read and discuss, or problems to solve. ▪ Have participants turn to the person next to them and work out a problem, then ask for answers. ▪ Use small groups for problem solving. ▪ Ask participants questions and draw points out of them; let this make up much of the presentation content. | <ul style="list-style-type: none"> ▪ How does the presentation fit with the session objectives ▪ Visual aids ▪ Time of day | <ul style="list-style-type: none"> ▪ Make smooth transitions ▪ Use introductory questions ▪ Have main points ▪ Summarize frequently ▪ Stop to elicit input ▪ Use concrete examples ▪ Ask questions |

Training Set Up

As the course is interactive, the trainer must ensure that the course proceeds smoothly, checking that equipment works effectively and that the location of the training is conducive to learning. Think carefully in advance and prepare the following as required:

- **Training room:** Chose a training room that is appropriate to hold the group comfortably. There should be room to move around, everyone should be able to see a screen and/or flip chart, and participants should be able to adjust their chairs and tables to different configurations depending on the group task. Avoid lecture halls and fixed seats and tables. Flexible arrangements are necessary. Participants should ideally be seated at tables of 6-to-8 persons. If necessary, use a second or third space for small group activities if the seating is not flexible.
- **Size of training group:** Interactive training with small groups works best with a maximum of 30 participants, allowing 4-to-8 participants to work on exercises. If participants are from several different cities, they should each work in their own city groups. If they are all from the same city, make sure that each group has a diverse composition. Generally, groups will

need guidance to understand the given task, manage the time, and come to agreement on task conclusions.

- **Breaks:** Plan in advance when you will have coffee breaks and how long they will last, and arrange for drinks/food to be served in a place close to the training room. At the beginning of each training day, announce the schedule for lunch break, and closing time so participants can make personal arrangements. Announce any regulations concerning smoking or cell phones. Try to arrange for lunch to be served near the training venue; 1.5 hours is usually needed at mid-day. Be clear about promptness at sessions.

- **Equipment:**
 - a. Flip Charts and paper with markers is the most useful tool for writing objectives, recording small group discussions or activities, noting instructions for activities, etc. The pages can be taped to the wall or to a central chart for report-out.
 - b. Computer for PowerPoint presentation, or overhead projector for transparencies
 - c. Photocopies of extra reading, instructions, case studies, role-plays, data or background information for exercises.
 - d. Scotch tape for fixing charts and exercise presentations to wall or flip chart.
 - e. Scissors, pens, markers, name cards for participants.

7. COURSE AGENDA

Table 7: Suggested Course Agenda (Discretionary)

| Module | Day | Time | Session |
|-----------|--|--|---|
| Module 1 | Day One | 9:00-10:00 | Introductory Session |
| | | 10:00-10:15 | Break |
| | | 10:15-12:15 | Interactive Presentation: The Global and National Context for LED Exercise 1: The Global Economy Exercise 2: City Competitiveness |
| | | 12:15-12:45 | Interactive Presentation: LED and the Strategic Planning Process |
| | | 12:45-2:15 | Lunch Break |
| | | 2:15-3:45 | Interactive Presentation: Organizing the Effort: Steps One and Two |
| | | 3:45-4:00 | Break |
| | 4:00-5:00 | Interactive Presentation: Organizing the Effort: Steps Three and Four Exercise 3: Developing the Stakeholders List Exercise 4: Stakeholder Selection | |
| | Day Two | 9:00-10:00 | Interactive Presentation: The Local Economy Assessment: Data Collection |
| | | 10:00-11:15 | Exercise 5: Data Collection Exercise 6: Identifying Barriers to the Business Enabling Environment |
| | | 11:15-11:30 | Break |
| | | 11:30-12:00 | Interactive Presentation: The Business Enabling Environment Audit |
| | | 12:00-12:30 | Interactive Presentation: The Business Attitude Survey |
| | | 12:30-1:00 | Exercise 7: Role Play Interview |
| 1:00-2:30 | | Lunch Break | |
| 2:30-5:00 | Planning for Implementation | | |
| Module 2 | Day One | 9:00-10:30 | Session 1: Group Reports on Module One Implementation |
| | | 10:30-11:00 | Break |
| | | 11:00-12:45 | Session 2: The Local Economy Assessment: Data Analysis Exercise 1: Understanding How to Use Data |
| | | 12:45-2:15 | Lunch Break |
| | | 2:15-3:15 | Session 3: The SWOT Analysis |
| | | 3:15-3:30 | Break |
| | 3:30-5:00 | Exercise 2: Doing a SWOT Analysis: Using Data and Creating a Vision | |
| | Day Two | 9:00-10:30 | Session 4: Reaching Consensus |
| | | 10:30-10:45 | Break |
| | | 10:45-1:00 | Exercise 3: Simulation: Reaching Consensus |
| 1:00-2:30 | | Lunch Break | |
| 2:30-5:00 | Session 5: Planning for Implementation of Module Two | | |
| Module 3 | Day One | 9:00-10:30 | Group Reports on Module Two Implementation |
| | | 10:30-10:45 | Break |
| | | 10:45-12:30 | Interactive Presentation: What is Strategy Making: Vision, Goals and Objectives Exercise 1: Writing Objectives |
| | | 12:30-2:00 | Lunch Break |
| | | 2:00-3:00 | Exercise 2: Linking Vision, Goals and Objectives |
| | | 3:00-4:30 | Interactive Presentation: Programs and Projects |
| | | 4:30-4:45 | Break |
| 4:45-5:45 | Exercise 3: Selecting Programs | | |

| Module | Day | Time | Session |
|----------|---------|-------------|---|
| | Day Two | 9:00-10:00 | Interactive Presentation: Selecting Projects Exercise 4: Selecting Projects Exercise 5: Relating Projects to Programs |
| | | 10:00-10:45 | Interactive Presentation: Financing LED programs |
| | | 10:45-11:00 | Break |
| | | 11:00-12:30 | Interactive Presentation: Assessing and Prioritizing Projects Exercise 6: Prioritizing Projects |
| | | 12:30-2:00 | Lunch Break |
| | | 2:00-5:00 | Planning for Implementation |
| Module 4 | Day One | 9:00-10:30 | Group Reports on Module Three Implementation |
| | | 10:30-10:45 | Break |
| | | 10:45-12:15 | Interactive Presentation: Project Action Plans Exercise 1: Project Action Plans |
| | | 12:15-2:00 | Lunch Break |
| | | 2:00-3:00 | Exercise 2: Risk Assessment |
| | | 3:00-4:30 | Interactive Presentation: Organizational Structures for Implementation |
| | | 4:30-5:00 | Break |
| | | 5:00-5:30 | Exercise 3: Organizing for Implementation |
| | Day Two | 9:00-10:30 | Interactive Presentation: Documenting the Strategy |
| | | 10:30-10:45 | Break |
| | | 10:45-12:30 | Interactive Presentation: Writing and Communicating the Strategy |
| | | 11:30-1:00 | Lunch Break |
| | | 2:30-5:00 | Planning for Implementation |
| | | | |
| Module 5 | Day One | 9:00-10:30 | Group Reports on Module Four Implementation |
| | | 10:30-10:45 | Break |
| | | 10:45-11:45 | Interaction Presentation: Why Monitoring and Evaluations |
| | | 11:45-13:00 | Exercise 1: Defining Objectives and Indicators |
| | | 13:00-2:30 | Lunch Break |
| | | 2:30-3:30 | Continuation of Monitoring and Evaluations |
| | | 3:30-4:15 | Exercise 2: Structuring a Project Monitoring System |
| | | 4:15-4:30 | Break |
| | | 4:30-5:00 | Interactive Presentation: Integrating Monitoring and Evaluation to Strategic Planning Process |
| | | 5:00-5:30 | Interactive Presentation: Evaluations and the Strategy Review |

8. LIST OF COURSE MATERIALS

| Module | Core Material | Supplementary Learning Materials |
|----------|--|--|
| Module 1 | <ul style="list-style-type: none"> ▪ Module 1 Trainer's Notes ▪ Module 1 Day 1 Presentations ▪ Module 1 Day 2 Presentations ▪ Module 1 Exercises ▪ Module 1 Templates | 1.01 Top Ten Foreign Direct Investment Host Economies in 2001 1.02 A Transactions Cost Approach to Evaluating the Environment for Business 1.03 A Guide to Stakeholder Participation 1.04 Guide to Holding a Public Hearing 1.05 Local Economic Development Information 1.06 Economic Scan of Gliwice, Poland 1.07 City of Smolyan LED Strategy, Bulgaria 1.08 Business-Enabling Environment Audit 1.09 Local Business Enabling Environment Survey 1.10 SEED Business Survey 1.11 Frydek-Mistek Strategic Planning Business Attitude Survey |
| | Module 1 Templates Identifying City Hall Staff Team Stakeholder Identification Templates Links to Other Tiers of Government Planning for Data Collection Sample Matrix for Implementation Planning | |
| Module 2 | <ul style="list-style-type: none"> ▪ Module 2 Trainer's Notes ▪ Module 2 Presentations ▪ Module 2 Exercises ▪ Module 2 Templates | 2.01 Trend Analysis 2.02 How to Use Business Data 2.03 Survey Methodology 2.04 Harrogate Borough Council Local Economic Overview October 2002 2.05 Kladno Economic Development Action Plan SWOT Analysis 2.06 Frydek-Mistek, Strategic Planning Process Internal Analysis 2.07 Trnava Strategic Development Plan Critical Issues |
| | Module 2 Templates SWOT Analysis Questions and Template SWOT Template Matrix for Implementation Planning | |
| Module 3 | <ul style="list-style-type: none"> ▪ Module 3 Trainer's Notes ▪ Module 3 Presentations ▪ Module 3 Exercises ▪ Module 3 Templates | 3.01 City of Smolyan LED Strategy, Bulgaria 3.02 Entrepreneurship and SME Development Strategy in Prijedor Municipality 3.03 Zenica Local Economic Development 'Vision to Projects' Matrix 3.04 Frydek-Mistek Strategic Planning Process Setting Priorities 3.05 LED Program Options 3.06 World Bank Local Economic Development Primer 3.07 A Menu of LED Tools 3.08 Gliwice Technology Park Workshop, Poland 3.09 Municipality of Sežana Case Study 3.10 Slovakia LED Project Casebook 3.11 Harrogate Web site Business Attraction 3.12 South Africa Cluster Example 3.13 Municipality of Grimsby Case Study 3.14 Mining Regeneration Case Study 3.15 LED Programs to Projects Matrix |
| | Module 3 Templates Formulating LED Strategy: Lessons Learned LED Visions to Projects Matrix Matrix for Implementation Planning | |
| Module 4 | <ul style="list-style-type: none"> ▪ Module 4 Trainer's Notes ▪ Module 4 Presentations ▪ Module 4 Exercises ▪ Module 4 Templates | 4.01 Blank LED Project Implementation Plan 4.02 City of Smolyan LED Project Implementation Plan 4.03 Local Economic Development Task Forces 4.04 LED Project Action Plans 4.05 Risk Assessment Analysis 4.06 Harrogate Web Site Business Attraction |
| | Module 4 Templates LED Project Action Plan Task Planning Matrix Project Management Gantt Chart Stakeholder Consultation and Communications Planning Risk Assessment Analysis Template | |

| | | |
|-----------------|--|---|
| Module 5 | <ul style="list-style-type: none"> ▪ Module 5 Trainer's Notes ▪ Module 5 Presentations ▪ Module 5 Exercises ▪ Module 5 Templates | <ul style="list-style-type: none"> 5.01 Monitoring and Evaluation Glossary of Terms 5.02 Example of Indicators 5.03 Key Monitoring and Evaluation Questions 5.04 Harrogate Business Plan Monitoring and Evaluation 5.05 Harrogate District Local Plan Annual Monitoring Report |
| | <p>Module 5 Templates</p> <ul style="list-style-type: none"> Monitoring Events Project Monitoring Stakeholder Consultation and Communications Planning Planning for Task Implementation | |

Making Local Economic Development Strategies: A Trainer's Manual

Module 1 Introduction to LED and Organizing the Effort

**A Knowledge Product of the World Bank and Cities of Change Initiative,
produced in conjunction with the Bertelsmann Foundation**

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INTRODUCTION TO MODULE 1

Module 1 Overview

Module 1 Day One provides an introduction to local economic development and examines the context of LED activity within an increasingly globalized economy. It focuses on how to Organize the Effort for LED strategic planning and is supported by a series of PowerPoint slide presentations, exercises, templates, learning materials and key reading materials (see list below). The module introduces participants to the global context of local economies and the role of LED in strengthening the local economy. It provides an introduction to the purpose and process of strategic planning with an overview of the five sequential stages of strategic planning. The different steps of Stage One 'Organizing the Effort' are presented.

Module 1 Day Two introduces participants to the first steps of Stage Two 'The Local Economy Assessment'. It details the data needs for making an LED strategy and concludes with a session on the planning for implementation tasks that participants will be given, and will be expected to complete, in the period between each training session and prior to the next training session occurring.

Participant Learning Objectives: In undertaking this module, it is envisaged that participants will:

- Understand the key factors that affect a city's economic growth and competitiveness
- Become familiar with the aim of LED and the stages of strategic planning for LED
- Determine the appropriate role for municipal government in local economic development strategic planning
- Learn how to organize municipal government so as to be able to devise a strategic plan for LED
- Identify LED stakeholders and assign appropriate roles in the strategic planning process
- Understand data and information requirements needed to create a local economy assessment and economic profile
- Reflect upon the factors that affect the business enabling environment and stakeholder relationships and their relevance to the LED strategic planning process
- Understand the processes of organizing and implementing an audit of the business enabling environment
- Understand the contribution of a business survey to LED strategic planning
- Consider the methods and approaches to undertaking the local business environment survey

Table 1: Structure of Module 1

| Day | Activity |
|---------|--|
| Day One | Session 1: Introduction |
| | Session 2: The Global and National context for LED |
| | Exercise 1: The Global Economy |
| | Exercise 2: City Competitiveness |
| | Session 3: LED and the Strategic Planning Process |
| | Session 4: Organizing the Effort |
| | Exercise 3: Developing the Stakeholder List Exercise 4: Stakeholder Selection |
| Day Two | Session 5: Data Needs for the LED Assessment |
| | Exercise 5: Data Collection |
| | Exercise 6: Identifying Barriers to the Business Enabling Environment |
| | Exercise 7: Role Play Interview |
| | Session 6: Planning at home for Task Implementation Prepare for Module 2 Training |

Module Length

2 Days

**PowerPoint Slide Presentations**

- Module 1 Day One
- Module 1 Day Two

**Exercises**

In Day One there are four exercises:

- **Global Economy** and **City Competitiveness** helps participants understand how outside forces affect their cities.
- **Developing the Stakeholder List** prepares the teams for implementation of the task of building Stakeholder groups.
- **Stakeholder Selection** helps participants to identify important stakeholders in their city and analyze the potential role of different stakeholders in the LED process.

In Day Two, there are three exercises:

- **Data Collection** and **Identifying Barriers to the Business Enabling Environment** prepare for data collection for the Local Economy Assessment.
- The **Role-Play Interview** exercise helps participants to undertake an interview.

**Templates****Learning Materials**

Module 1 Course Materials

| Module | Core Material | Learning Materials |
|---------------|--|---|
| Module 1 | <ul style="list-style-type: none"> <input type="checkbox"/> Module 1 Trainer's Manual <input type="checkbox"/> Module 1 Day 1 Presentations <input type="checkbox"/> Module 1 Day 2 Presentations <input type="checkbox"/> Module 1 Exercises <input type="checkbox"/> Module 1 Templates | <ul style="list-style-type: none"> <input type="checkbox"/> Top Ten Foreign Direct Investment Host Economies in 2001 <input type="checkbox"/> A Transactions Cost Approach to Evaluating the Environment for Business <input type="checkbox"/> A Guide to Stakeholder Participation <input type="checkbox"/> Guide to Holding a Public Hearing <input type="checkbox"/> Local Economic Development Information <input type="checkbox"/> Economic Scan of Gliwice, Poland <input type="checkbox"/> City of Smolyan LED Strategy, Bulgaria <input type="checkbox"/> Business-Enabling Environment Audit <input type="checkbox"/> Local Business Enabling Environment Survey <input type="checkbox"/> SEED Business Survey <input type="checkbox"/> Frydek-Mistek Strategic Planning Business Attitude Survey |

SESSION 1: INTRODUCTORY SESSION

Overview of Session 1

| | |
|--|---|
| Objectives | <input type="checkbox"/> To get acquainted and review the course structure <input type="checkbox"/> To match participant expectations with course objectives |
| Session Time  | 1 hour |
| PowerPoint Slides  | None |
| Exercise  | Training Expectation Exercise |
| Template  | None |
| Learning Materials  | None |
| Key Reading | LED Quick Reference Guide http://www.worldbank.org/urban/led/led_pamphlet.pdf |

Introduction

Comments: Before participants arrive, arrange the tables in a 'V' format or semi circle with between four and six chairs around each worktable. Arrange the trainer's table, screen, flip chart and other materials where all participants can see, but try to avoid a cinema-style set-up. For the introductory session, make sure participants from the same city do not all sit together. Ask participants to write on a card their name, job title and the city for which they work, and have them place it on the table for all to see. Name badges are also a good idea if participants do not know each other.

Spend 10 minutes welcoming participants. Introduce yourself, write your name on the flip chart and provide pertinent background information. Introduce any other non-participants present such as facilitators, organizers and donors. Quickly review the schedule for the session.

Start the introductions by saying: "Now that you know something about the trainer, the trainer would like to know something about you. Let us start by introducing ourselves to get to know each other." This introduction assumes that participants do not all know each other. If they do know each other, then ask each one to introduce themselves.

Ask participants to:

- Partner with someone from a different city/municipality or with someone with whom the participant does not already know (at their table).
- Interview each other, and in doing so, identify one or two significant facts about the person to share with the group.
- Allow each pair approximately ten minutes in total to complete this task.

Questions: Ask each person in turn to stand up, state their name, city and job title, and the facts they have learned about their partner. Make sure that the interviews do not go on too long. Keep introductions to names, cities, job titles and one or two facts.

Discussion of course objectives

Observation: Introduce a discussion on the course objectives by asking participants about their own objectives and expectations of the course. Start this by mentioning that:

- Success of the training depends on meeting participants' expectations and goals
- Participants each come with their *own* expectations about what they want to learn and how they will apply this
- You would like to know their expectations
- The training sections have been designed with specific objectives in mind



Exercise 1



20 minutes

Question: Ask the participants to:

Write down two or three expectations about this training, what do they hope to learn, what would they like to do with the information.

- Share their expectations with other participants at the table and identify the two most common expectations
- Select a group member to report their expectations orally

Ask each table to state their expectations. As each table reports, write the expectations on a flip chart.

Questions and Comments:

Ask participants to compare their expectations. Identify commonalities

Ask if they want to add objectives based on their expectations

Highlight any expectations that are not relevant or cannot be met

Explain the organization of the training sessions

Comments: Refer participants to the course agenda and explain the five modules and the phased training approach. Mention the following points:

- Training modules are one to two days in length. Each module ends with a session on planning for implementation where the team will plan for tasks to accomplish in the next "homework" period before the next training
- The training modules consist of theory, practical advice on how to undertake LED strategic planning, and real world examples. Participants will have many occasions to practice what is being learned
- The training is highly interactive and participants should not expect to passively listen to lectures. They will be expected to share knowledge with others and participate actively

Comments: In preparing for Module 1, review the:

- Schedule and sessions for the first Module
- Course meeting times, closing time, meals and breaks
- The use of templates, learning material and exercises

SESSION 2: GLOBAL AND NATIONAL CONTEXT FOR LED

Overview of Session 2

| | |
|--|---|
| Objectives  | <ul style="list-style-type: none"> <input type="checkbox"/> To explain the global and national context for local economic development <input type="checkbox"/> To present the factors that make for a strong economy <input type="checkbox"/> To analyze factors that make a city competitive <input type="checkbox"/> To communicate how cities use LED strategies to create a competitive business enabling environment |
| Session Time  | 2 hours |
| PowerPoint Slides  | Module 1 Day One PowerPoint Slides 1-7 |
| Exercise  | Exercise 1: The Global Economy Exercise 2: City Competitiveness |
| Template  | |
| Learning Materials  | <ul style="list-style-type: none"> <input type="checkbox"/> Top Ten Foreign Direct Investment Host Economies in 2001 <input type="checkbox"/> A Transactions Cost Approach to Evaluating the Environment for Business |
| Key Reading | LED Primer Section 1 http://www.worldbank.org/urban/led/led_primer.pdf |

Introduction to Session 2

 15 minutes

Questions and Comments: Ask participants to describe their view of the **purpose** of LED. Guide participant's answers into a discussion. When you have the participant's responses, provide your definition:



“The **purpose** of local economic development (LED) is to build up the economic capacity of a local area to improve its economic future and the quality of life for all”.

Questions and Comments: Ask participants to explain the **process** of LED. Get responses, give definition and facilitate discussion:

“It is a **process** by which public, business and nongovernmental sector partners work collectively to create better conditions for economic growth and employment generation.”



Questions and Comments: Identify some key misconceptions about LED.

The success of a community today depends upon its ability to adapt to the dynamic local, national and international market economy. Strategically planned LED is increasingly used by communities to strengthen the local economic capacity of an area, improve the investment climate, and increase the productivity and competitiveness of local businesses, entrepreneurs and workers. The ability of communities to improve the quality of life, create new economic opportunities and fight poverty depends upon them being able to understand their local economy and the processes of LED, and to act strategically to respond to the increasingly competitive market economy.

In this session we look at the different influences on local economies, and the factors that are important for building a strong local economy. The session will consider how LED strategic planning can address these issues and how the process of strategic planning works:

Questions and Comments: Lead into the session by asking the following questions:

- Where is your mobile (handy/cell) telephone made?
- What kind of sport shoes do you buy?
- What company makes them? Where are they manufactured?

Point out that these questions and their answers reflect the impacts, and provide examples, of globalization.

The Global Context for LED



30 minutes



3, 4, 5, 6

Slides 3, 4, 5 and 6 present the drivers of growth. Demonstrate these drivers by highlighting to participants the points listed below:

There is a new global competitive landscape:

- Integration into the global economy increases competitive pressure; as businesses and capital globalize, competition increases
- Increasing demand for flexibility and socioeconomic innovation
- Increased dependence on constantly changing technology
- Businesses are more mobile
- Cost control and enhancing productivity are paramount, and businesses go to where this is best achieved
- Capital shows no allegiance to location
- Innovation is relentless and change constant; flexibility of workforce is needed
- Increasing political and economic interdependence means there is a need for closer integration and coordination within and between business and governments
- Capacity of businesses to compete globally entails the development of entrepreneurial skills to compete
- Globalization provides businesses opportunities for business growth but also brings with it increased competition from international, national and regional competitors
- Multinationals play an increasing role in trade
- An increasing importance of education and flexibility, and diminished importance of low salaries as a location factor
- Need for information technology skills
- Globalization factors increase competitiveness of places with important implications for LED
- Certain locational factors provide competitive advantage

- With increasing government decentralization and the transfer of powers from national to regional and local institutions, cities and municipalities have to compete successfully in a global market place for investment finance and site selection of facilities



Exercise 1: The Global Economy



30 minutes

Objective:

- To give the participants the opportunity to understand the concepts and conditions surrounding globalization to their own city and municipality.

Comments: Refer to the exercise sheet. Explain to participants the objective of the exercise.

Distribute Exercise 1 to participants with the questions to be answered, and write them on a flip chart where they can be seen

- Which key industries in your local economy have been most affected by the aspects of globalization that we have mentioned?
- Select one example and describe which globalization “drivers” that have been most important in affecting its future (you may identify other drivers not listed).

Give instructions to participants

- Discuss your answers with others at your table. Make a list of all of the globalization drivers identified by the group.
- Appoint a reporter, who will report your findings to the group.

Make sure participants understand that they are first to work individually, and then to discuss their individual answers with others sitting at the same table.

Explain that the group should nominate one person to report their findings. It is up to the group to determine a reporting framework. Such a framework might include reporting the three most important findings.

Call on each group in turn to make a brief report.

Feedback

Comments: Keep it short and use the reports to highlight differences and similarities between the drivers of globalization and the types of industries affected.

Application

Comments and Questions: What examples of industries are changing in your local economy, and what are the key drivers that are most influencing these industries?

What does this tell us about the effects of globalization on your city economy? Are the effects positive or negative?

Lead into the next section by asking participants what national policies influence the competitive position of cities, and their local economic development.

Mention those not already described. These are listed below.

Ask participants to give an example of how each policy affects local economic development or the competitive position of cities? If they cannot, then give an example how it can impact the local economy.

Ask participants how these policies translate into costs for businesses.

The Effect of National Policies on Competitiveness and Local Economic Development

 **20 minutes**

Comments: Present the factors of the national enabling environment:

- Macro economic and political stability
- Decentralization of government controls
- Privatization of industries
- National industrial policies and economic policies, subsidies for regions or industries
- Regulatory policies, such as telecommunications, or environmental standards
- Monetary policies, including supply and cost of capital
- Banking policies
- Trade policies, including imports
- Investments in major national infrastructure, such as highway network, ports, rail, airports, electricity, communications
- Rule of law: functioning courts and contracts
- Labor laws and labor costs
- Social security laws
- Tax policy towards business



7

Comments: Proceed to define and talk about transaction costs. Ask what transaction costs are.

Most of these national policies affect “transaction costs” for businesses. These are:

- The costs associated with bureaucracy and ‘red tape’ (time and cost of filling in forms, undergoing inspections, registering a company, finding premises)
- Cost of engaging in business transactions
- Cost of starting, running, and growing a business, and managing risk
- Costs of closing or changing the ownership of a business

Transaction costs have implications for competitiveness of a country and hence for the local economy. Local businesses may be less competitive if transaction costs are high; local governments can help by streamlining those regulations and processes that they have control over.



Learning Material 1: Top Ten Foreign Direct Investment Host Economies

Comments: To highlight the flows of FDI and the potential effect of national policies on FDI. Try to obtain FDI data for the country/region in which this training is being conducted or that is appropriate to the participant's own country/region.



Learning Material 2: A Transactions Cost Approach to Evaluating the Environment for Business

Comments: Use the Transaction Costs handout as the basis for a discussion of different transaction costs in participant countries.

International business looks for low transaction costs. Foreign direct investment is affected by national policies such as those listed above. In addition:

- The flow of FDI depends on the willingness of countries to allow it to enter the domestic competitive environment

- Restrictions tend to keep out FDI, e.g., dividend repatriation, foreign exchange earning, net worth of company, access to land, use of expatriate labor, the requirement to enter into partnerships with local companies, company ownership limitations in host country
- Very high tax rates can affect the level of FDI into a country and local economy
- Dominant state enterprises may exist in a large number of industries

Questions and Comments: Ask participants what types of local policies can negatively affect local economic development. Explain that:

They are similar to national issues:

- Many municipal government policies are not business friendly
- Many municipal government staff do not consider businesses as customers

Local Factors Affecting Economic Growth of Cities



20 minutes

Questions and Comments: Ask participants what they think are their key local factors that positively affect economic growth and the competitive position of cities. Talk about the following factors:

- Agglomeration factors, the benefits of shared markets, business networks, quality business infrastructure, quality of labor pools and information, clusters of the same types of activities, economies of scale
- Geographic factors such as ports, rivers or borders, or easy access to important raw materials
- Combinations of factors that determine whether a city is an attractive place to do business. Every business has a different set of requirements, but a few main factors (see below)
- Major cost factors when opening, expanding or operating: land, labor, plant
- Non-cost factors that affect investment and location decisions such as quality of life and amenities
- Extent to which a city and its officials are perceived to be pro-business and to promote business friendly policies

These factors can be grouped as:

- Hard infrastructure: electricity, water, sanitation, developed and serviced urban land, good road/rail/air connections to move goods and products to market, physical appearance and attractiveness of city
- Soft infrastructure: education services, number of people in work force, educational and technical preparedness of work force, specialization of work force, availability of training
- Entrepreneurship; entrepreneurial setting and support mechanisms, business networks and development services
- Competence of municipal government in providing services; attitude of municipal government toward businesses; ability to meet business needs, eliminate obstacles and keep down bureaucracy and over-regulation



Exercise 2: City Competitiveness



20 minutes

Objective:

- To allow participants to understand how strengths and weaknesses of their city affect its economy.

Comments: Explain that the exercise will let participants apply some of the concepts of competitiveness to their own local economy. If participants are not sitting with people from their own city, re-group them so that they form city-based small groups. Following the Exercise Instruction sheet, write the questions to be answered on a flip chart and give the participants clear instructions. Allow 20 minutes.

Imagine that you are trying to persuade a new 500-employee television assembly company to build a factory in your area:

- List five reasons why they should select your city (list your city's relevant strengths).
- List five more reasons why they should not choose your city (list 5 of your city's weaknesses).
- If you were making the investment decision, which city in your region would you locate in and why?

Feedback

Questions and Comments: Ask each group to report their answers in turn. Draw attention to the types of weaknesses and strengths mentioned. Make the distinction between local factors (usually weaknesses or strengths) or regional or national policies (usually opportunities or threats). Participants often confuse weaknesses with threats; highlight examples of opportunities and provide a clear definition.

Application

- What does this exercise tell us about the different factors that make a city competitive?
- How can we apply this information to local economic development, and to LED strategic planning?

Session Summary: Application

Questions and Comments: Conclude the session with a discussion based on the following questions to participants:

- What conclusions can you draw about the local competitive advantages and the local business-enabling environment?
- What does this mean for a local economic development strategy?

Make a transition to the next session, which talks about how strategic planning can be used for local economic development purposes.

SESSION 3: LED AND THE STRATEGIC PLANNING PROCESS

Overview of Session 3

| | |
|--|--|
| Objectives | <ul style="list-style-type: none"> ❑ To present the benefits and challenges of economic planning ❑ To make the link between strategic planning processes and local economic development ❑ To give an overview of the stages of economic planning to prepare participants for the course |
| Session Time  | 1/2 hour |
| PowerPoint Slides  | Module 1 Day One PowerPoint Slides 8-13 |
| Exercise  | None |
| Template  | None |
| Learning Materials  | None |
| Key Reading | LED Primer, Section 1.5 and 2 |

What is Strategic Planning

 **15 minutes**

Strategic planning is a systematic collaborative decision making process by which communities can envision their future, and design and prioritize the appropriate actions to achieve that future. It provides a general framework for allocating scarce resources to address important issues.

Why do strategic planning?

- Strategic planning allows a city to manage change and react to the internal and external conditions imposed upon it.
- It identifies and builds on strength and addresses weaknesses, and is mindful of needs and local capacities.
- Strategic planning allows a community to make decisions on how it wants to develop and in what way.
- It can maximize the use of resources by prioritizing in a strategic way.

Advantages and challenges of strategic planning

There are many advantages to strategic planning but it is not an easy process. It is necessary to be aware of the potential challenges and plan for ways to overcome them.

How does strategic planning fit into local economic development?

- LED begins with a process of organizing for, researching, then formulating a strategy that is the collective effort of public, private and community actors.
- An LED strategic plan often forms a component of a broader, wider, community strategic plan for development.

Questions:

Ask participants if their city has a local economic development strategy or other strategic development plan. If it does, ask participants about the types of issues it raises.

- Municipal governments are the most obvious leader for the development of the strategic plan. They are usually primary agents for LED because they address a wide range of economic development needs and issues: business regulations and infrastructure, tax, sites and premises, waste collection, education and training. They can identify and provide leadership, and organize coalitions and partnerships within a city and region. They have the democratic mandate and responsibility, and represent the needs of the entire community.

Ask participants what institutional jurisdictions and agencies impact their economy:

- The impact of local economic development activities is not limited to city boundaries, and other municipal governments and agencies may be involved including adjacent towns or counties. The distinction between city and rural is becoming increasingly blurred as local, city, rural and regional economies are increasingly interconnected.

Ask participants what jurisdictions are closely tied to their economy:

- Other government units may be involved as well, such as adjacent towns, counties or regions as economic development forces are not limited to city or political boundaries.

Ask participants what kinds of sectoral or spatial plans impact local economic development in the city and region:

- The strategic plan should relate to, and take into account, all other plans, both inside and, as appropriate, outside the city because these affect local economic development. For example, a regional economic development strategy will likely provide an excellent framework in which an LED strategy can be developed.

Comments: Transition to an overview of the five stages of strategic planning for LED. The purpose of the overview is to provide participants with an overview of how strategic planning is undertaken, the entire process from beginning to end, so that they have an informed perspective on the contents of the training and the implementation tasks.

Explain to participants that each module in this workshop and future planned workshops details one of the five stages of LED strategic planning and commences with the next session.



8

A brief overview of the five stage LED strategic planning process.

Each of the next five slides provides more detail about each of the five stages. Emphasize that each of the five modules will go into more detail on each stage.



9

Stage 1: Organizing The Effort

- Determination by city of how it will develop and manage the LED process within city hall
- Develop processes to keep elected officials informed and involved, and develop a political decision making process within the municipality

- Establish working relationships and structures for engaging stakeholders in process. LED depends on collective effort of public (government), private (business) and non-governmental sectors. For the purpose of stakeholder development, there is a need to identify the groups that have an interest in the community, what resources they can bring to table, and how they should be involved
- Develop structure and systems to work with other tiers of government
- Consider where an LED strategic planning and implementation group/organization should sit within/outside the organizational/departmental structure of city hall



10

Stage 2: Doing the Local Economy Assessment

- Know the context (characteristics, setting, linkages, make-up) of the economy
- Use quantitative and qualitative data to get knowledge of the sources, structures and trends in production, employment, skills, and resources to identify the strategic directions of the local economy
- Understand the problems faced by the private sector
- Analyze data including a SWOT analysis, and regional economic indicators



11

Stage 3: Create LED Strategy

- Use an integrated approach
- Blends local economic development with environmental and social needs
- Contains a vision, goals, objectives, programs and projects



12

Stage 4: LED Strategy Implementation

- An implementation plan creates the budgetary, human resource, and institutional and procedural framework for the strategy
- Implementation Plans unite long term and shorts term objectives
- Implementation Plans consolidate individual project action plans. Each project action plan include a hierarchy of tasks, responsible parties, timetables, human resources, financial needs, sources of funding, expected impacts, results
- Indicators measure processes and impact



13

Stage 5: Reviewing the LED Strategy

- Establish monitoring and evaluation indicators to assess development of the economy and the use and level of resources available
- Monitor progress of each project and the strategy
- Identify new needs and feed into the strategy evaluation and review process

Session Summary:

Comments: Review the reasons for doing local economic development;
Refer back to session objectives;
Preview the next session;
Set time for resuming training.

SESSION 4: ORGANIZING THE EFFORT

Overview of Session 4

| | |
|---|---|
| Objectives | <ul style="list-style-type: none"> <input type="checkbox"/> To demonstrate how LED is integrated with municipal government activities <input type="checkbox"/> To create awareness of the importance of participation in strategic planning <input type="checkbox"/> To identify stakeholder groups <input type="checkbox"/> To understand the process of integrating stakeholders in LED planning and implementation |
| Session Time  | 2 hours 30 minutes |
| Power Points Slides  | Module 1 Day One PowerPoint Slides 14-33 |
| Exercise  | Exercise 3: Developing the Stakeholder List Exercise 4: Stakeholder Selection |
| Template  | Template 1: Identifying City Hall Staff Team Template 2: Stakeholder Identification Templates Template 3: Links to Other Tiers of Government |
| Learning Materials  | <ul style="list-style-type: none"> <input type="checkbox"/> Guide to Stakeholder Participation <input type="checkbox"/> Guide to Holding a Public Hearing |
| Key Reading | LED Primer, Sections 3.1-3.4 http://www.worldbank.org/urban/led/led_primer.pdf |

Comments and Questions: Explain to participants that we will now go into detail on Stage One¹ of the five stage strategic planning process. Before doing this, ask participants to name the five stages of the strategic planning process. Introduce Session 4 with climate-setting questions:

- Ask participants who they think is responsible for local economic development in their city administration. Is there a specific department, or is one planned?
- Ask if there is a team or individual that coordinates LED.
- Highlight the importance of having a clear organizational structure for LED to succeed.



14

Comments: The introduction to step one first lays out the different types of arrangements possible for LED agencies and the role that municipal government plays in organizing LED. Generally, LED will be organized by city hall, but other variants are possible.

¹ http://www.worldbank.org/urban/led/step_one.html

Deciding who is responsible for LED

 **20 minutes**

An individual or organization takes the lead in initiating the LED strategic planning process. Usually, although not always, this starts with the municipal government assigning the responsibility to a new or existing municipal department, unit or staff member. In some cities, a local economic development agency has been established as an independent or semi-independent organization. In a few, a private entity has been created. Where municipal government is not the principal initiator, it is essential that the municipality be involved as a full partner to represent the interests and concerns of the local community, particularly in the strategic planning process. Municipal government is a good home for strategic LED and is often able to support the LED process by coordinating its services to support the LED effort. As a lead body in the decision making process, the municipality can ensure greater decision making transparency and accountability to the LED effort, and ensure wider stakeholder involvement.

Other Possible Arrangements

Comments: Present other examples of non-municipal arrangements for organizing the LED effort.



15

Comments: Discuss the different types of organizations that may initiate LED besides public agencies.

In some cases, LED agencies are created that include several political jurisdictions. This is often the case with large metropolitan areas. It is also the case when the problems faced are regional. Region-wide LED agencies may serve as the implementing agency for LED projects, or simply as the coordinator and advisor to local municipal administrations responsible for LED. An LED agency that is not a public body, or that has jurisdiction over several localities, may not have the same powers as a municipal government, and may depend on the municipality to support, advise and even implement certain activities.

Advantages of regional LED agencies are that they can promote the development of the entire region, attract international assistance and undertake more extensive projects, and can provide a policy umbrella under which LED strategies can be formulated.

Comments: Transition the presentation into the five steps for setting up an LED team within municipal government.

Developing a successful LED strategy depends on the following key factors of good organization:

- Team Skills
- Legitimacy
- Credibility
- Coordination
- Drive
- Time
- Staff competence
- Partnership
- Transparency
- Budget



16

Step One: Establish a City Hall Staff Team

- Determine who is responsible for LED and determine what their responsibilities are
- Set up a multidisciplinary team that has the skills and background needed
- Identify a senior level leader of the team
- Make sure there are terms of references for the team regarding their functions and authority, responsibilities, reporting requirements and management.

Questions: Ask participants to identify the types of skills and competencies that a multidisciplinary LED team would require. Ask participants to identify the types of skills that an LED management team would require. Ask if these are presently available within the municipality. Ask who in the community would have such skills.



17, 18

An LED team should be a multi-disciplinary team that is able to work across traditional departmental lines, as well as governmental and non-governmental lines. As an all-encompassing process, LED requires a range of technical, professional and managerial skills, and an LED team should include a range of experienced municipal officials including development planners, lawyers, financial and environmental experts, engineers, architects, researchers, communication experts and others that could contribute to a community's economic, physical and social development. In some municipalities, this may be the first time that truly interdepartmental working has occurred. Municipalities with limited resources might start with a less ambitious LED team. In many cases, an LED team may initially consist of one person. In such a situation, the LED program could be incrementally expanded through the training of staff and liaison with other municipal government departments and by making use of resources external to the municipality.

Given LED's broad scope and the necessity to develop relationships with the private, public and non-governmental sectors, true and genuine leadership of the team is necessary. Such leadership will provide the team with better conditions for devising and delivering an LED strategy. There are a number of ways that LED can be managed and developed by a municipality:

Clarify Who Leads the Team



19

Question: Ask the participants to identify an LED team leader to lead the LED team in the participant's own city. Determine why that individual has been selected (probe for skills, occupation, experience) and what that individual's function and role should be.

In almost all successful local economic development case studies, a responsible person, often in the Mayor's Office or in the office of the Chief Executive Officer, is initially appointed to take responsibility for LED (this may expand into a specific unit or department at a later point). This initiator may spend much of his/her time initially gathering information on the local economy and identifying important stakeholders. This person should ideally have LED experience and be able to demonstrate a sound understanding of the needs of businesses. This is not essential however, as these skills can be learned.

A commitment by the Mayor to appointing this person to a full-time position with responsibility and resources is important. Though available resources may initially be small, they should be sufficient to begin an LED program and provide basic office equipment,

training in LED if necessary, and an operational budget to facilitate stakeholder meetings and gather data for a preliminary SWOT (strengths, weaknesses, opportunities and threats) analysis.

 **15 minutes**



Template 1: Identifying City Hall Staff Team

***Comments:** Distribute to participants, the Identifying City Hall Staff Team template. Using the template, ask all participants to fill in the occupations and departments of individuals that should form part of the LED staff team, the relevance to LED activities, and the associated staff skills that these individuals would provide. Ask for their responses. On a flip chart, write the occupation type and skill sets of the individuals named, and discuss and review the types of departments and skills that need to be represented.*

Determine Where the LED Team will be Established in Municipal Government

Creating an appropriate organizational municipal arrangement to develop and implement local economic development is a significant undertaking, and there are a number of institutional locations where LED could be situated within a municipality:



20

- **In the Chief Executive's or Mayor's Office:** This has the advantage of 'visibility' and the political weight of the most senior staff to support it. Situated in this department, LED is likely to have a higher profile and exhibit more of a policy and facilitation focus, which in turn can help guarantee coordination with other municipal departments. However it might have less implementation resources and be over-dependent on the Mayor's political tenure.



21

- **In a functional department:** In a functional department such as Land and Property Registration or Urban Planning, LED could potentially be subverted to supporting the major discipline of the department. However, good management practice and multi-disciplinary approaches will help ensure both sound policy formulation and successful implementation of the LED strategy.

***Question:** Ask the participants to identify where they would locate their team in the municipality structure. Discuss the advantages and disadvantages associated of each.*

Establish a basic office and operating budget

***Comments:** Highlight to participants that LED requires an operating budget as well as permanently assigned staff to establish an 'office', buy stationary and computers, undertake LED planning and strategy functions, and conduct meetings.*

Set up links to other municipal government planning processes

***Question:** Ask what other planning processes in the city should be linked to LED*

Municipal plans that should influence, and be influenced by, the local economic development agenda, may include, but are not limited to:

- Operational and capital budget plans
- City strategic plan
- Planning, resource management, zoning, land use development strategies

- Transport strategies
- Leisure and recreation strategies
- Housing strategies
- Environmental strategies
- Anti-poverty strategies
- Education and training strategies
- Crime and public safety strategies
- Waste disposal and pollution control strategies



22, 23

Step Two: Establish a Political Process within City Hall

The effective implementation of any LED strategy will require concerted political effort and support. Ensuring that local political leaders (mayor, elected representatives, ward members, community leaders) are involved will help to ensure that the LED strategy gains both the political support and commitment of necessary resources required for effective implementation. It is essential that the LED strategy is included in the annual council committee financial plan.

Question: Ask participants to identify politically important individuals people other than the mayor? Who should be involved?

Ideally, the municipal leadership and responsibility for LED should be given to a local political leader. In some cases this will involve the chair of a significant municipal government committee, for example, the Policy and Resources Committee. These committees often oversee both the policy direction of the municipality and the allocation of resources. Over time, many municipalities initiate an autonomous economic development standing committee. As a locally driven process, the opportunities for developing the appropriate local political mechanisms will be varied.

Comments: Give participants the checklist for “Getting Started”:

- Is there organization and leadership to support the process?
- Is there commitment to implement a plan?
- Has a core team been formed?
- Is outside expertise required?
- Are resources secured?
- Are constraints to the planning process identified?



24

Step 3: Develop stakeholder involvement

Question: Ask participants what a stakeholder is. With participants, develop a working definition.



25

Stakeholders are individuals, businesses, organizations or groups in the public, private and not-for-profit sectors that have an interest in strategizing and implementing LED programs and projects.

Question: Ask participants why the city should involve stakeholders in the process, what benefits would accrue and the types of problems might there be?

Involving stakeholders in the LED process can increase:

- Credibility, equity and transparency, by opening the planning process to the public
- Effectiveness, as it is easier to understand the real economic needs when the stakeholder beneficiaries are involved. It also contributes to building support, and overcoming resistance and mistrust
- Efficiency, as stakeholders can mobilize their own resources to support and promote local economic development

Specifically, it can:

- Ensure that additional professional, financial and physical resources are brought to table
- Legitimize the LED planning process and depoliticize projects
- Forestall, through early discussion and agreement, problems before they arise
- Encourage local institutions, both public and private, such as education and research, to support and implement LED programs and projects
- Facilitate increased volunteering through the participation of volunteer or community organizations
- Create the ongoing relationships necessary for partnerships implementation

Question: Ask participants for examples of partnerships that have been formed to implement a project. Provide examples such as a private developer leasing city land to build an industrial zone, or the Chamber of Commerce partnering with the City for a marketing campaign, or a technical college partnering with local industry for job training.

Ask participants why it is necessary to develop partnerships from the beginning of the LED process:

- Partnerships are needed to facilitate the achievement of specific and general LED objectives. The municipal government needs to work in partnership with the private sector and the community sector on the implementation of projects
- Partnerships can combine resources and know-how for specific purposes
- Partnerships can be institutionalized to varying degrees to suit the project area and strategy focus
- Public-private partnerships can be created to undertake strategic planning or implementation. An objective can be pursued, for example, a municipal government partnering with a bank to set up a loan fund, or with an industry for job training
- Community partnerships between municipal government and a community association or group can be used to encourage community participation and achieve specific objectives, for example, the clean-up of a park or river
- Intergovernmental partnerships among government bodies or between them to share financial responsibility and reward can occur, for example, for inward investment, regional industrial growth, job training or higher education projects



Exercise 3: Developing a Stakeholder List



15 minutes

Comments: This exercise is a group exercise undertaken in plenary session. Instructions to participants are provided on the Instruction Sheet.

On a flip chart write the headings 'public sector', 'private sector' and 'community sector'. Ask participants to identify key stakeholder representatives in each of the sectors. Provide an example of a stakeholder from each of the sectors to help participants understand the nature of the exercise.



26, 27, 28

When they have named as many as possible, show PowerPoint slides 26, 27 and 28 that list potential stakeholder groups. Using the results of Exercise 3, compare participants' suggestions with PowerPoint slides to make sure that all of the stakeholder groups are represented fully and included.

Presentation: Creating the Stakeholder Groups

Comments: This presentation looks at the different ways that stakeholders participate in strategic development and LED. This presentation together with following presentations on stakeholder participation will be followed by an exercise that allows participants to identify stakeholders in their own city with potential roles and stakeholder groups.



Learning Material 3: Guide to Stakeholder Participation

Distribute to participants the Guide to Stakeholder Participation. The first page is relevant for the following section.

Give examples of stakeholders in the strategic planning process from other cities:

- Different groups may play different roles in the process. Differences in political standing and role among stakeholders will shape their opportunities to participate in the decisions that affect them.
- For an LED strategy to be effective, it must take existing local political power structures into account and involve stakeholders in a meaningful and constructive way.
- A balance must be achieved between developing equitable stakeholder representation and overloading organizations with decision-making processes and procedures.
- Given the varied nature of local economies, projects and interests, there will be different types of involvement and participation from different stakeholders at different stages of the process.

Highlight to participants the need for a plan for stakeholder participation throughout the LED process. Ensuring the right role for each stakeholder is important. Mention that there are many potential stakeholders, but that not all of them can be involved in the formal strategic planning process. Reinforce that it is important to select the right stakeholders for the right type of participation.

Question: Ask the participants the following questions: "When developing a plan for stakeholder participation"...

- Who are the key stakeholders? Why specifically is the stakeholder interested in the LED plan?
- What are their interests and strengths? What quantity and types of resources can they mobilize?

- What and how can they contribute to the LED process? What issues can they impact or resolve?
- What is the best way (level of contact, formal/informal connections, direct/indirect involvement) to involve them in the LED process?

Comments: Note that the Stakeholder Identification learning material may be useful for this task. The answers to these questions will help to define:

What type of participation is most effective from each stakeholder

- What roles or responsibilities will be given to which stakeholders at each stage of the process

In addition, participants need to think about:

How consensus will be built; how ideas will be communicated to the public, and how feedback will be accommodated.

Emphasize to participants the point that LED stakeholders will have different interests, perspectives, views and agendas. An LED strategic plan must reflect a consensus of all LED stakeholders in order to be successfully implemented.

Structuring Participation: The Organizational Arrangements

Comments: Ask participants if there is currently any stakeholder participation in either sectoral planning or city development planning in their city. If so, ask how stakeholder participation is organized.

Highlight to participants the different institutional ways in which LED stakeholders can participate. Ask participants to think about whether such a structure would be possible in their own city and how it would function.



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Establishing a Stakeholder Steering/Liaison Group

One way of involving stakeholders is to establish a Steering Committee. This should include key stakeholders from all sectors including government, business and NGOs, and the municipality will usually provide institutional support for this committee, preferably with the LED officer as the facilitator. The facilitator will have an important role to play during meetings as conflicts may emerge between stakeholders due to different interests. Facilitators can bring a degree of control to meetings and may be required in the early days of establishing the LED strategy and partnerships. The Steering Committee may initially be an advisory committee. As time progresses, more formal structures are often considered.

The tasks of an Advisory or Steering Committee will include:

- Developing the planning process time line and budget
- Monitoring compliance
- Establishing the policies
- Identifying those who participate
- Reviewing reports
- Approving goals, strategies, projects and programs
- Allocating and securing finances
- Endorsing visions, goals and strategies
- Reviewing and evaluating projects and programs



30

Maintaining Stakeholder Participation

Maintaining stakeholder participation for LED will allow municipalities to achieve more, with the same inputs, to be more cost effective while potentially identifying new ways of gaining access to additional resources. Building such participation will link the various local partners that have an impact on local economic development into an agenda that can support and sustain successful and sustainable LED. Stakeholders should feel they have something to gain. Risks should be shared where possible and no one participant should take all the credit. If stakeholder partnerships are to work, openness and the ability to work in an innovative way is important. Achieving lasting stakeholder participation requires an open mind about the potential linkages of participation and necessitates the ability to work with different people.

Implementation Committee

Often the same as the steering committee, but may include others as well. Includes individuals who participated in the planning process and especially action plan development, and those with responsibility for partnerships and projects.

- Organizes and monitors implementation of projects and programs

Comments: *Stress the need to define functions and address expectations. Review questions to answer for each stakeholder group:*

- What is the group function? What are its related tasks?
- What are the activities?
- How will the outcomes be incorporated into planning activities?
- How are decisions to be made?
- What resources are needed?
- How often does the group meet?
- What are the reporting mechanisms?
- How are members selected, and can new ones join?
- How will the group ensure that members follow through on agreed tasks and actions?

Broader participation of stakeholder groups

Comments: *Stakeholders can be given a formal committee role, or can be included in less formal ways such as a member of a focus groups, providing feedback or attend public hearings.*



Learning Material 4: Guide to Holding a Public Hearing

Refer participants to the Public Participation learning material, and the section on Public Hearings in the Guide to Stakeholder Participation.



Exercise 4: Stakeholder Selection



45 minutes

Comments: *This exercise allows participants to begin to identify the important stakeholders in their own city and to analyze the potential role of each in the LED process. Make sure participants work with others from the same city. Refer participants to the list of possible stakeholder groups that were identified in Exercise 3.*

In undertaking the stakeholder selection exercise, provide the participants with the Stakeholder Identification template. Participants will create their own list of stakeholder

institutions and individuals that relate to the situation in their city. Then they will decide what institutional role each stakeholder would play in the LED strategic planning process.



Template 2: Stakeholder Identification Templates

Participants work in groups from the same city:

- Distribute the blank Stakeholder Identification Templates that consists of the Possible Candidates for Stakeholder Groups template and the Stakeholder Analysis Matrix.
- Using the Developing the Stakeholder List exercise as a reference (Exercise 3), participants will generate a list of all the important organizations and institutions in their city in each of the LED stakeholder categories. Participants should complete the blank Stakeholder Identification templates.
- The Stakeholder Identification Templates will help to guide participants in the selection of stakeholder organizations for representation in each of the following: the Steering committee, the Advisory committee, or on another participatory decision-making group

Group Reports



20 minutes

Comments: Ensure that each group justifies their choice of stakeholder representation.

Ask the participants what criteria they used.

Identify whether balanced interests have been achieved or not.

Ask about the potential willingness or interest of stakeholders.

Ask about the potential conflicts of interests that might arise between stakeholder groups.

Application



10 minutes

- What are the important points to remember about selecting stakeholders?
- Identify what lessons the participants can apply to successfully select and include stakeholders.



31

Step 4: Develop systems to work with other tiers of government

In every locality, different levels of government can both hinder and advance LED. Good practice shows that, despite the time and effort that partnership requires, it is much better to collaborate with all levels of government.



32

National, state, provincial and regional governments have a key role to play in encouraging LED and opportunities exist for LED practitioners to influence the government agenda at every level. Lobbying other levels of government to acquire needed resources should form part of the LED effort. Other levels of government control many types of resources that contribute to LED objectives and programs. It is vital therefore to establish good working links with these organizations to facilitate their involvement from the outset.

LED practitioners can also act as facilitators for regional dialogue with other local and regional economic development partners. Regional initiatives allow local governments to pool resources and gain synergies from nearby areas.



Template 3: Links to Other Tiers of Government

Distribute to participants the Links to Other Tiers of Government template. Explain that this will be used in the final module planning session.

Step 5: Consider the appropriate type of organization to develop LED strategies and projects

Comments: Outline to participants the various types of organizations that exist to develop LED strategies and projects. We have already highlighted the benefit of having the municipal LED team in the Mayor's or Chief Executive's office in terms of its ability coordinate various municipal government departments and its democratic mandate and accountability. Highlight the benefits and drawbacks of taking a LEDA (Local Economic Development Agency) approach to strategy formation by discussing the list below with participants:



33

- Local government, private and community sector partnership
- Local government and business sector partnership
- Chamber of Commerce and business association
- 'Arms length', non-profit partnership
- Partnership between local governments
- Local-regional partnership

Summary of Session

Comments: Use this session to provide a summary of what participants have learned and what they should remember. Refer to the objectives of session.

Ask participants to identify the most important to remember when organizing the LED strategic planning process: What will the most difficult issue be? How will this issue be overcome?

Provide participant with any handouts that have not yet been distributed. Provide a whole punch so that participants can insert the handouts in the binders.

Close the day by referring to the next session of Module One, explaining in advance what the participants will learn and do.

Confirm the start time of the next session and the expected time that the training will conclude.

SESSION 5: DATA NEEDS FOR A LOCAL ECONOMY ASSESSMENT

Overview of Session 5

| | |
|---|---|
| Objectives | <input type="checkbox"/> To understand the main elements of a local economy assessment <input type="checkbox"/> To identify the types of information useful for a local economy assessment |
| Session Time  | 1 hour 15 minutes |
| Power Points Slides  | Module 1 Day Two PowerPoint Slides 1-10 |
| Exercise  | Exercise 5: Data Collection |
| Template  | Template 4: Planning for Data Collection |
| Learning Materials  | <input type="checkbox"/> Local Economic Development Information <input type="checkbox"/> Economic Scan of Gliwice, Poland <input type="checkbox"/> Municipality of Smolyan LED Strategy, Bulgaria |
| Key Reading | LED Primer; Section 4.1 and 4.2 http://www.worldbank.org/urban/led/led_primer.pdf |

Introduction to Session 5

Comments: Welcome participants to this session. Mention that this is the beginning of the Module 1 Part 2 training on LED strategic planning, which includes the different steps in gathering data needed to make choices for a strategic plan. Refer participants to the previous presentation on the five stages of strategic planning.

Highlight the fact that good LED strategies are usually based on good information about the present situation of the local economy. In recognizing that in some places information is hard to find, inform participants that it is important to collect and analyze whatever information is available.

Where such information is not available or accurate, we will discuss how this can be dealt with through surveys, focus groups and informal discussion.

The aim of today's training is to provide sufficient information to participants to enable them to understand what data should be collected, and to organize data collection and surveys.

Inform participants that the formal training session will end at lunchtime. The afternoon session is devoted to planning for city team at-home task implementation.

This session explains that local economy assessment data will be analyzed and used to develop the LED strategic plan. The analyses include data interpretation and SWOT analysis. Refer participants to the presentation on the stages of strategic planning.



1

Data Needs for the Local Economy Assessment

A local economy assessment starts with the collection of data about the local economy. The economic data collected for the local assessment provides an important basis for establishing shared views among the stakeholder groups.



2

The assessment requires both quantitative and qualitative data. The data should provide information that sheds light on such issues as local conditions, current economic activities, community attributes and development capacity. The analysis of the data will help local LED practitioners and leaders to understand economic events and trends.



3, 4, 5, 6, 7, 8

Comments: Using the PowerPoint slides, ask participants to think about data collection and about how each type of data might be useful for LED planning or implementation. Explain to participants that the local economy assessment, if undertaken correctly, allows LED practitioners to understand the current situation, trends or development potential in the local economy. Note that in the next section, the Business Enabling Environment audit is used to elicit opinions on the local economy from businesses.



Learning Material 5: Local Economic Development Information

Distribute the LED Information Needs learning materials. Use the learning material to supplement the presentation material to describe what kind of data is useful.

Useful types of information:

- Demographic information: information about the people in the community
- Economic information that provides an understanding of the workings of the local economy
- Business enabling environment information: information that details how municipal government helps or hinders businesses in the formal and informal sectors
- Regional and national information that impacts the local community

Be strategic about gathering data so as to minimize time and resources. When collecting information, it is useful to ask 'What will this information finally be used for?'

Comments: Emphasize to participants the need to collect meaningful data. Emphasize the need for critical decisions prior to data collection.

Key points about data collection:

- How the information is to be collected
- The availability and quality of, and ease of access to, data
- How up-to-date the data is
- The validity to the local economy assessment of the available data
- Approach and methods taken to data collection
- The costs and time of data collection



9

Comments: Identify key sources of data. Ask about collection problems. Highlight the use of existing data, data reliability, frequency of collection, and other factors pertaining to data. Discuss problems of application associated with using data that is collected on a national or provincial level.

In some cases, the information already exists and simply needs to be gathered, summarized or updated. In other cases, time and effort is required to generate or collect data. One of the main criteria for identifying the data to be collected is resource requirements.

Undertaking the local economy assessment requires an integrated approach to data collection. Highlight the types of data collection and analysis.



10

Comments: Highlight the other uses of data in addition to the strategic plan assessment; note that it can be used in projects and programs to further LED goals; it can also be used to respond better to business needs.

Stakeholder involvement in gathering and analyzing data is helpful to achieving support and trust in the strategy making process. Where appropriate, it is advisable to use researchers, educational institutes, chambers of commerce, business leaders and others for stakeholder meetings, community meetings, focus groups, surveys and interviews.



Template 4: Planning for Data Collection

Distribute to participants the Planning for Data Collection template. Explain that this is a tool for organizing data collection and will be used in the afternoon session.



Exercise 5: Data Collection



45 minutes

Objectives

- Understand the data that goes into a local economy assessment and how it is used
- Plan for the collection of relevant data

Comments: This exercise will help participants to understand the various types of data that are relevant for a local economy assessment, by analyzing what has been used in a real assessment. Participants can then determine if the relevant data is available in their own city, and how they can organize to collect it.



Learning Material 6: Economic Scan of Gliwice, Poland



Learning Material 7: Municipality of Smolyan LED Strategy, Bulgaria

Distribute to participants the Gliwice Strategy and/or the Municipality of Smolyan LED Strategy. These can be found in the Supplementary Learning Materials Annex. The LED Trainer may substitute another LED assessment if desired.

For this exercise, participants should again work in city-based groups.

Either print out participant instructions from the Exercise sheet, or write them on a flip chart. Read the local economy assessments that you have been given (for example, Smolyan and Gliwice).

Ask participants to:

- List the types of data used. For each type of data, indicate if such data is available for their city, and where
- Where data is not available, how they might generate the data
- Note any types of data that are missing that they think might be relevant for the local assessment

Comments: Make sure participants understand the tasks and time allotted to complete each task. Make sure each group is writing down notes for group reports. It is important that participants save their notes for the afternoon planning session.

Group Reports



15 minutes

Comments: Use the reports to highlight sources of data such as universities, chambers of commerce, regional authorities and national ministries, business associations, and the Internet. Highlight where data is NOT available and discuss the time and costs associated with finding and obtaining this data. Suggest the use of alternative data sources such as focus groups.

Application

Questions: Ask participants:

- What are the key points to consider when undertaking data collection
- What the biggest problems may be in collecting data
- How these problems may be overcome

Summary of Session

Comments:

- Summarize the main points of the session
- Refer to the objectives of the session
- Make the transition to the next session

SESSION 6: THE BUSINESS ENABLING ENVIRONMENT AND BUSINESS SURVEY

Overview of Session 6

| | |
|--|--|
| Objectives | <input type="checkbox"/> To understand the main elements of a local economy assessment <input type="checkbox"/> To identify the main types of barriers to the business enabling environment |
| Session Time  | 1 hour 15 minutes |
| PowerPoint Slides  | Module 1 Day Two PowerPoint Slides 11-19 |
| Exercise  | Exercise 6: Identifying Barriers to the Business Enabling Environment Exercise 7: Role Play Interview |
| Template  | None |
| Learning Materials  | <input type="checkbox"/> Business Enabling Environment Audit <input type="checkbox"/> Local Business Enabling Environment Survey <input type="checkbox"/> SEED Business Survey <input type="checkbox"/> Frydek-Mistek Strategic Planning Business Attitude Survey |
| Key Reading | LED Primer: Section 4.1 and 4.2 http://www.worldbank.org/urban/led/led_primer.pdf |

Introduction to Session 6

 **30 minutes**

Questions and Comments: Ask participants to look at Exercise 2 of Day 1: City Competitiveness (participants notes should be in the binder). Ask which of the factors they identified related to helping or hindering business development. Write these on a flip chart (or use the flip chart list created on Day 1). Point out that these are some of the factors that make up the “Business Enabling Environment” of a municipality.



11

Comments: Establish the link between the factors noted by participants and those in PowerPoint Slide 11 (laws, regulations, corporate governance, property rights, licenses). Explain the meaning of any of the points not already discussed in Day 1.

One of the most effective and least costly activities that a municipality can undertake is to improve the processes and procedures to which businesses are subjected to by the municipality, and an initial business enabling environment assessment is needed. This assessment should review key aspects of a municipality’s contact and interaction with businesses. Issues that should be reviewed include not only business registration regulation (for example, planning, building control, environmental health) and taxation issues but also how business customers interact with municipal staff, and the responsiveness of municipal staff to business concerns and requests.



12

The first step to assessing the business-enabling environment is to undertake a review of every department in the municipality, identify the rules, procedures and regulations that govern businesses, and determine how these are managed in terms of efficiency, effectiveness, transparency and accountability. While this internal review is being conducted, businesses should be engaged in the LED process through business attitude surveys or business enabling environment surveys and focus groups to establish business concerns.

We have referred to transaction costs as an element of the competitiveness of a municipality. Transaction costs are the costs of doing business in terms of starting, owning, operating and managing a business; such costs affect the operational profitability of a business. An audit of these costs together with a business attitude survey, provides information to develop actions to lower transaction costs.



Learning Material 8: Business Enabling Environment Audit

***Comments:** Distribute to participants the Business Enabling Environment Audit learning material. Discuss the types of questions to be asked, the type of information they might produce and what kind of actions that information might lead to. Discuss who is responsible for the audit (municipal officials or an outside party). Ask who will interpret the information for inclusion in the Action Plan. Note that this audit does not ask much information about the business; this is intentional.*

In addition to questions about municipal regulations it also asks opinions about the local economy; this will feed the local economy assessment. This survey may be adapted to obtain opinions on the local economy from institutional stakeholders and the community sector.

Action Plan for Enabling Environment

After the information from the audit is gathered, interpreted and collated, it should be added to the information from the business attitude survey in the action plan. An action plan should address the most critical aspects highlighted in the business enabling environment survey. This is a large task and should be started at an early stage. It is a task that involves all departments and requires inter-departmental cooperation.

The action plan should identify measures and actions that will quickly benefit businesses. Much can be done without cost to the municipal government. As businesses see results, they are likely to become willing participants in the LED process.



13, 14, 15

***Comments and Questions:** Use PowerPoint Slides 13, 14 and 15 as examples of how the audit can be used to design an action plan to address problems identified. Ask whether these types of programs would be applicable in participant's own municipalities.*



Exercise 6: Identifying Barriers to the Business Enabling Environment

 **30 minutes**

Objective:

- To identify current obstacles to the business enabling environment in municipal government
- To plan for the business enabling environment audit.

Instructions for exercise

- Participants work in a group of no more than 6 from the same municipality
- Participants will use the Business Enabling Environment Audit learning material
- Ask participants to answer as many questions as they can based on their knowledge of their municipality. The answers given should be noted on a separate paper and kept for use in the implementation planning session. They will not be able to answer all the questions
- When participants have provided as much information as is possible, they should discuss their findings, and make a list of the barriers they have identified to the business enabling environment
- Participant groups should then agree on the five major obstacles to the enabling environment
- Chose a reporter and be prepared to report to the group on the five major obstacles

Group Report

 **15 minutes**

Comments: Compare and contrast similarities and differences in the barriers raised between the municipal groups. Highlight the cause of the barriers, for example: is a national regulation the main obstacle. Identify which level of government is responsible for creating each barrier and discuss what kind of obstacles can be addressed by local actions and programs.

Use the discussion to help participants identify the types of information that they will require. Ask participants to identify the questions they could not answer. For each question, ask how they should go about obtaining the information and what the information will tell them. Remind participants to keep their exercise notes in a safe place for later use.

Application

 **10 minutes**

Questions:

- What conclusions can participants draw from this exercise about the enabling environment in their municipalities?
- How can participants use the information that they have obtained from the audit?

The Business Attitude Survey

 **30 minutes**

Comments: Transition by explaining that besides the business enabling audit, the business community itself is a good source of information about both obstacles to business development and business needs.

While the business enabling environment audit is useful as a source of information for developing an action program, there are other sources to exploit as well. The business community itself is a good source.



16, 17

A similar means of determining the competitive position of a municipality is through a business attitude survey (BAS). This ideally takes the form of a structured questionnaire and fulfills several objectives. Such a survey should:

- Find out about individual businesses, how long they have been established, number of employees, skills, products produced, exports and supply chain information
- Establish what the business community thinks are the major strengths, weaknesses, opportunities and threats that face the area
- Establish the types of problems that are faced by businesses when dealing with municipalities and other tiers of government
- Enquire as to what needs businesses have, what ideas they can bring to the LED agenda
- Establish contact with local businesses to ensure that an ongoing business relationship is formed with the LED team

A BAS should be undertaken in close collaboration with the business community, with the understanding that it is a two way process and that business should benefit from taking part in such a survey. While businesses provide and share information and ideas, their ideas and concerns should be listened to and if at all possible, acted upon. Formal and informal sector stakeholders must feel safe from legal action and exposure when providing information.



Learning Material 9: Local Business Enabling Environment Survey²



Learning Material 10: SEED Business Survey

Comments: Hand out the LED Business Enabling Environment and SEED Business surveys. Use these to discuss the kinds of information they might seek, and the questions to ask.



18, 19

Comments: Use the overheads to discuss how the results of the business survey might be used in LED planning and implementation.



Learning Material 11: Frydek-Mistek Strategic Planning Business Attitude Survey

Distribute to participants the Frydek-Mistek Business Attitude Survey as an example of the types of information obtained, LED analysis, and how these attitudes can shape the LED strategy. Discuss what the implication of the findings might be on the LED strategy.

How To Do the Survey



20 minutes

Comments: This presentation is an introduction to surveys. The trainer may want to add supplementary materials or readings from the many sources on surveys. The LED Business Surveys and Analysis supplementary learning material provides more information and may be used in this session.

² Available to download at: <http://www.worldbank.org/urban/led/>

The participants should gain sufficient knowledge to determine the use of a survey instrument, the kind of surveying that is required, and how to go about organizing the survey. Outside assistance will be needed to design an appropriate survey.

There are two ways to undertake a Business Attitude Survey. One is a survey using both structured interviews and an interview schedule that has prepared questions. The other way is with focus groups.

Surveys

A survey serves several functions. It:

- Identifies major areas requiring action
- Demonstrates to local businesses that municipal government is interested in their concerns
- Provides the groundwork for future cooperation on projects

In surveying local businesses, the survey include major business and small businesses, and should include different types of economic activity within the larger groupings of services and manufacturing. It should include businesses that are locally owned and operated and also those with branches or links to outside of the municipality.

***Question:** Ask participants for their views on how many businesses constitute a good survey sample.*

Methodology for a Survey

***Question:** Ask participants whether there is anyone in the municipality that can help assist with the surveying process, such as a university or research organization. Does the municipal staff have the skills or the time? Is there a budget to compensate researchers?*

- Clearly define the survey objectives: what information is required and how will the information be used
- Define the target audience to be surveyed
- Design the questionnaire
- Choose the sample
- Do a pre-test
- Analyze the data

Some Tips

- Surveys can be time consuming for everyone including those being interviewed. Keep the interview short
- Survey questionnaires need to be carefully written and structured
- It is difficult to get confidential information, especially financial information, and this information should never be asked for directly
- Businesses are often reluctant to give information to the government and therefore a careful explanation of how the information will be used is necessary

***Question:** Explain that an alternative approach to obtaining LED information is through the use of a Focus Group, which may be less costly and time-consuming. Ask participants if they know what this is.*

Focus Groups

Focus groups are small groups composed of representatives of a certain sector with a shared interest, with a facilitator who discusses a specific topic or problem. Business attitude surveys can be augmented by focus groups once common concerns have been identified. A

focus groups can be designed to address only one issue, such as problems dealing with city hall, and the focus group should include representation from all those affected by the issue.

Question: Ask participants if they know of anyone in their community with the skills to design and facilitate a focus group.



Exercise 7: Role Play Interview



20 minutes

Objective:

- To gain an insight into approaches to developing a rapport with the business community
- To understand the problems in asking businesses for sensitive information

Comments: Explain to participants that this is a role playing exercise in which two members of the group act out a situation in front of other group members. Explain that the role play is a simulation of a real situation that allows participants to draw conclusions about their own situation and actions. This role play is constructed around a survey situation.

- Ask for or select two “volunteers” to play the two roles.
- Take the players aside and give each of the players their written instructions, which should be clear as to what their role is and the attitudes that they should display. These are in the Exercises sheet. Do not let the “volunteers” talk to each other or see each others’ roles or instructions. Allow them a few minutes to read and think about how they will play their respective roles.
- Put two chairs in the center or front of the training room to use for the role play exercise.
- Before the “volunteers” return, tell participants that this is a role play about obtaining potentially sensitive information from business people. Inform participants that their task is to think about the methods and techniques used during the “interview” and what this means for designing and conducting business interviews. They should note down the techniques the “interviewer” uses and the attitude of the interviewee.
- Invite the “volunteers” back into the room and let them perform their role play. Thank the “volunteers” when they have completed the exercise.

Discussion



10 minutes

Questions: Ask participants:

- What they thought about the kind of questions that were asked. Were these the type of questions that a business would feel comfortable answering to a stranger.
- Did each “volunteer” demonstrate a particular approach/style/attitude? What was the strategy of each person?
- What could the interviewer have done differently to make the interview more successful?
- Was there some other way the questions could have been phrased to get more information?
- What did or didn’t the interviewer do to set up a cooperative atmosphere?

Application



10 minutes

Questions:

- What does this exercise inform participants about the problems of obtaining specific information about businesses?

- What does this exercise inform participants about interviewing? What does this role play inform participants about establishing rapport with business stakeholders?
- What can participants do to avoid problems?

Summary of Session

Comments: Summarize the important points of the session, refer to the objectives and explain the structure of the afternoon session.

SESSION 7: PLANNING FOR IMPLEMENTATION

Overview Session 7

| | |
|--|---|
| Objectives | <input type="checkbox"/> To explain and discuss how to implement tasks of Stage One <input type="checkbox"/> To organize the work <input type="checkbox"/> To determine outputs for the next training session |
| Session Time  | 3 hours |
| PowerPoint Slides  | None |
| Exercise  | None |
| Template  | Template 5: Sample Matrix for Implementation Planning |
| Learning Materials  | None |
| Key Reading | None |

Introduction to Session 7

This session will allow the trainer to work with each city group to develop a plan for how they will implement the LED strategy planning tasks that have been highlighted in this module. Ideally, the trainer will organize the planning session in collaboration with advisors who will guide the cities in the implementation of the tasks. The tasks that should be implemented by city teams before the next training sessions are:

- Develop a Local Economic Development team within municipal government
- Establish a political process to support LED
- Select stakeholders and develop a stakeholders plan including an LED advisory committee
- Implement a business enabling environment audit
- Collect data for the local economy assessment

Trainers should note that if all the tasks are not to be accomplished in the period before the next training module, then some adjustments will be needed to the training module.

This session should be used to help teams create an LED work plan to be completed between the end of this training session and the beginning of the next training session. Teams will be expected to implement the different tasks. This session will also determine the time frame needed for task implementation, and the dates for the next phase of training. The Action Plan for each task should include the following:

- A hierarchy of tasks to be carried out
- A responsible party for each task
- The human resources required for each task; the financial requirements; the institutional and legal issues that need to be resolved
- Timetable for task
- Output or result

- Form in which the output will be compiled



Template 5: Sample Matrix for Implementation Planning

The first task for teams to complete during the training session and before leaving to return to their respective cities is the 'Sample Matrix for Implementation Planning'. This should be used to detail all of the above parts of the LED Action Plan for implementation of the Stage One Tasks.

The following templates may be useful to City teams in fulfilling their Implementation Tasks while back in their respective cities.

- **Identifying City Hall Staff Team Template** (Template 1): This will help determine the core LED team and involvement, and the relationship to other city functions and responsibilities.
- **Stakeholder Identification Templates** (Template 2): These were used in Exercise 3 and should be used in implementing the task to determine stakeholder groups, individuals and their potential role.
- **Links to Other Tiers of Government Template** (Template 3): This can assist city teams to determine the horizontal and vertical linkages to other levels of government. This can aid in planning the political process and identifying stakeholder groups and processes.
- **Planning for Data Collection Template** (Template 4): This can be used to sort out which data is desired, if and where it is available, how it can be collected, who is responsible, and the form in which it will be presented and collated.
- The **Business Enabling Environment Audit** (Learning Material 8) questionnaire. The questionnaire should be completed and written up by the city team as input to LED strategy formation.
- The **sample business surveys**³ (Learning Materials 9, 10 and 11) will provide input to decisions about how to organize for a survey. Preliminary determination will specify who is to design the survey instrument, who will carry out the survey, and who will compile results. This survey will be implemented after the next training session.

Preparation for Module Two Training

The next training session will begin with a session devoted to a report from each city team on its experience with undertaking the implementation tasks. The exact contents of each report will depend on the decisions made by participants and trainers on the tasks to be accomplished in the interim period. As an example, city groups should prepare to report on the following:

- Where LED planning is based within the city structure; how it relates organizationally to city functions and authorities; who is leading the LED effort; and who is on the coordinating committee
- Stakeholder groups selected for coordinating committee, advisory committee and other structures
- Results of the business enabling audit
- The type of data collected and how it was collected.

The trainer should determine in advance the types of written documentation required for the decision and data collection tasks that are needed, and instruct participants how to keep complete and suitable records of decision making and data collection. Each group should

³Local Business Enabling Environment Survey (LM9); SEED Business Survey (LM10); Frydek-Mistek Strategic Planning Business Attitude Survey (LM11).

designate a person to report on the above items. In addition, teams should be prepared to discuss how decisions were made, the key results of the survey and feedback on conducting the tasks.

Making Local Economic Development Strategies: A Trainer's Manual

Module 1: Power-Points

**A Knowledge Product of the World Bank and Cities of Change Initiative,
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Strategic Planning for LED A Five Stage Process

Stage 1 Introduction to LED and Organizing the Effort



Module 1 Day One

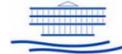


Key Drivers of Change

- **Globalization**
- Economic
- Technology
- Political
- Governmental
- Regulatory



4



Local Economic Development

- **What is LED?**
- “The purpose of local economic development (LED) is to build up the economic capacity of a local area to improve its economic future and the quality of life for all.”
- “It is a process by which public, business and nongovernmental sector partners work collectively to create better conditions for economic growth and employment generation.”



2



Economic Drivers of Change

- The declining importance of commodities in the cost of production
- The impact of global strategic alliances between multinationals
- The oversupply of manufacturing production in key global sectors
- Increasingly mobile capital
- The changing employment dynamic to service sectors



5



Local Economic Development Some Misconceptions

- It isn't rocket science and doesn't have to be expensive
- It isn't all about high-tech
- It is relevant for small and medium, as well as large communities, rural and urban
- It is inclusive, collaborative and competitive
- It is practical, involves all who want to play and is rewarding



3



Technology Drivers of Change

- Technology advances and increases in efficiency
- Logistical advances and reduced costs of shipping
- No national boundaries to Internet e-commerce
- Importance of information services and IT to all sectors



6



Political, Governmental, Regulatory Drivers of Change

- Falling trade barriers
- Impact of global environmental and labor standards
- Impact of regional trade groups and regional integration
- Privatization of industry
- Democratization
- Decentralization of government services



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Stage 1 Organizing the Effort

- Step 1:** Establish a City Hall staff team
- Step 2:** Establish a political process within City Hall
- Step 3:** Develop a stakeholder partnership group
- Step 4:** Develop systems to work with other tiers of government (local/regional/national)
- Step 5:** Consider the appropriate type organization to develop and implement LED strategies and projects



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Costs of Doing Business

- Start-up Costs
- Costs of Legal Requirements
- Costs of Regulations
- Costs of Trade
- Costs of Infrastructure



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Stage 2 Local Economy Assessment

- Step 1:** Undertake a review of business regulations and procedures in City Hall
- Step 2:** Identify the types of data to be collected
- Step 3:** Undertake an audit of available data
- Step 4:** Undertake the local economy assessment
- Step 5:** Analyze the data and produce a local economy profile



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Strategic Planning for LED Overview

- Stage 1: Organizing the Effort**
- Stage 2: Local Economy Assessment**
- Stage 3: Strategy Making**
- Stage 4: Strategy Implementation**
- Stage 5: Strategy Review**



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Stage 3 Strategy Making

- Step 1:** Create a Vision
- Step 2:** Establish Goals - Identify up to 6 key priority areas of action to meet the vision
- Step 3:** Develop Objectives - Time bound and measurable to ensure that goals are met
- Step 4:** Develop Programs - Address the objective and consist of several individual projects
- Step 5:** Select Projects - Specific initiatives that implemented collectively, fulfill the program



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Stage 4 Strategy Implementation

Step 1: Prepare an overall annual LED implementation plan
Step 2: Prepare individual project action plans
Step 3: Build institutional frameworks for LED
Step 4: Ensure relevant inputs are available
Step 5: Carry out project tasks




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Stage 1 Organizing the Effort

Types of LED Organization
 Public-private-community arms length group
 Public-public
 Not-for-profit
 Chamber of Commerce/business association
 Private
 Community-based LED organization
 Local Economic Development Agency (LEDA)




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Stage 5 Strategy Review

Step 1: What? Why? When?
Step 2: Monitoring
Step 3: Evaluation
Step 4: Institutional Arrangements
Step 5: Strategy Review and the Planning Process




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Stage 1 Organizing the Effort

**Step 1
Establish a City Hall Staff Team**




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Strategic Planning for LED

**Stage 1
Organizing the Effort**




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Stage 1 Organizing the Effort

Step 1: Establish a City Hall Staff Team

- Identify all relevant departments and establish a LED interdepartmental team
- Undertake a diagnostic of staff skills and experiences and identify gaps
- Determine appropriate budgets for staffing, training, office set-up and LED strategy development
- Establish staff management structures




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**Stage 1
Organizing the Effort**

Step 1: Establish a City Hall Staff Team

- Individuals with economic, financial, community and technical skills
- Local municipal officials e.g., urban planners, lawyers, engineers, architects, financial, property and environmental experts etc.
- Multi-disciplinary teams that can work across departmental lines




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**Stage 1
Organizing the Effort**

Step 1: Determine where the LED team will be established in the Municipal Government

In a functional Department:

- In a functional department such as Land and Property Registration or Urban Planning.
- LED could potentially be subverted to supporting the major discipline of the department.




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**Stage 1
Organizing the Effort**

Step 1: Establish a City Hall Staff Team

- Leadership should be provided by the Mayor and/or chief local government officer
- City Hall leadership should have the authority and respect to unite local government departments and all stakeholders to support the staff team
- Will require effective strategic and political leadership that can bring legitimacy, credibility and commitment to the team




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**Stage 1
Organizing the Effort**

**Step 2
Establish a Political Process within City Hall**




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**Stage 1
Organizing the Effort**

Step 1: Determine where the LED team will be established in the Municipal Government

In the Chief Executive's or Mayor's Office:

- Advantage of visibility and 'weight' of the most senior staff to support it
- Likely to have a higher profile, and exhibit more of a policy and facilitation focus
- May be able to help guarantee coordination with other municipal departments




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**Stage 1
Organizing the Effort**

Step 2: Establish a Political Process within City Hall

- Establish a LED group that consists of members of the council
- Develop accountable political mechanisms and reporting systems within local government for council member decision making
- Undertake an information needs assessment for elected members to understand LED




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Stage 1
Organizing the Effort

Step 3
Develop A Stakeholder Partnership Group




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Stage 1
Organizing the Effort

Step 3: Private Sector Stakeholders

- Chambers of Commerce
- Private Businesses
- Small Business/Trade Associations
- Utilities and Banks
- Trade and Professional Associations
- SME representatives
- Private developers
- News media




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Stage 1
Organizing the Effort

Step 3: Why Stakeholder Involvement?

- Stakeholders from outwith the main public sector agencies can provide a fresh perspective on LED activity and approach
- May link local communities into the decision-making process and widen local involvement, understanding and support for LED




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Stage 1
Organizing the Effort

Step 3: Community/Voluntary Sector Stakeholders

- Individuals
- Religious and youth groups
- Neighborhood groups
- Environmental groups
- Historic societies; cultural and arts groups
- Educational groups




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Stage 1
Organizing the Effort

Step 3: Public Sector Stakeholders

- Local governments
- National and state governments
- Provincial and regional governments
- Health authorities and public transport authorities
- Colleges and universities
- Education boards/authorities
- State owned enterprises




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Stage 1
Organizing the Effort

Step 3: Establishing a Stakeholder Steering/Liaison Group

- Set up a steering group
- Establish terms of reference
- Arrange regular meetings
- Establish reporting structures
- Formalize the system later
- Determine what other stakeholder structures are needed and their purpose




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Stage 1
Organizing the Effort

Step 3: Maintaining Stakeholder Participation

- Include stakeholders on relevant committees and subcommittees, and include them in the strategy making process
- Phone/meet stakeholders on a regular basis both formally and informally
- Survey stakeholders and act on results
- Call focus group meetings and hold scheduled stakeholder meetings (at least 4 a year)




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Stage 1
Organizing the Effort

Step 5
Consider the Appropriate Type of Organization to Develop LED Strategies and Projects




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Stage 1
Organizing the Effort

Step 4
Develop Systems to Work with Other Tiers of Government




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Stage 1
Organizing the Effort

Step 5: Consider the Appropriate Type of Organization to Develop LED Strategies and Projects An LED Agency

- The 'Agency' approach has the potential for improved coordination and synergy with different governmental and non-governmental entities
- A LEDA can provide a more sustainable organizational framework by avoiding interruptions caused by political processes




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Stage 1
Organizing the Effort

Step 4: Develop Systems to Work with Other Tiers of Government

- Liaise formally/informally with other tiers of government
- Identify areas of mutual LED interest with other local, regional and national levels of government
- Inform other tiers of government of your LED activities and invite feedback and liaison
- Include representatives of different tiers of government on relevant committees/subcommittees
- Ensure open and transparent processes to build trust amongst government partners




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Strategic Planning for LED A Five Stage Process

Stage 2 Local Economy Assessment



Module 1 Day Two



Stage 2 Local Economy Assessment

- **Examples of Demographic Data**
 - Population (by size, age, projected growth rate, by poverty mapping, by neighborhood)
 - Employment (by occupation, changes over time, structure, sector, pay, unemployed, regionally)
 - Education (number of teachers, schools, class-size, educational attainment)
 - Training (numbers/types of trainees, facilities/types of local training courses)



Stage 2 Local Economy Assessment

- An assessment of an area's internal capabilities and external opportunities
- An exercise to collect and collate strategically important information on the local economy
- The foundation for a solid LED strategy



2



Stage 2 Local Economy Assessment

- **Examples of Economic and Social Data**
 - Number and size of businesses
 - Firm closures
 - Average earnings
 - Growing/declining business sectors
 - Number of informal businesses



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Stage 2 Local Economy Assessment

- **Examples of data needed for a local economy assessment**
 - Demographic (population, education, age)
 - Economic and social (employment, training)
 - Business enabling environment (business registrations)
 - Hard and soft infrastructure (transport, R&D)
 - Sub-regional, regional and national (economic links)



3



Stage 2 Local Economy Assessment

- **Business Enabling Environment Data**
 - Laws, frameworks, enforcement
 - Regulations
 - Taxation (local and national)
 - Property rights and ownership
 - Licenses (requirements and reporting)
 - Business registrations (transparency, cost)



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Stage 2 Local Economy Assessment

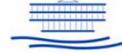
- **Examples of Hard Infrastructure Data**
- Transportation links
- Available business property (availability and quality)
- Telecommunications (services, access and plans)
- Future infrastructure investments
- Utility provision and plans




7

Types of Data Collection

- Desk-based research
- Labor market analysis
- Statistical data analysis
- Questionnaire development and survey
- Structured interviews
- Focus groups

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Stage 2 Local Economy Assessment

- **Examples of Regional Data**
- Regional GDP
- Regional business and regulatory frameworks
- Regional transportation links and plans for future upgrade
- Regional industrial investment trends
- Regional clusters; industrial strengths




8

What Influences the Business Enabling Environment (BEE)?

- Laws, framework and enforcement
- Regulations
- Taxation
- Corporate governance
- Property rights and ownership
- Licenses
- Business regulations




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Sources of Data

- State Statistical Authority
- Labor Office
- City Hall and other public institutions
- Utilities
- Business organizations and NGOs
- Statistical analysis and surveys




9

Undertake a Diagnosis of the Business Enabling Environment in City Hall

- Establish a BEE staff team to assess legal, financial and regulatory environment for businesses
- Undertake a diagnostic of processes/procedures in City Hall that impact on businesses
- Understand the burdens imposed on business
- Review transparency, corruption, cost and time
- Survey and talk to staff




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Undertake a Diagnosis of the Business Enabling Environment in City Hall

The diagnosis will allow you to develop an action plan and programs to make City Hall more business friendly and responsive

Business Stakeholders Liaison Program

- Develop and institutionalize stakeholder groups to undertake diagnostic survey to improve business services provided by City Hall
- Develop database of key businesses with growth potential and dynamic leaders



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Business Attitude Survey A Questionnaire

- Business (employers, contractors)
- Attitude (opinion, relations, experience)
- Questionnaire (management of firms)



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Undertake a Diagnosis of the Business Enabling Environment in City Hall

Local Purchasing Development Program

- Develop a business ambassadors' program
- Develop an investment information data base and a liaison program for international investors
- Develop targeted marketing program to attract investment
- Develop comprehensive client tracking system



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Business Attitude Survey Structure

- Basic information about firm
- Clients, pro-export orientation
- Employees
- Possibilities of growth, area, buildings, resources
- Relations to local authorities
- Remarks and conclusions



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Undertake a Diagnosis of the Business Enabling Environment in City Hall

Business Service Improvements Program

- Develop a 'One-stop shop' in City Hall
- Undertake a survey and training program for City Hall staff to improve relations with the business sector



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Business Attitude Survey Using Results

- Definition of main problems
- Internal analysis, strengths and weakness External analysis
- Operational plans – aims
- Definition of priorities



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Examples of Negative Remarks from Businesses

- Lack of development conception
- Insufficient support
- Lack of areas and buildings for business
- Lack of qualified employees
- Administration procedures take too long
- Insufficient communication



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Making Local Economic Development Strategies: A Trainer's Manual

Module 1: Exercises

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EXERCISE 1: THE GLOBAL ECONOMY

Time: 20 minutes

Objective:

- To gain an insight into the effects of globalization, and link the concepts and conditions surrounding globalization to your own personal situation.

Instructions

1. Individually, answer the following questions. You have 10 minutes.
 - Which key industries in your local economy have been most affected by globalization? List up to 4;
 - Select one example from the industries identified and describe which globalization “drivers” are most important in affecting its future (you may identify other drivers not listed).
2. Discuss your answers with others at your table. Make a list of the all of the globalization drivers identified.
3. Appoint a reporter to share your findings with the group.

| Global Drivers | |
|--|--|
| Which four industries in your local economy have been most affected by globalization? | 1. |
| | 2. |
| | 3. |
| | 4. |
| Which particular drivers of change have most caused an impact? | Economic: |
| | 1. |
| | 2. |
| | Technology: |
| | 1. |
| | 2. |
| | Political, Government Regulation: |
| | 1. |
| 2. | |
| Others: | 1. |
| | 2. |

EXERCISE 2: CITY COMPETITIVENESS

Time: 20 minutes

Objective:

- To provide participants with an understanding of how strengths and weaknesses of a city affect its economic prospects and potential.

Instructions

1. Participants should form groups made up of individuals from the same city. Each group should have a maximum of five participants.
2. The group is tasked with trying to persuade a new 500-employee television assembly company to build a factory in the area. In order to develop arguments for and against the siting of the factory, undertake the following tasks:
 - List five reasons why the television assembly company should select your city (list your city's relevant strengths);
 - List five reasons why the television assembly company should not select your city (list five of your city's weaknesses).
3. Finally, the group should answer the following question from the perspective of the potential investor:
 - If you were making the investment decision, which city in your region would you locate a factory in, and why?
4. Write the answers on the flip chart.
5. Select a reporter to present the findings.

| Television Assembly Company SWOT Analysis | |
|---|--------------------|
| Strengths: | Weaknesses: |
| Opportunities: | Threats: |

EXERCISE 3: DEVELOPING THE STAKEHOLDER LIST

Time: 15 minutes

Objective:

- To understand the different types of stakeholders from the three different sectors.

Instructions

1. The trainer will make three columns on a flip chart that correspond to the template below.
2. Working as a group, name all the **types** of individuals or groups that fit into these three categories.
3. Compare your group list with the list on the PowerPoint slide.

| Developing The Stakeholder List | | |
|---------------------------------|----------------|------------------|
| Public Sector | Private Sector | Community Sector |
| | | |

EXERCISE 4: STAKEHOLDER SELECTION

Time: 45 minutes

Objective:

- To identify the important stakeholders in your city.
- To analyze the potential role of different stakeholders in the LED process.

Instructions

Participants should work in small groups composed of individuals from the same city.

Task One

1. Using the list “Possible Stakeholder Groups” that was generated in Exercise 3 as a reference, each group should create a list of all the important organizations and institutions **specific to your own city**, drawing upon each category of LED stakeholder groups. For example, for the stakeholder group “large industry”, determine which large industry in your city is a potential stakeholder. If there is a community group, identify which it is. Your city might not have stakeholders among all the potential stakeholder groups.
2. A blank stakeholder template can be used to write in your city’s stakeholders’ names.

Task Two

3. Using the list you have just generated, determine how the stakeholders would participate in LED decision making and planning structures. Indicate the stakeholders or organizations to consider for representation on each of the following: the Steering Committee, the Advisory Committee, other participatory or decision-making group.
4. Be ready to explain the criteria you have used to select these groups.
5. Report to the larger group on your choices.

| Developing The Stakeholder List | | |
|---------------------------------|----------------|------------------|
| Public Sector | Private Sector | Community Sector |
| | | |

EXERCISE 5: DATA COLLECTION

Time: 30 Minutes

Objective:

- To understand the types of data that are used for a local economy assessment.
- To plan for the collection of data.

Instructions

1. Work in a team with others from your city.
2. Read the local economy assessments that you have been given¹.
3. List the types of data used. For each, indicate where you think you could find such data for your city.
4. If you think it is not available, propose how you might find the data or generate the data.
5. Note any types of data that are missing that you think may be relevant to conduct a local economy assessment.
6. Select a reporter to prepare a group report on your findings. Your report should be prepared in the form of a flipchart that indicates data and sources.
7. Save your notes for use in the afternoon planning session.

| Types of Data Used | Source of Data Used | Ideas for Obtaining Data |
|--------------------|---------------------|--------------------------|
| | | |

¹ The Economic Scan of Gliwice, Poland (**Learning Material 6**) and the local economy assessment from the Municipality of Smolyan LED Strategy, Bulgaria (**Learning Material 7**).

EXERCISE 6: IDENTIFYING BARRIERS TO THE BUSINESS ENABLING ENVIRONMENT

Time: 30 minutes

Objective:

- To identify current obstacles to the business enabling environment in city government.
- To plan for the business enabling environment audit.

Instructions

1. Work in a group from your city with a maximum of six people;
2. Read the “Business Enabling Environment Audit” (this is included in the learning materials). Based on the group’s knowledge and understanding of your own city and how it functions, write the answers to as many of the questions on the Business Enabling Environment Audit as you can, without using additional outside information. You will not be able to answer all the questions at this time.
3. Based on the questions your group was able to answer, discuss your findings in the group and make a list of all the obstacles to the business enabling environment that you have already identified by doing the audit.
4. Identify as a group, the **five major obstacles** to the business enabling environment.
5. Chose a reporter to share the findings. Use a flip chart to list your obstacles and why they are the most important ones.
6. Keep the list for use in the planning session.

| Business Enabling Environment Major Obstacles |
|--|
| 1. |
| 2. |
| 3. |
| 4. |
| 5. |

EXERCISE 7: ROLE PLAY INTERVIEW

Time: 20 minutes

Objective:

- To demonstrate the need for developing rapport with the business sector to promote cooperation.
- To understand the problems in asking for sensitive information.

Instructions

1. This exercise is a role play game to simulate a real world situation. Two people will act out a situation in front of the other participants.

Role One: City Government Employee Interviewer

Background and Role

You are a member of the core team of your city's LED organization. The LED effort has only recently started and you and your group are working on the "Getting Started" tasks. You are part of the team doing the Business Attitude Survey. There has been some publicity in the local newspapers about LED, and as part of this effort, local businesses are to be surveyed about their attitudes on the local business environment. A number of businesses have been selected for interviews, and a letter has been sent from the Mayors' office asking for cooperation on the interview.

Task

Assume that the individual you are interviewing understands the purpose of the interview and how it is connected to LED. Also assume that since this business has agreed to be interviewed, they will be cooperative. Your job is to obtain as much information as you can on the business in as little time as possible since you have three more interviews to do this morning. You want specific information on the size of the business, its markets, products, number of employees and their education, the expansion and growth plans of the business, and its problems.

Role Two: Owner of a medium sized business making plastic toys

Background and Role

You are the owner of a small company that manufactures low-cost plastic toys for the national domestic market. You read something in the paper about a new Local Economic Development effort but did not pay much attention to it because in your opinion, the city has never been very helpful to business and your contacts within city hall usually end up costing you time and money. You think the city has too many regulations and too many taxes. When you received the letter asking you to participate in the survey, you only agreed as you expected trouble if you said no as you are a member of the political party in opposition to the Mayor.

Task

You have been thinking of expanding your factory, but as yet, these plans are commercially confidential as the expansion of the factory will require the purchasing of some land. Some of your workers are not paying taxes and you are wary of providing too much specific information about the business' employees. In addition, you have not been honestly reporting your tax payments. Your strategy is to give the minimum of information without seeming overly hostile.

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Module 1: Templates

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TEMPLATE 2: STAKEHOLDER IDENTIFICATION TEMPLATES

POSSIBLE CANDIDATES FOR STAKEHOLDER GROUPS

| Public Sector | Business and Labor | Community and NGO |
|---------------|--------------------|-------------------|
| | | |

| Key Questions | List of Stakeholders |
|--|-----------------------------|
| Who has a stake in Issues? Who might benefit or be affected negatively? | |
| Who should be included because of their formal position? | |
| Who should be included because they control resources? | |
| Who has power to block implementation? | |

STAKEHOLDER ANALYSIS MATRIX

| Stakeholder | Partnership Assessment* | Description of Interest | Key Potential Role |
|-------------|-------------------------|-------------------------|--------------------|
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |

* A = Essential B = Important C = Minor

TEMPLATE 3: LINKS TO OTHER TIERS OF GOVERNMENT

| Level of Government | Agency or Institution | Function | Influence on LED Actions |
|-----------------------------|-----------------------|----------|--------------------------|
| Local | | | |
| Provincial or County | | | |
| Regional | | | |
| National | | | |

TEMPLATE 4: PLANNING FOR DATA COLLECTION

| Data | Availability | Method of collection | Who is responsible for Collection | Who is responsible for Analysis | Form of Presentation | Data Due |
|-------------------------------|---------------------|-----------------------------|--|--|-----------------------------|-----------------|
| Economic | | | | | | |
| Social and Demographic | | | | | | |
| Business Environment | | | | | | |

| Data | Availability | Method of Collection | Who is Responsible for Collection | Who is Responsible for Analysis | Form of Presentation | Data Due |
|------------------------------|---------------------|-----------------------------|--|--|-----------------------------|-----------------|
| Hard Infrastructure | | | | | | |
| Regional and National | | | | | | |
| Financial | | | | | | |
| Natural Environment | | | | | | |

TEMPLATE 5: SAMPLE MATRIX FOR IMPLEMENTATION PLANNING

| Task and Subtasks | Budget | Responsibility | Form of Presentation | Week 1 | Week 2 | Week 3 | Week 4 | Week 5 | Week 6 | Week 7 | Week 8 |
|--|--------|----------------|----------------------|--------|--------|--------|--------|--------|--------|--------|--------|
| Develop Led Team 1. 2. 3. 4. 5. | | | | | | | | | | | |
| Establish Political Process 1. 2. 3. 4. 5. | | | | | | | | | | | |
| Business Enabling Environment Audit 1. 2. 3. 4. 5. | | | | | | | | | | | |

| Task and Subtasks | Budget | Responsibility | Form of Presentation | Week 1 | Week 2 | Week 3 | Week 4 | Week 5 | Week 6 | Week 7 | Week 8 |
|--|---------------|-----------------------|-----------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Business Survey 1. 2. 3. 4. 5. | | | | | | | | | | | |

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Module 2 Introduction to the Local Economy Assessment

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INTRODUCTION TO MODULE 2

Module 2 Overview

In Module 1, participants were introduced to the concept of local economic development (LED) and to Stage One of the LED Strategic Planning Process, *Organizing the Effort*. They were informed of the data needs for a local economy assessment and introduced to the Business Enabling Environment and the Business Attitude Surveys.

Module 2 Day One presents the **Local Economy Assessment** as part of the LED strategic planning process. The module provides participants with an understanding of how to assess the internal and external economic circumstances of the community, and interpret data to make it meaningful for the local economy assessment. Participants will learn how to understand the relative position of the city economy and determine its competitive advantage and position using a SWOT (strengths, weaknesses, opportunities and threats) analysis.

The module also provides guidance on how to bring a stakeholder group to consensus, an important skill when determining the critical issues that form the basis of the LED strategy. The module concludes with a session on planning for implementation of the tasks of data collection and analysis, assessment reporting, SWOT analysis and defining critical issues.

Module 2 Day Two has been designed as a half-day session to allow the trainer some flexibility in planning and delivering the sessions in Modules One and Two. If there is insufficient time in Day One to cover all of the information contained in the sessions of Stage 2 Module One, some of this information can be deferred to Module Two.

Participant Learning Objectives: In undertaking this module, it is envisaged that participants will:

- Understand and analyze the socioeconomic factors and trends that will underpin an integrated LED strategy
- Use data and assessments to provide meaningful input to the competitive analysis
- Be able to prepare a local economy assessment
- Prepare an assessment of external factors that affect the competitive position of the community
- Undertake a SWOT analysis
- Develop consensus on the critical issues that affects the development of an LED strategic plan

Table 1: Structure of Module 2

| Day | Activity |
|---------|--|
| Day One | Session 1: Group Feedback Implementation Module One |
| | Session 2: The Local Economy Assessment |
| | Exercise 1: Understanding How To Use Data |
| | Session 3: The SWOT Analysis |
| | Exercise 2: Doing a SWOT Analysis |
| | Session 4: Coming to Consensus |
| Day Two | Exercise 3: Reaching Consensus |
| | Session 5: Planning for Implementation of Module Two |

Module Length

1½ Days

**PowerPoint Slide Presentations**

- Module 2

**Exercises**

Module 2 Day One contains three exercises that allow participants to familiarize themselves with the tools needed to analyze data and formulate a local economy assessment:

- **Understanding How to Use Data** (Exercise 1) provides participants with an opportunity to analyze raw data, identify meaningful data and reflect on the uses of data, in the local economy assessment.
- **Doing a SWOT Analysis** (Exercise 2) allows participants to initiate a local economy assessment, understand how the local economy assessment is used for decision making in strategic planning, and gain an insight into the method of conducting a SWOT analysis.
- **Reaching Consensus** (Exercise 3) demonstrates the problems and issues associated with reconciling different stakeholder interests in identifying and defining critical issues to inform the LED strategy.

**Templates****Learning Materials****Module 2 Course Materials**

| Module | Core Material | Learning Materials |
|----------|---|---|
| Module 2 | <ul style="list-style-type: none"> <input type="checkbox"/> Module 2 Trainer's Manual <input type="checkbox"/> Module 2 Presentations <input type="checkbox"/> Module 2 Exercises <input type="checkbox"/> Module 2 Templates | <ul style="list-style-type: none"> <input type="checkbox"/> Trend Analysis <input type="checkbox"/> How to Use Business Data <input type="checkbox"/> Survey Methodology <input type="checkbox"/> Harrogate Borough Council Local Economic Overview October 2002 <input type="checkbox"/> Kladno Economic Development Action Plan SWOT Analysis <input type="checkbox"/> Frydek-Mistek, Strategic Planning Process Internal Analysis <input type="checkbox"/> Tmava Strategic Development Plan Critical Issues |

SESSION 1: GROUP REPORTS ON THE IMPLEMENTATION OF MODULE ONE

Overview of Session 1

| | |
|--|---|
| Objectives | <input type="checkbox"/> To share experience of doing tasks <input type="checkbox"/> To learn lessons from the experience of application of theory to practice in organizing for LED strategic planning <input type="checkbox"/> To provide and receive feedback to incorporate into the LED strategy |
| Session Time  | 1 hour 30 minutes |
| PowerPoint Slides  | None |
| Exercise  | None |
| Template  | None |
| Learning Materials  | None |
| Key Reading | World Bank Local Economic Development: A Primer http://www.worldbank.org/urban/led/led_primer.pdf |

Report on Module One Implementation



1 hour 30 minutes

Comments: Refer participants to the Module 2 agenda. Use the overview of Module 2 to explain the contents and objectives of the module, and how it links to the previous module. Note that the time for this session will vary depending on the number of municipal teams. Each team will need at least five minutes to report on each of the tasks.

Group Feedback

The purpose of the group feedback session is to allow participants to learn from each other's experience in implementing the strategic planning for LED implementation tasks that were distributed to participants at the end of Module 1. The session should be structured so that each municipal team reports on the tasks it was given including:

- Where the LED function is based within the municipal structure; how it relates organizationally to other municipal functions and departments; its functions and activities; who leads the effort; members of the coordinating committee
- Composition of key stakeholder groups
- LED committee, stakeholder advisory committee and other potential participatory structures
- Progress and findings from the review of the local business enabling environment
- Progress and findings from having undertaken a business attitude survey
- Progress on, and approach to, data collection

Comments: Use the group report to determine if the tasks are being undertaken correctly. Compare and contrast the answers provided and choices made by the different municipal groups. Ask participant groups to explain the basis for their choices and decisions.

Identify where groups have not followed the recommendations and discover the problem or reasons for not doing so. Note the problems that the groups have experienced in transferring theory to real life implementation. Explore with the groups the problems of implementation. Identify the kind of obstacles that exist in terms of staff time, political pressures, lack of skills, lack of interest from stakeholders etc. Propose solutions to these obstacles.

Application

Comments: Use this session as a chance to stress to participants the main lessons from Module One, and link the LED strategy planning theory to practical reality. In doing so, identify:

- The main conclusions and lessons learned about getting started for strategic planning; stakeholder selection; data collection; the business enabling environment; and business attitude survey
- The key findings from each community that it is necessary to understand in order to successfully develop and implement an LED strategy
- The types of obstacles that the teams have encountered and how these obstacles can be overcome

Comments: Review and remind participants of what local economic development is through questioning. Test participants' knowledge and remind participants of each of the five stages of the LED strategic planning process (as identified in the first sessions of Module 1). This will serve as a reminder to existing participants and also help any new participants to the training course.

Close the session and make the transition to next session. Link the data gathering tasks, data interpretation and analysis for the assessment to the next session.

SESSION 2: THE LOCAL ECONOMY ASSESSMENT

Overview of Session 2

| | |
|--|---|
| Objectives | <ul style="list-style-type: none"> <input type="checkbox"/> To explain the global and national context for local economic development <input type="checkbox"/> To present the factors that make for a strong economy <input type="checkbox"/> To analyze factors that make a city competitive <input type="checkbox"/> To communicate how cities use LED strategies to create a competitive business enabling environment |
| Session Time  | 1 hour 30 minutes |
| PowerPoint Slides  | Module 2 Day One PowerPoint Slides 1-16 |
| Exercise  | Exercise 1: Understanding How to Use Data |
| Template  | |
| Learning Materials  | <ul style="list-style-type: none"> <input type="checkbox"/> Trend Analysis <input type="checkbox"/> How to Use Business Data <input type="checkbox"/> Survey Methodology <input type="checkbox"/> Harrogate Borough Council Local Economic Overview |
| Key Reading | LED Primer; Section 4.4 http://www.worldbank.org/urban/led/led_primer.pdf |

Introduction to Session 2



The Local Economy Assessment

 **10 minutes**

Comments: This session will consider why and how to use the different kinds of data and assessments in developing the LED strategy. It provides a review of the elements and purpose of the assessments. Much of this information has been covered in Module 1. The purpose of the review is to reintroduce participants to the strategic planning process and establish the link between collecting data and the way it is used in developing an LED strategy. This session describes the different types of data and analysis inputs, and their role and purpose.

Developing LED Strategy: The Local Economy Assessment



The local economy assessment can:

- Provide those devising LED strategy with information and data to examine and forecast key factors that drive and affect the local economy.
- Identify local economy strengths, weaknesses, opportunities and threats.

- Provide an opportunity to engage the local business community in the LED effort.

Strategic planning is based on an assessment of the economic characteristics of a local area¹ and its position in the regional and national (and even global) economy. The local economy assessment helps to:

- Identify past, and forecast future, driving forces in the national, regional and local economy and their potential for, and impact on, local economic development.
- Understand the external trends and events that impact the local economy.
- Understand the economic relationships of neighboring communities.
- Identify and project future trends and issues for LED strategy development, and determine appropriate policy responses that build LED opportunities.
- Understand the make-up of key industrial sectors of the local economy.
- Determine the opinions and perceptions of the community.

This information enables a community to:

- Initiate and undertake a local economy assessment and then a SWOT analysis.
- Determine critical issues affecting the local economy.
- Identify appropriate LED objectives and design specific LED projects.
- Monitor changes and progress in the local economy over time.
- Identify key partners, agencies and stakeholders that have a stake in the local economy.
- Create an economic profile of the community.



3

Local Economy Assessment

What is it:

- A detailed inventory and analysis of the community's assets and liabilities.
- It contains information that provides an overview of national, regional and local economic developments and trends.
- It seeks to collect and collate information to determine a community's assets and liabilities, and measure the competitive situation of the community.

What purpose does it serve and how does it inform LED strategy:

- It assists those in the LED decision-making process to determine the direction and possibilities of the LED strategy.
- It contains information that provides an overview of national, regional and local economic developments and trends to establish a framework for LED strategy development.
- It seeks to establish baseline information that allows the community to measure what has changed as a result of LED program and projects. It highlights the need for good quality local economic and labor market information.
- The local economy assessment provides the information upon which a strong SWOT analysis can be developed.

Comments: Note that monitoring and evaluation for LED this will be thoroughly explored in Module 5.



4

Approaches to Local Economy Assessment Data Collection

¹ Note that a functional economic space is rarely contained within a municipal boundary.

A broad range of approaches can be used to obtain information for the local economy assessment.

- Quantitative and qualitative information.
- Desk-based research.
- Labor market analysis.
- Statistical data analysis (national, regional, local).
- Questionnaires and surveys (local business enabling environment and business attitude surveys).
- Structured/unstructured interviews and focus groups (face-to-face, group discussions).

What role for the Business Enabling Environment and Business Attitude Survey:

- These surveys provide communities with a tool to obtain information for the local economy assessment from local businesses on municipal government activities and the wider economy.
- They offer a means to review key aspects of a municipality's contact and interaction with the local business community.
- Establish what the business community thinks are the major strengths, weaknesses, opportunities and threats that face the area.
- Establish the types of problems that are faced by businesses when dealing with municipalities and other tiers of government, and when doing business.

Local Economy Assessment Data Collection and Analysis

Types of Data for a Local Economy Assessment

Comments: This is a review of the pertinent data needed to inform on the internal current situation as already discussed in Module 1. The PowerPoint slides outline the different types of data that may be useful for a local economy assessment.



5, 6, 7, 8

Comments: As the PowerPoint slides are shown, ask participants which information they are able to use in the local economy assessment to demonstrate the local economy's competitiveness and structure:

- Economic conditions.
- Population characteristics.
- Labor force characteristics.
- Physical conditions and services.
- Labor costs.
- Local economic structures and industries.
- Quality of the local business enabling environment.

Comments: If deemed appropriate, refer participants to Module 1 Learning Material 5: Local Economic Development Information. This was distributed during Module 1 and participants should have this learning material in their Module 1 information folder.

Note to Trainer: Note that participants should have completed the Business Enabling Environment and Business Attitude Survey as part of the Module 1 implementation tasks and more probing questions may be put to participants.

Comments: Ask participants to highlight and discuss the differences between a business enabling environment survey and a business attitude survey. If any of the participants are unsure as to the difference between a business enabling environment survey and a business attitude survey, quickly outline the role and nature of each of these surveys using the

descriptions below, and reiterate their contribution to the local economy assessment. Refer participants to Module 1 Learning Materials 9, 10 and 11. Participants should have these learning materials in their Module 1 information folder:

Learning Material 9: Local Business Enabling Environment Survey

Learning Material 10: SEED Business Survey

Learning Material 11: Frydek-Mistek Strategic Planning Business Attitude Survey

A **local business enabling environment survey** seeks to capture the opinion of the business sector to ascertain their view on the role of regulatory and administrative functions of local government and their effect on business operations. A great deal of information can also be obtained on what the business community thinks about the local economy. Such surveys are effective in promoting policy reform on private sector development issues, and have been used as a tool to monitor the progress of various reforms and changes in the local business environment.

A **business attitude survey** seeks to find information on the internal operational activities and procedures of local businesses in such areas as exports, workforce skills, number of employees, constraints to growth, management, ownership, training requirements, turnover, business planning etc.

Business Enabling Environment Survey Data

Comments: Ask participants to consider an assessment of the local business enabling environment; ask participants to identify what types of business enabling environment information might be useful to include in the local economy assessment. Ask participants why this information is useful and what it contributes to LED strategy development.

An assessment of the business enabling environment provides an insight into the business perspective of municipal government activities, the ease or difficulty that businesses face in starting and registering, and the impediments to their development. The business enabling environment survey also highlights problems with the tax and regulatory environment.



Comments: Explain that the PowerPoint slide reviews the main topics and information that make the business enabling environment assessment a useful tool in formulating a local economy assessment and strategy, and selecting appropriate LED programs.

Business Attitude Survey Data



Comments: In informing the local economy assessment, a business attitude survey is also an important LED tool. The main topics and considerations that are highlighted by a business attitude survey should provide useful information for the development of the local economy assessment, the LED strategy and related programs.



Comments and questions: PowerPoint slide 11 suggests a possible structure for organizing the information from the Business Attitude Survey. Ask participants if the information they have or will compile, corresponds to this organization. If not, how would they propose to use the information highlighted by the Business Attitude Survey.

What are Local Resources and Assets

Questions: Ask participants to identify the major assets and liabilities in their community that should be listed in the local economy assessment. These can include:

- Educational and training institutions.
- Municipal finances: capital and revenue expenditures.
- Quality of life: assets and liabilities.
- Specific, unique features of the city that may have competitive advantages or threats.

What is the External Assessment

Comments and questions: Stress that in addition to the information highlighted by the Business Enabling Environment and Business Attitude Surveys, a community is affected by many external factors, and that these too will have an impact on the LED strategy. Ask participants to identify examples of external factors and trends. Remind participants of the session on the global economy in Module 1 (Session 2).

Ask participants to refer to the lists they made in the Module 1 Day One exercise on the global and national economy (Exercise 1).

Ask participants to name some of the factors that should be considered in the external audit. When you have obtained examples from participants, show the PowerPoint slides below.



12, 13

A local economy is always strongly affected by trends and events outside its boundaries as well as those inside. In a rapidly globalizing world, these external factors and trends become increasingly important. An external assessment lists these key trends that relate to changes and events outside the community, town or city. Examples include:

- Changes in government transfers, subsidies and tax policies
- Changes to the national business enabling environment
- National programs of decentralization
- Impact of major infrastructure investments
- Political upheavals and natural disasters
- The impact of health epidemics such as HIV/AIDS
- Structural shifts in employment
- Privatization of state industries and socially owned enterprises
- In-flows of donor assistance
- Accession to trading groups and international bodies (European Union, entry to the World Trade Organization (WTO), bilateral trade agreements, Mercosur)

How to Make Data Meaningful for the Assessment

Comments: Explain to participants that raw data must be interpreted and analyzed if it is to be useful in informing the LED strategy.

Data is only meaningful when it is interpreted in context. For LED, this means it is necessary to understand how a community's data set compares to that of other communities. It is important to understand how the community compares against other communities, and how the community is performing over time.



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Comments: Referring to slide 14 and using the example on the next page, highlight to participants the value of, and approach to, placing data in context².

² **Source:** Adapted from the Humber Economic Development Action Plan: a Sub Regional Action Plan for the Humber (2003-2006): <http://www.humberforum.co.uk/>

| Factor | The Humber | Yorkshire and Humber Region | National |
|-----------------------------------|---------------|-----------------------------|----------|
| Population (2001) | 868,000 | 17.5% of Y&H | 1.5% |
| Gross Domestic Product | £10,413 m | 18.8% of Y&H | 1.4% |
| Enterprises | 23,185 | 17.5% of Y&H | 1.2% |
| Enterprises per 100 Population | 26 | 26 | 31 |
| Foreign Exports | 18.3 m Tonnes | 99.9% of Y&H | 10.3% |
| Employed Who are Self-employed | 7.80% | 10.00% | 11.30% |
| Commercial/Industrial Floor Space | 11.2 m sq. m | 17.8% of Y&H | 2% |

Trends: What Do Trends Show?

Questions: Ask participants to identify the types of trends (past and future) that are useful to know about in informing the development of an LED strategy:

- Population and immigration
- Demographic changes
- Unemployment
- Structure of employment
- Per capita income
- Number of businesses, size and sector
- Tax revenues from different sources

A thorough SWOT analysis will highlight the important local trends that impact the key local frame conditions that will influence local economic development activity such as population size and structure, economic structure of the community, labor force, financial resources of the community, and costs. The SWOT analysis will not only consider recent economic data, but will also consider future challenges and opportunities.



Learning Material 1: Trend Analysis



Learning Material 2: How To Use Business Data

Comments: Use the information contained in the Trend Analysis and How To Use Business Data Learning Materials to supplement the presentation on trends and comparisons.

Trend analysis requires the collection of comparable data over a period between two points in time. In establishing dates for trend analysis, it is necessary to:

- Identify time intervals long enough apart to capture important and significant changes
- Identify appropriate start and end points that take into consideration the effects of normal business cycles and trends
- Incorporate the most recent census data, and take into consideration the dates of any major reforms
- Consider the dates and validity of the most current statistical office data

Comparisons:

Questions: Ask participants how comparing the data they have gathered might help them to consider the future potential of the local economy. Highlight that this shows the community's relative position or its competitiveness. Ask what information should be compared. Look for examples such as:

- Unemployment rates
- Industrial restructuring

- Demographic trends
- Per capita Income
- Size of business sectors
- Work force skills
- Wages

In assessing the local economy, it is necessary to compare, contrast and evaluate local data with the larger area of which the community is a part: nation, region, sub-region, district. A meaningful local economy assessment requires comparisons with national and regional economies, as well as comparisons of trends over time. Understanding the community's relative competitiveness requires a comparison with other municipalities or communities located nearby, perhaps within the same metropolitan area or region, or adjacent to the community.

It is important to evaluate local indicators and trends, and compare them with national data to determine differences and commonalities. This can provide important information on the competitiveness of city at a national level. This can also serve to highlight information on approaches to cooperating with other municipalities and regions in the monitoring of trends.



Exercise 1: Understanding How to Use Data

Objectives:



20 minutes

- To understand how raw data can be useful and meaningful
- To reflect on the uses of data in the local economy assessment

***Comments and questions:** This exercise is based on the population and economic data taken from Harrogate Borough Council's Local Economic Overview. The data is provided as part of Exercise 1. The exercise demonstrates how to interpret data so that it is useful in informing the development of LED strategy. The exercise demonstrates the types of conclusions and interpretations that can be drawn from data when undertaking a local economy assessment. Participants do not need to work in city groups, however, the exercise can be undertaken in teams.*

Instructions

- Read through the exercise to make sure that participants know how many charts and graphs there are, and how to read them.
- Inform participants that they are to answer the following questions:
 - a) What conclusions can be drawn about Harrogate's population structure and what do these mean for the economy.
 - b) Based on the information given, what can be said about Harrogate's economy.
 - c) What sectors should be recommended as areas for concentration of growth and development in an LED strategy.
 - d) What additional information is required for a SWOT analysis of the population and the economy.
- Participants should prepared to discuss your conclusions in a plenary discussion.

Group Feedback



10 minutes

Comments: Structure the reports so that the whole participant group considers one question at a time together. Ask one individual/group to give their answer to the first question. Then ask if any individual/group has a different interpretation; open the group feedback session and invite individuals/groups to provide alternative answers to each of the questions listed.

Application



10 minutes

Ask participants:

- What does this exercise tell you about manipulating raw data?
- What have you learned about interpreting data so that it is useful for the local economy assessment and for LED strategy making?
- What problems would you have in acquiring data similar to this exercise in your own city/community? What other types of data might you find useful?



Learning Material 3: Harrogate Borough Council Local Economic Overview

Comments: Distribute to participants, the Harrogate Local Economic Overview. This learning material enables participants to see a complete local economy assessment. Explain to participants that not all local economy assessments are as elaborate as this one. Use the Smolyan Strategy³ as a comparison, noting the differences in the levels of data collection and analysis⁴.



Learning Material 4: Survey Methodology

How to Use Data from Surveys and Focus Groups

Comments: Refer to Learning Materials 4 on survey methods and the example of the Frydek-Mistek Strategic Planning Business Attitude Survey (Module 1 Day Two; Learning Material 11).

Note how the data is used:

- Analysis by age group, employment by sector at local, regional and national level; key business sectors; unemployment; business (VAT) registrations and de-registrations; shop vacancy rates; comparisons of average weekly earnings.
- The data listed is a necessary input for the local economy assessment of the city.
- Useful for identifying LED projects and programs.

Organizing for the Preparation of the Local Economy Assessment

- Establish a data analysis working group and make data analysis assignments

Who can do it? When pulling together the data, it is advisable to include several different stakeholders. A task force from the advisory group may be created to do this, and local colleges or universities may assist with the effort.

- Determine the format for the written assessment.



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³ Module 1: Learning Material 7: Community of Smolyan LED Strategy, Bulgaria.

⁴ As background to this exercise, an alternative local economy assessment, The Hertfordshire Local Economy Assessment (UK), is available to view at: <http://www.hertsobservatory.org>

What Actually Goes into the Local Economy Assessment Documentation

Comments: Explain to participants that while the local economy assessment brings together conclusions and interpretations about the information collated, much of the data itself usually takes the form of an annex for reference and is usually located at the end of an LED strategy. Only the most important data, and the conclusions and interpretations drawn, are in the text.

Determine what data you want to include and in what form, and establish the different sections that will comprise the local economy assessment. Be selective about the data you include. It is likely that a great deal of data has been collected that does not directly inform strategy development. When deciding what data to include in the assessment, always consider how the data informs the LED strategy development process. Ensure that the information contained in the assessment is meaningful, concise and informative to devising strategy.

Comments: If appropriate, refer participants to Learning Material 3: Harrogate Borough Council Local Economic Overview.

Obtain feedback on the local economy assessment from stakeholders and information sources.

Present a Profile to the Advisory Committee

Before finalizing the local economy assessment, it is advisable to invite comments and feedback from different LED stakeholders. This can be achieved using focus groups of different stakeholder groups as well as the LED advisory committee.



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Utilizing Results

The collected information and the conclusions form part of the local economy assessment. Such information will include:

- Definition of main problems
- Internal analysis, strengths and weaknesses
- External analysis: opportunities and threats
- Critical issues

Local Economy Assessment, SWOT Analysis and LED Strategic Planning

Comments: At this point, participants have an understanding of what a local economy assessment is, and the types of information that are required to conduct a local economy assessment. The next session will explain how the local economy assessment contributes to a SWOT analysis and informs LED strategy development.

How Does the Local Economy Assessment Complement the SWOT Analysis?

Comments: This information is the basis for a SWOT analysis or other comparative assessment. A summary of all the information provides a solid base from which to identify strengths, weaknesses, opportunities and threats. The characteristics of the economy, with conclusions about development trends, are essential elements of a SWOT analysis. The assessment serves as a point of reference to discuss and reach consensus on critical issues facing the community. To reach consensus, it is important that stakeholders, municipal teams, partner agencies and everyone involved in the LED process have access to a factual background information regarding the city, which is contained in the assessment.

Summary of Session

Comments: Summarize the main points of the session, referring to the objectives. Remind participants of the logistical arrangements for lunch and the afternoon program.

SESSION 3: THE SWOT ANALYSIS

Overview of Session 3

| | |
|--|---|
| Objectives | <ul style="list-style-type: none"> <input type="checkbox"/> To understand the purpose of a SWOT analysis in using data for LED strategic planning <input type="checkbox"/> To explain the impact of stakeholders on SWOT analysis <input type="checkbox"/> To practice SWOT analysis |
| Session Time  | 2 hours |
| PowerPoint Slides  | Module 2 Day One PowerPoint Slides 17-21 |
| Exercise  | Exercise 2: Doing a SWOT Analysis |
| Template  | Template 1: SWOT Analysis Questions and Template Template 2: SWOT Template |
| Learning Materials  | <ul style="list-style-type: none"> <input type="checkbox"/> Kladno Economic Development Action Plan SWOT Analysis Czech Republic <input type="checkbox"/> Frydek-Mistek, Strategic Planning Process, Czech Republic |
| Key Reading | None |

SWOT Analysis



60 Minutes

***Comments and Questions:** Welcome participants to the afternoon session. Remind participants that they now have a thorough knowledge of what a local economy assessment is, and inform them that they will now learn about SWOT analysis as a tool for informing LED strategy.*

Start by asking participants to describe a SWOT analysis. Ask if anyone has previously been involved in a SWOT analysis, and if so, for what purpose.



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A SWOT analysis is a process by which a community's competitive advantage is determined. SWOT is an acronym for strengths, weaknesses, opportunities and threats. A community's competitive position is a function of the internal and external factors that make up the SWOT analysis.



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By undertaking a SWOT analysis, it is possible to identify and prioritize the critical issues affecting the local economy that need to be addressed in the LED strategic plan. Undertaking a SWOT analysis provides an understanding of the economic development potential for initiating and selecting certain developments. A SWOT analysis should highlight the drawbacks and weaknesses of the local economy. A SWOT analysis is the basis for a well-planned LED strategy that capitalizes on the strengths, and overcomes the weaknesses, both internally and externally. The competitive advantage of a community depends on internal and external forces and factors.

Analysis of Internal Forces and Factors

Internal forces and factors are distinct local characteristics that will affect a community's SWOT analysis. These will be found by looking at, and considering, a community's local economy assessment.

Questions: Ask participants what internal forces they would expect to discover based on their data collection.



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Comments and questions: Internal forces can be strengths or weaknesses. Ask participants to identify what a community's strengths might include.

Strengths might include:

- Those assets or factors that give the area an advantage and make it attractive for investment, growth and development.
- Factors including universities, research facilities, school system, skilled workforce, key transportation infrastructure, river crossing, proximity to border crossing, environmental or historical attributes, availability of vacant land, serviced sites.

Questions: Ask participants what a community's weaknesses might include.

Weaknesses might include:

- Obstacles or constraints to a thriving economy; these can be social, legal, physical, environmental, financial or regulatory.
- Factors including poor infrastructure, inappropriately skilled labor, declining workforce, high crime rate, unattractive town center, air pollution, lack of housing, poor access.
- There are correctable and non-correctable weaknesses. A poor business environment is correctable. An aging workforce may not be correctable.

Comments: Highlight to participants that both strengths and weaknesses should be classified and prioritized based on a range of considerations including:

- Is the strength/weakness an emerging, existing, temporary or declining trend?
- For how long will the strength/weakness have an impact and when will this occur?
- Will the impact of the strength/weakness be significant or insignificant?
- Is it possible to control the impact of the strength/weakness?

Analysis of External Forces or Factors

External factors can be either opportunities or threats. These are the factors that were considered when the external audit was undertaken. Opportunities are factors that make it easier to develop a competitive advantage.



20

Comments: Refer to the session in Module 1 on global and national policies and factors that impact on the local economy (session 2). Ask participants to think of some of these factors, and how these are threats or opportunities. List the factors on the flip chart so that these are visible, and serve as a reminder, to participants.

- Examples of factors include: changes in free trade agreements, increased revenue for the local community from the central government, decentralization of services, capital

improvements such as a new national highway, change in tax laws to reduce taxes on business profits.

- Threats are unfavorable trends or developments external to the economy that can lead to a decline in competitive advantage.

Comments: Clarify the meaning of opportunities and threats. There is a tendency to confuse opportunities with strengths. There is generally a poor understanding of threats. Ask participants to provide examples, and be prepared to comment and offer relevant examples such as changes in tax laws, raising tax on business profits, restrictions on foreign land ownership, stricter environmental regulations, changes in technology that could make factories obsolete, demographic trends, natural disasters, health epidemics.

External factors can represent opportunities **or** threats. On occasion, an external factor can be a threat to one community and an opportunity to another; sometimes, an external factor can represent both an opportunity **and** a threat.

- Example: the 'downsizing' of a factory can result in the loss of jobs in a town, but might also result in a stronger company as a result, a company that is able to expand into new lines of production and activity. Alternatively, other smaller companies might be in a position to gain extra work that this company previously performed. Entering the European Union means expanded markets for agricultural exports, but increased competition from other countries for manufactured goods can also lead to state-owned or older factories going out of business.

Comments: Highlight to participants that both opportunities and threats should be classified and prioritized based on a range of considerations including:

- Is the opportunity/threat an emerging, existing, temporary or declining trend?
- For how long will the opportunity/threat have an impact and when will this occur?
- Will the impact of the opportunity/threat be significant or insignificant?
- Is it possible to control the impact of the opportunity/threat?



Learning Material 5: Kladno Economic Development Action Plan SWOT Analysis



Learning Material 6: Frydek-Mistek, Strategic Planning Process



Learning Material 7: Trnava Strategic Development Plan Critical Issues

What does a SWOT Analysis Show and How is it Used?

Relationship to Vision, Goals, Objectives, Programs and Projects

After a SWOT analysis has been completed, and critical issues identified, an appropriate and informed LED strategy can start to be created. The results of the SWOT analysis will help to determine local economic development goals, strategies, and likely programs and projects.

Comments: Use the SWOT analysis Learning Materials (Kladno SWOT, Frydek-Mistek SWOT, Trnava SWOT) as the basis for a discussion on the degree of specificity needed when approaching opportunities and weaknesses. Highlight to participants that if the SWOT analysis is going to be useful to define priority issues and inform the development of LED programs, vague statements are not helpful. Highlight the threats from each example and ask participants which of these threats, if any, the community might be able to influence.

How do you do a SWOT Analysis?

Frame the assessment by considering categories, for example, human resources, built environment and infrastructure, business environment, organizational resources, natural resources and geography, quality of life, economy. For each category, identify strengths and

related opportunities that capitalize and expand on the strengths, weakness and related opportunities for improvements, and threats or forces that threaten the community's resources and economic potential.



Template 1: SWOT Analysis Questions and Template



Template 2: SWOT Template

Comments: Draw a square on the flip chart and divide the square into four equal boxes. Label each of the boxes for a part of the SWOT (strengths, weaknesses, opportunities, threats). Distribute the SWOT Analysis Questions and Template. Explain that these will be useful for task implementation.

Defining Critical Issues

Comments: Refer to “Critical Issues” in the Trnava Strategic Development Plan Learning Material recently distributed. Link this to the next presentation on what information a SWOT analysis highlights. Make sure that participants understand that the SWOT analysis leads to a choice of critical issues, and that these critical issues should be the focus of the LED strategy.



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The most important element of the SWOT analysis should be to help to define the focus for the LED strategic plan and determine its goals. These are the **Critical Issues** that inform the vision, goals and objectives of the strategy. Important points in defining critical issues are:

Comments: Refer participants to Template 2 for an understanding of how to prioritize strengths, weaknesses, opportunities and threats.

- Prioritize the strengths, weaknesses, opportunities and threats, so that you can identify the critical issues for the strategy. These are the main constraints and opportunities affecting the local economic development of the community.
- Determine which of these issues can be addressed within the human and financial resources available to the community. Communities have limited ability to resolve certain issues that are either the responsibility of larger units of government, or are external to the community. Such issues as national business climate, or an aging population, or the quality of education, may not be actionable at the local level. Be realistic about the critical issues to address; while taking account of non-local issues, consider those that the community has control over, and for which measurable results can be developed.
- Simplify and separate issues.
- Keep the number of critical issues manageable; the narrower the focus, the easier to secure the commitment needed to implement the strategy.
- Come to a consensus of stakeholders on the critical issues.



Exercise 2: Doing a SWOT Analysis



1 hour

Objectives:

- To understand how the local economy assessment is used for decision making in the strategic planning process.
- To gain an insight into the method of conducting a SWOT analysis.

- To reflect on the impact of a SWOT analysis on stakeholders, and stakeholders on a SWOT analysis.

Comments: *If the participant cities have already implemented their local economy assessment, Business Attitude Survey and external assessment, then they can work on their own SWOT analysis rather than using this case study material.*

Present the objectives of the exercise, and explain that this is a case study exercise that involves analyzing factors concerning both the city and the stakeholders. Explain that once the SWOT factors are known, it is important to consider how different stakeholders may be affected.

Instructions:

- Work in groups of no more than 6
- Read the exercise 2 Case Study “City of Pionka, Economic Status Quo Report”
- Undertake the following steps and summarize the information on a flip chart for later use.
- Nominate a reporter for each group. Each reporter will share the findings of their group.

Step One

Based on the existing information, and using the template provided, list the strengths, weaknesses, opportunities and threats. If required, refer to the questions in the SWOT Analysis Questions and Template (Template 1).

Step Two

Identify which stakeholders or economic groups in the city benefit from the *strengths* and *opportunities*, and which groups are affected by the *weaknesses* and *threats*. Note these on the flipchart.

Step Three

Identify which *strengths*, *weaknesses*, *opportunities* and *threats* can be addressed by local actors. For those that cannot be addressed by local actors, note the kind of interventions you think are necessary (national intervention, private sector intervention, regional intervention, global changes).

Group Feedback



20 minutes

Comments and questions: *Highlight similarities and differences between group results. Note which stakeholders are affected and how this might influence the choice of LED actors who participate in the SWOT analysis. Link the data to ‘defining issues’ for a strategy. Discuss the SWOT analysis factors that can be addressed by local actors and those that require outside actions.*

Application



10 minutes

Questions:

- *What conclusions can be drawn from this exercise about a SWOT analysis?*
- *What does this exercise tell you about the effects of a SWOT analysis on different stakeholders?*
- *What does this exercise tell you about stakeholder interests and consequences on the SWOT analysis?*
- *How should a community decide on the participates to be included in the SWOT analysis process?*
- *Does a SWOT analysis help to define an LED strategy? What are its limitations?*

SESSION 4: COMING TO CONSENSUS

Overview of Session 4

| | |
|---|---|
| Objectives | <input type="checkbox"/> To explain the potential conflicts between stakeholder interests <input type="checkbox"/> To reflect on the importance of developing consensus on the strategic plan <input type="checkbox"/> To use techniques to reconcile conflicts and develop consensus |
| Session Time  | 1 hour 30 minutes |
| Power Points Slides  | Module 1 Day One PowerPoint Slides 22-23 |
| Exercise  | Exercise 3: Reaching Consensus |
| Template  | None |
| Learning Materials  | None |
| Key Reading | None |

Coming to Consensus

Comments and questions: Ask participants why it is important to develop consensus in the development of the LED strategic plan. Ask participants to consider the likely consequences if important LED stakeholders and groups do not agree on the definitions in the SWOT analysis, or the choice of critical issues, or the goals of the strategy.

Consensus is the key to a successful strategic plan. An LED strategy cannot be implemented successfully without support from the different private and public sector actors and organizations. To achieve consensus, all the LED stakeholders have to be fully informed and involved.

There are clear reasons for involving stakeholders from the beginning of the strategic planning process. These reasons were discussed in the first module (session 4). Involving stakeholders in the LED process can increase:

- Credibility, equity and transparency, by opening the LED planning process to the public.
- Effectiveness, as it is easier to understand the real economic needs when the stakeholder beneficiaries are involved. It also contributes to building support, and overcoming resistance and mistrust.
- Efficiency, as stakeholders can mobilize their own resources to support and promote local economic development.

Specifically, it can:

- Ensure that additional professional, financial and physical resources are brought to table.
- Legitimize the LED planning process and depoliticize projects.
- Forestall, through early discussion and agreement, problems before they arise.
- Encourage local institutions, both public and private, such as education and research, to support and implement LED programs and projects.

- Facilitate increased volunteering through the participation of volunteer or community organizations.
- Create the ongoing relationships necessary for partnerships implementation.

It is important to develop consensus at every stage of the strategic planning process. This includes the SWOT analysis. Each stakeholder group will have its own perspective, agenda and interest in the outcome. A stakeholder that participates in the SWOT analysis will view the SWOT process from its own perspective, and will base its position on how it may benefit, or not benefit, from the local economic development strategy. For this reason, the strategic planning process has to be as representative as possible so that there is an understanding and legitimacy throughout. It is important to include all the groups that have a stake, even though they may represent different interests.

***Comments and questions:** Ask participants to identify the types of perspectives or biases that different stakeholders might demonstrate. List the different types of stakeholders. Ask how this might impact the choices made in the LED strategy.*

With a group that represents different interests and different biases, it is natural that there will be conflict. The perceptions of the community and the opinions on the direction that the strategic planning process should proceed will be varied. How to go about resolving these perceptions will be different in each locality, however, unless a resolved and an agreed position is established, unresolved conflicts will harm the LED process and can ultimately lead to failure.

The most effective way to achieve consensus is to facilitate a process so that people work together to discuss and tackle issues and conflicts. The SWOT analysis team may be a subgroup of the advisory committee or an expansion of the core team, but diverse interests need to be represented. The team should not be too big or consensus will be difficult to reach, alternatively, the team should not be too small as one viewpoint may prevail.

There are several guiding principles to facilitate consensus building:

- Allow time for each member of the group to express their views. If there are more than ten people in the group, then break into smaller groups that can reconvene later to combine and discuss results. Consensus is built through the evolution of opinions by expressing and working through them concurrently.
- Make sure that everyone has the same knowledge base. Everyone should have full access to all the information.
- Agree on a broad mission statement from the beginning as a way to bring people together. The mission statement may be no more specific than “to create an environment that supports business growth and employment opportunities for its citizens”.
- Structure the problem solving in a way that people can discuss their ideas in a non-confrontational manner. Have a clearly structured process to clarify, prioritize issues, and reach consensus.

In agreeing LED strategy and reaching consensus, a facilitator should manage the decision-making process and bring the group to a facilitated consensus. The facilitator's role is to ensure that everyone has an opportunity to express and discuss their ideas, and to help them to find common points of agreement.

Pointers for Getting Group Consensus



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- Be clear about the goals of the discussions, what you are trying to achieve and what key decisions have to be made.

- Start by reaffirming the common aim and purpose of the group.
- Seek out differences of opinion. Disagreements can help the groups' decision by forcing them to find a solution acceptable to all.
- Avoid a 'winner and loser' mentality. When there is a stalemate, look for the next most acceptable alternative for all.



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- Allow everyone to participate and listen fully to all.
- Look for common points of view and identify areas of consensus. Verify all points of agreement so as to narrow the points of disagreement.
- Do not let one person dominate.

When There is Disagreement

- Summarize the major points of the disagreement.
- Ask people to consider the main reason that keeps them from agreeing.
- Outline alternatives. List the positive and negative aspects of different solutions.



Exercise 3: Reaching Consensus



2 hours and 15 minutes

Objectives:

- To reflect on the influence of stakeholder interests in the LED strategic planning process.
- To gain an insight into the process of reaching consensus.

Comments and questions: *This exercise is a continuation of Exercise 2 and uses the SWOT analysis that the groups prepared. Participants will continue to work in the same group as before.*

- Assign each person a stakeholder role. Possible roles include: a union representative, a member of an environmental action group, the chief executive of a major manufacturer, a shop owner, a representative of an academic institution, a city administrative department head (director of public works or city finance), a representative of the Ministry of Labor.
- For each group, ask for a volunteer "facilitator" or group leader.
- Ask the group to refer to the previous exercise, the SWOT Analysis for the City of Pionka. The participants' objective is to reach consensus on the three most critical issues facing the city. Instruct the participants that they are to each represent the interests of their assigned stakeholder group; in other words, view the critical issues as they apply to their stakeholder group interests.
- Instruct the group facilitators to follow the steps described previously so as to come to consensus on three critical issues.

Instructions:

- Participants will be assigned to play a "role" as a representative of a particular stakeholder group. They should review the SWOT analysis that their group compiled for the City of Pionka. Participants should consider how the SWOT analysis affects their stakeholder interests. They should determine how the critical issues may affect their respective stakeholder group.
- Discuss and reach agreement on the three most critical issues facing Pionka, based on the needs of each stakeholder group.
- Use the following steps to come to consensus:

1. Each participants generates a list of the five most critical issues from the perspective of their stakeholder group.
 2. Combine all the issues into one list.
 3. Discuss each issue and try to find points of agreement and convergence.
 4. Through discussion, reduce the list to ten critical issues.
 5. Each participant prioritizes the issues. Agree on the three highest priority issues.
- Prepare to report group findings.

Group Feedback

Comments and questions: Use the group reports to point out the similarities and differences of critical issues. Ask participants to explain which stakeholder groups are affected. Ask participants to describe what happened in their sessions and how they reached consensus.

Application

Comments and questions: Ask participants to describe what they have learned about group decision making that they could apply in a real world situation. Ask participants whether stakeholder interests would play a major role in the decision making process in their respective community/city.

Summary of Module 2 Day One

Comments and questions: Refer to the objectives of the different sessions, summarize the main points, and make a transition to Day Two of the module, Planning for Task Implementation.

SESSION 5: PLANNING FOR TASK IMPLEMENTATION MODULE 2

Overview of Session 5

| | |
|---|---|
| Objectives | <input type="checkbox"/> To explain and discuss how to undertake the implementation tasks of Module 2 <input type="checkbox"/> To organize the work <input type="checkbox"/> To determine outputs for the next training session |
| Session Time  | 2 hours 30 minutes |
| Power Points Slides  | None |
| Exercise  | None |
| Template  | Template 3: Planning for Task Implementation Template |
| Learning Materials  | None |
| Key Reading | None |

Introduction to Session 5

 **2 hours 30 minutes**

This session will allow the trainer to work with each city group to develop a plan for how they will implement the LED strategy planning tasks that have been highlighted in this module. Ideally, the trainer will organize the planning session in collaboration with advisors who will guide the cities in the implementation of the tasks. The tasks that should be implemented by city teams before the next training sessions are:

- Complete data and information collection for the Assessment (inventory of resources, analysis for socio-economic factors, business assessment, external audit).
- Analyze the data and prepare conclusions in a form useful for the SWOT and the Assessment.
- Prepare a written draft of the data and conclusions to inform SWOT participants and stakeholders.
- Undertake a SWOT analysis.
- Determine critical issues.
- Solicit stakeholder feedback.

Trainers should note that if all the tasks are not to be accomplished in the period before the next training module, then some adjustments will be needed to Module 3.

This session should be used to help teams create an LED work plan to be completed between the end of this training session and the beginning of the next training session. Teams will be expected to implement the different tasks. This session will also determine the time frame needed for task implementation, and the dates for the next phase of training.

- A hierarchy of tasks to be carried out
- A responsible party for each task
- The human resources required for each task; the financial requirements; the institutional and legal issues that need to be resolved
- Timetable for task
- Output or result
- Form in which the output will be compiled



Template 3: Planning for Task Implementation Template

The first task for teams to complete during the training session and before leaving to return to their respective cities is the 'Planning for Task Implementation' template. This should be used to detail all of the above parts of task implementation. The following templates and materials may also be useful to teams in fulfilling their implementation tasks while back in their respective cities.

- **SWOT Questions and Templates** that pose questions for SWOT (Template 1).
- **SWOT Template** (Template 2).
- **Trend Analysis**, to guide participants in data collection and interpretation. (Learning Material 1).

Preparation for Module Three Training

Module 3 will begin with reports from each city on its experience with implementing the tasks of Module 2. The exact contents of the reports will be determined by the actions of participants and trainers on the range and quality of tasks accomplished in the interim period. As an example, city groups should prepare to report on the following topics:

- Main or significant findings from the local economy assessment
- Description and composition of the SWOT analysis team
- The SWOT analysis
- Critical issues

The trainer should tell participants in advance the type of written documentation needed, and instruct participants how to keep records of the decision making process, decisions taken, and data collection and presentation. Each group should designate a person to report on the above items and discuss the problems and process of task implementation, covering the following issues:

- Choices and decisions made
- Key results
- Feedback on conducting the tasks

Making Local Economic Development Strategies: A Trainer's Manual

Module 2: Power-Points

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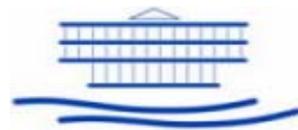
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**Strategic Planning for LED
A Five Stage Process**

**Stage 2
Local Economy Assessment**




Module 2 Day One

**Stage 2
Local Economy Assessment**

- **Data Collection and Analysis**
Types of data for a local economy assessment
 - Demographic (population, education, age)
 - Economic and social (employment, training)
 - Business enabling environment (business registrations)
 - Hard and soft infrastructure (transport, R&D)
 - Sub-regional, regional and national (economic links)




4

**Stage 2
Local Economy Assessment**

- **Local Economy Assessment: Capabilities and Opportunities**
 - Can provide those devising LED strategy with information and data to examine and forecast key factors that drive and affect local economy
 - Identifies local economy strengths, weaknesses, opportunities and threats
 - Provides an opportunity to engage the local business community in LED effort




2

**Stage 2
Local Economy Assessment**

- **Examples of Demographic Data**
 - Population (by size, age, projected growth rate, by poverty mapping, by neighborhood)
 - Employment (by occupation, changes over time, structure, sector, pay, unemployed, regionally)
 - Education (number of teachers, schools, class-size, educational attainment)
 - Training (numbers/types of trainees, facilities/types of local training courses)




5

**Stage 2
Local Economy Assessment**

- Profile of municipality: What is it?
- What purpose does it serve, and how do we use it?
- Contents of profile (general and concrete)
- Which information sources should we use?
- How to prepare profile?




3

**Stage 2
Local Economy Assessment**

- **Examples of Economic and Social Data**
 - Number and size of businesses
 - Company closures
 - Average earnings
 - Health indicators
 - Housing tenure
 - Number of informal businesses




6

Stage 2
Local Economy Assessment

- **Examples of Hard Infrastructure Data**
 - Transportation links (road, rail, air)
 - Available business and commercial property (availability, quality, size, projected growth)
 - Telecommunications (services, access, plans)
 - Future infrastructure investments
 - Utility provision and plans




7

Stage 2
Local Economy Assessment

- **Structure of Business Attitude Survey**
 - Short paper: 20-30 pages
 - Text
 - Interpretation of data
 - Tables
 - Figures and pictures




10

Stage 2
Local Economy Assessment

- **Examples of Business Enabling Environment Data**
 - Laws, frameworks, enforcement
 - Regulations
 - Taxation (local and national)
 - Property rights and ownership
 - Licenses (requirements and reporting)
 - Business registrations (transparency, cost)




8

Stage 2
Local Economy Assessment

- **External Assessment**
 - External National Policies
Example: Rising government debt
Impact: Investor hesitancy
 - External Market Trends by Sector
Example: Decline in manufacture, rise in IT
Impact: New workforce skills needed




11

Stage 2
Local Economy Assessment

- **Structure of Business Attitude Survey**
 - Basic information about companies
 - Clients, pro-export orientation
 - Employees; breakdown of
 - Possibilities for future growth, building, resource requirements
 - Relations to, and experience with, municipal authorities
 - Remarks and conclusions




9

Stage 2
Local Economy Assessment

- **External Assessment**
 - External Structural Shift in Employment
Example: Privatization of state industries
Impact: Rise in local unemployment
 - External International Agreements
Example: EU Environmental requirements
Impact: Industrial clean-ups required




12

Stage 2
Local Economy Assessment

- **Form of Assessment**
 - A short paper
 - Includes information from the community profile, business survey and business enabling audit
 - Contains text, interpretation of data, tables, figures and diagrams
 - Attachments to assessment will include: large tables (data), maps and diagrams, figures, etc.




13

Stage 2
Local Economy Assessment

- **Using SWOT Analysis in Strategic Planning**
 - Improvement of weakness
 - Maximizing identified strengths
 - Realizing and maximizing opportunities
 - Reducing the influence of threats




16

Stage 2
Local Economy Assessment

- **Utilization of Results**
 - Definition of main problems
 - Internal analysis, strengthens and weakness
 - External analysis
 - Critical Issues
 - Operational plans: aims
 - Definition of priorities




14

Stage 2
Local Economy Assessment

- **Typical Aspects of Internal Analysis**
 - Geographic location, communication
 - Quality of workforce
 - Quality of life
 - Infrastructure (*soft* and *hard*)
 - Investment opportunities (land and buildings)
 - Growth of small and medium sized enterprises
 - Utilities
 - Local municipal services




17

Stage 2
Local Economy Assessment

- **SWOT Analysis: What is it?**
 - Internal analysis, competition
 - Strengths*
 - Weaknesses*
 - External analysis, treating to effects without influing on effects makers
 - Opportunities*
 - Threats*




15

Stage 2
Local Economy Assessment

- **Typical Aspects of External Analysis**
 - Joining EU and NATO
 - Law changes (including tax law)
 - Privatization & industry restructuring
 - Changes in life style, demographic changes
 - Development of information technologies (IT)
 - Population and immigration changes




18

Stage 2
Local Economy Assessment

- **Defining Critical Issues**
 - > Use all the information you have
 - > Find consensus
- **Critical Issues**
 - > Barriers holding your economy back
 - > Opportunities for development



19

Stage 2
Local Economy Assessment

- **Pointers for Getting Group Consensus**
 - > Be clear about the goals of the discussions, what you are trying to achieve and what key decisions have to be made
 - > Start by reaffirming the common purpose of the group
 - > Seek out differences of opinion
 - > Avoid a 'winner and loser' mentality. When there is a stalemate, look for the next most acceptable alternative for all



20

Stage 2
Local Economy Assessment

- **Pointers for Getting Group Consensus**
 - > Let everyone participate
 - > Listen to all
 - > Look for common points of view and areas of consensus
 - > Verify points of agreement
 - > Do not let one person dominate



21

Making Local Economic Development Strategies: A Trainer's Manual

Module 2: Exercises

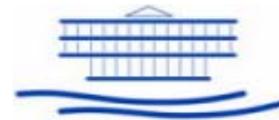
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EXERCISE 1: UNDERSTANDING HOW TO USE DATA

Time: 30 minutes

Objectives:

- To understand how raw data can be useful and meaningful.
- To reflect on the uses of data in the local economy assessment.

Background

This exercise is based on the population and economic data taken from Harrogate Borough Council's Local Economic Overview. This data is provided as part of Exercise 1 (overleaf). The exercise demonstrates how to interpret data so that it is useful in informing the development of the LED strategy. The exercise demonstrates the types of conclusions and interpretations that can be drawn from data when undertaking a local economy assessment. Participants do not need to work in city groups, however, the exercise can be undertaken in teams of no more than 4 persons.

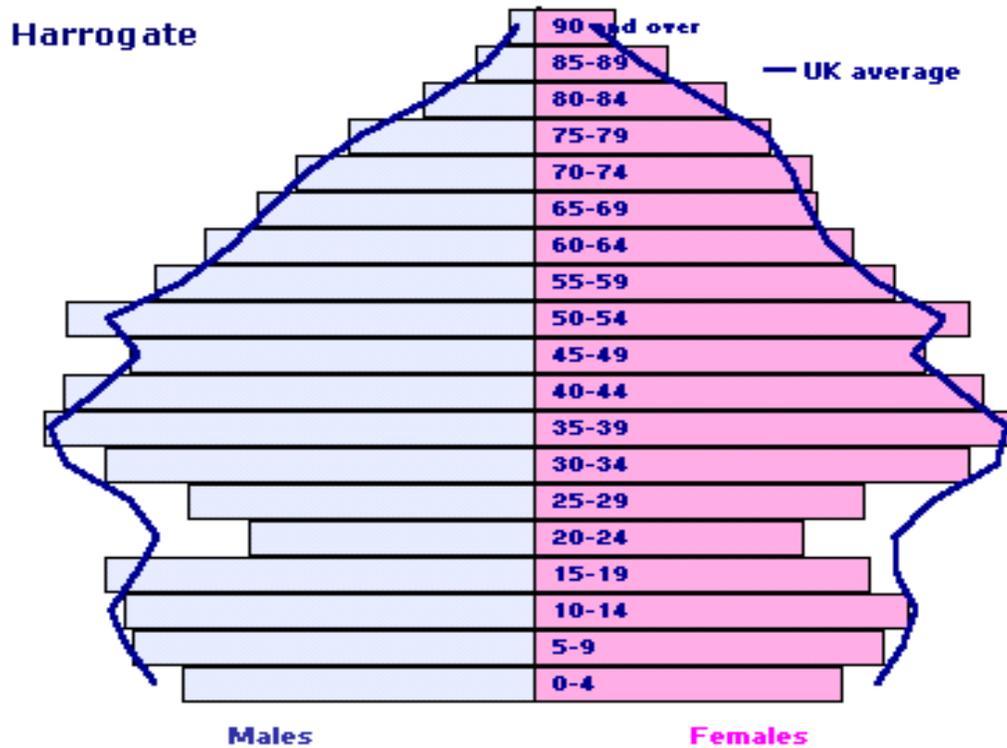
Instructions

1. Work in groups of no more than four persons.
2. Examine the data provided in the Harrogate District Local Economic Overview. Note that different data relates to the economic and population trends.
3. Answer the following questions:
 - a) What conclusions can be drawn about Harrogate's population structure and what do these mean for the economy?
 - b) Based on the information given, what can be said about Harrogate's economy?
 - c) What business sectors should be recommended as areas for concentration of growth and development in an LED strategy?
 - d) What additional information is required for a SWOT analysis of the population and the economy?
- 4) Be prepared to discuss your conclusions in a plenary discussion.

Harrogate District Local Economic Overview

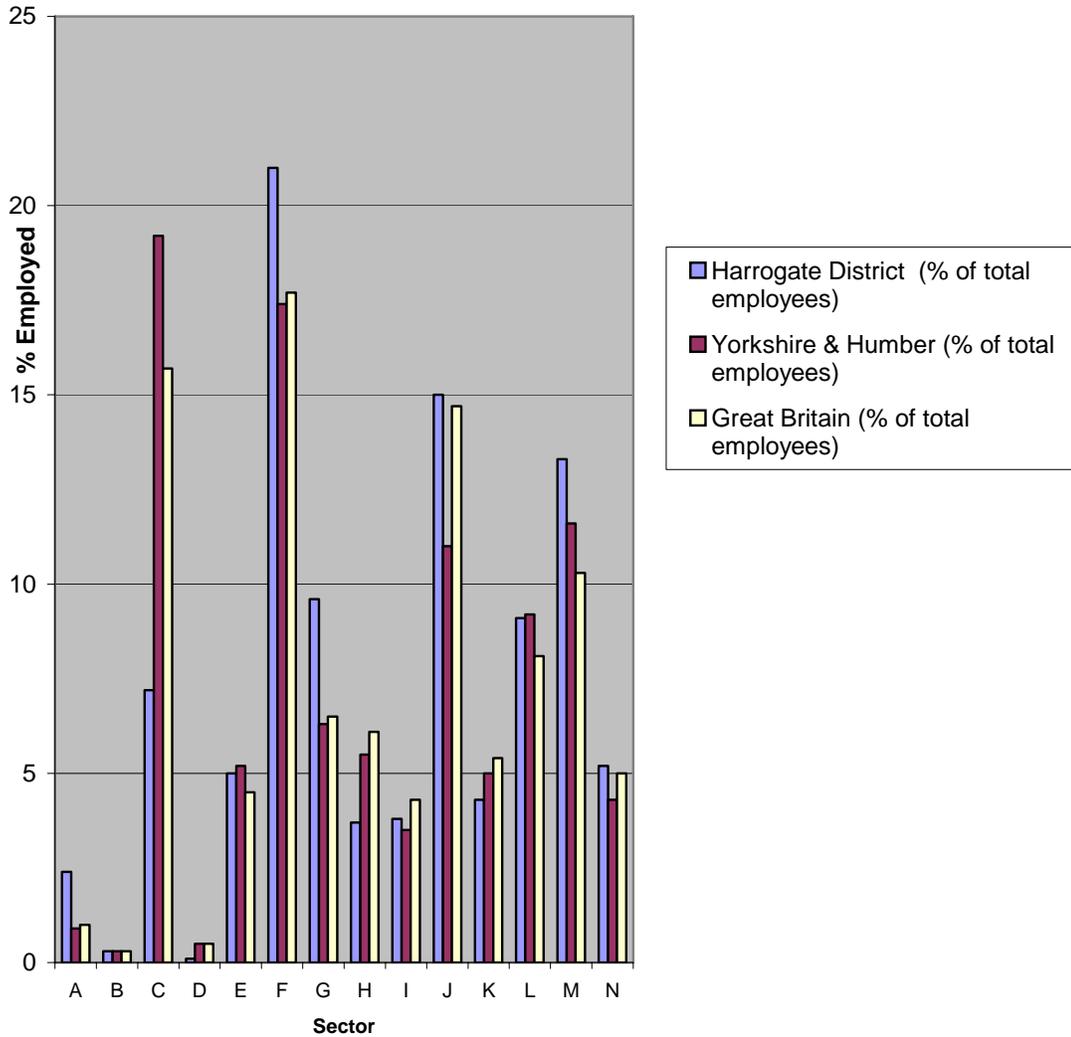
Harrogate Borough Council’s Economic Development Unit has prepared this profile of the local economy. It is intended to provide an overview about what is happening in the local economy in terms of key economic issues such as population changes, economic activity rates, unemployment levels, education and skills, wealth and deprivation, and business performance and earnings.

Figure 1: Harrogate District Population by Age Group (compared to national average)



Source: Census 2001, Office for National Statistics

Figure 2: Employment by Sector at Local, Regional and National Level



Sector Key (Figures 1, 2 & 3)

| | | | |
|---|--------------------------------------|---|--|
| A | Agriculture, hunting & forestry | I | Financial Intermediation |
| B | Mining and quarrying | J | Real Estate, renting, business activities |
| C | Manufacturing | K | Public administration/defense; social security |
| D | Electricity, gas and water supply | L | Education |
| E | Construction | M | Health and social work |
| F | Wholesale, retail trade etc. | N | Other community, social/personal service |
| G | Hotels and Restaurants | | |
| H | Transport, storage and communication | | |

Source: Annual Business Inquiry (2000), NOMIS

Figure 3: Employees by Sector 1991-2000 (Harrogate District)

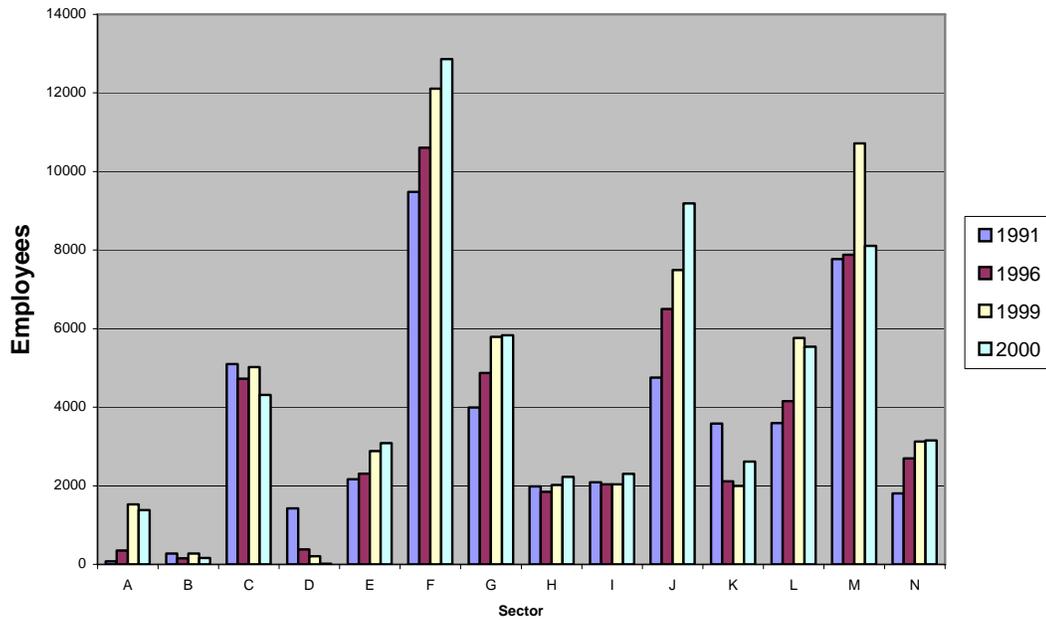


Figure 4: Comparison of Unemployment Rates (October 2001-September 2002)

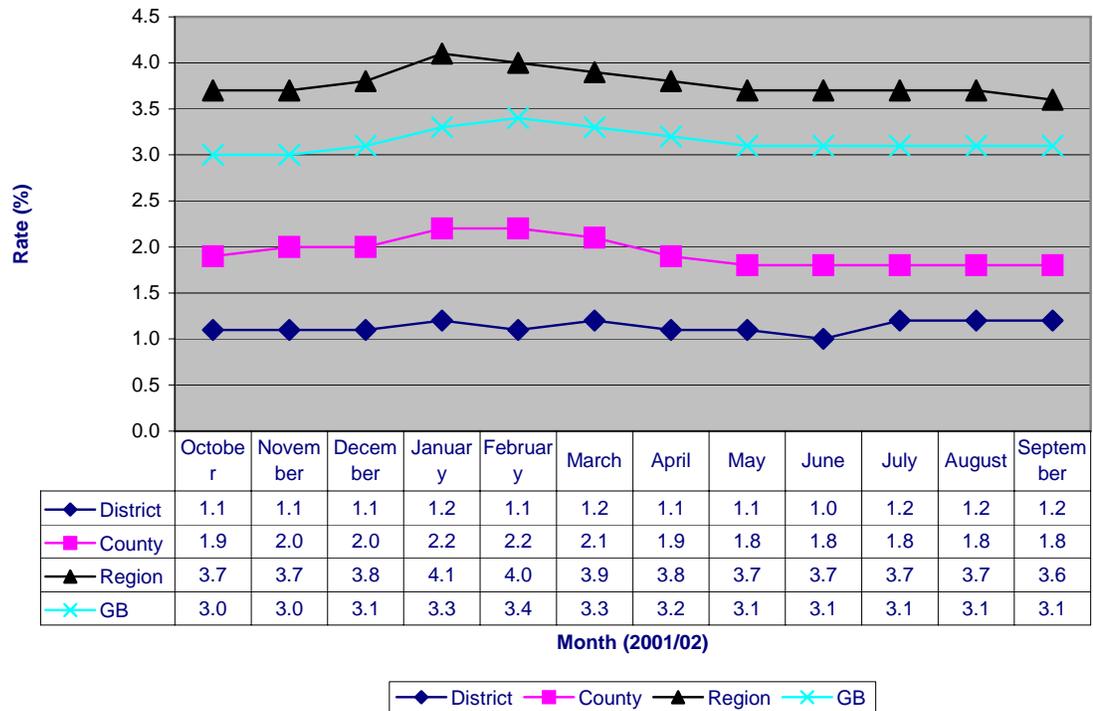


Figure 5: VAT Registrations and De-registrations in Harrogate District (1994-2001)

| Year | 1994 | 1995 | 1996 | 1997 | 1998 | 1999 | 2000 | 2001 |
|-------------------------------|------|------|------|------|------|------|------|------|
| Registrations | 595 | 495 | 549 | 575 | 559 | 575 | 590 | * |
| De-registrations | 600 | 605 | 560 | 540 | 435 | 490 | 510 | * |
| Stocks (Start of Year) | 5990 | 5985 | 5875 | 5855 | 5890 | 6005 | 6090 | 6155 |
| Net Change | -5 | -110 | -20 | 35 | 115 | 85 | 80 | * |

* Breakdown for 2001 not yet available

Figure 6: Comparisons of Average Weekly Earnings (1997-2000)

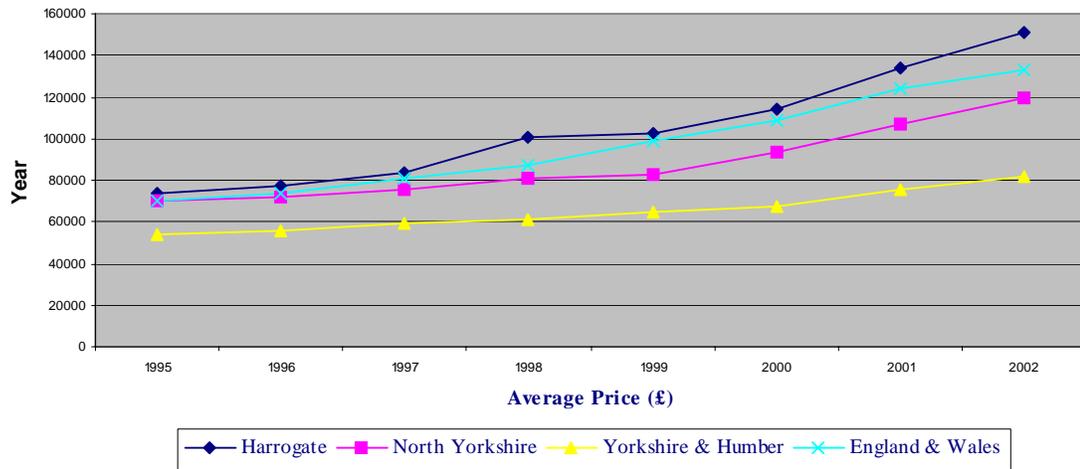
| Year | Average Gross Weekly Earnings (£) | | | | |
|--------------------|-----------------------------------|--------|--------|-------|-------|
| | 1997 | 1998 | 1999 | 2000 | 2001 |
| Harrogate District | 324.60 | 349.60 | 363.30 | 369.7 | 397.9 |
| York | 351.10 | 368.10 | 382.00 | 406.6 | 405.3 |
| North Yorkshire | 315.90 | 330.30 | 347.20 | 356.1 | 381.3 |
| Yorkshire Region | N/a | 344.90 | 361.00 | 373.7 | 392.1 |
| Britain | 367.60 | 384.50 | 400.1 | 410 | 444.3 |

Source: New Earnings Surveys 1997-2001

Figure 7: Percentage Annual Increase in Average House Prices in Harrogate District



Figure 8: Increase in Average House Prices Over Last 8 years by District/Area



EXERCISE 2: DOING A SWOT ANALYSIS

Time: 1½ hour

Objectives:

- To understand how the local economy assessment is used for decision making in the LED strategic planning process.
- To gain an insight into the method of conducting a SWOT analysis.
- To reflect on the impact of a SWOT analysis on stakeholders, and stakeholders on a SWOT analysis.

Instructions

1. Work in groups of no more than 6.
2. Read the Exercise 2 Case Study “City of Pionka, Economic Status Quo Report” (overleaf).
3. Undertake the following steps and summarize the information on a flip chart for later use.
4. Nominate a reporter for each group. Each reporter will share the findings of their group.

Step One

Based on the existing information, and using the template provided, list the strengths, weaknesses, opportunities and threats. If required, refer to the questions in the SWOT Analysis Questions and Template (Template 1).

Step Two

Identify which stakeholders or economic groups in the city benefit from the *strengths* and *opportunities*, and which groups are affected by the *weaknesses* and *threats*. Note these on the flipchart.

Step Three

Identify which *strengths*, *weaknesses*, *opportunities* and *threats* can be addressed by local actors. For those that cannot be addressed by local actors, note the kind of interventions you think are necessary (national intervention, private sector intervention, regional intervention, global changes).

City of Pionka



Economic Status Quo Report

Draft for Discussion Only

ECONOMIC STATUS QUO REPORT FOR THE CITY OF PIONKA

Introduction

The City of Pionka is located in a central European country, on the banks of a large river and downstream from a number of other industrial cities. The city is the regional capital of an important industrial region of the country. The river is navigable for smaller vessels, and there is a river port that is currently operating at 92% of its capacity. A major train line runs through the city, connecting Pionka with the largest city in the country and the largest industrial areas in two neighboring countries.

Eighteen months ago, the Mayor and her Council decided that economic development was an important component of the city's poverty alleviation strategy. The Mayor and her Council thus appointed an Economic Development Director in the office of the Mayor to determine how to proceed in stimulating the local economy.

Two young but enthusiastic university graduates assist the Director. The Economic Development Director spent a number of months consulting with local large, small and informal businesses about how to proceed. The initial problem that the Director faced was an almost total lack of information on the city's economy. Approximately eight months ago, the Director, together with the university, the local Chamber of Commerce, local informal trader organizations and a Small Business Development non-governmental organization, compiled a brief for a study on the local economy. The study would be used to determine a local economy assessment of the city. Table 1 contains a short summary of the report.

Table 1: Population & Socio-economic Data

| | |
|---------------------------|---|
| Size: | Approximately 150,000: 48% male, 52% female |
| Density: | 998 per square kilometer |
| Age distribution: | 20.7% pre-productive, 64.4% productive, 14.9% post prod |
| Growth rate: | 0.6% per year for the past 5 years; no increase expected |
| Household size: | 5 per household |
| Average monthly wage | \$240, but spatially distributed. Average income in the four wealthiest neighborhoods is \$800 per month; the average income in the four poorest neighborhoods is \$50 per month. Income inequality is worsening: 8 years ago four wealthiest \$500, four poorest \$200 |
| Unemployment: | 19.5% |
| Education levels: | 96% literacy, 67% high school or technical school, 20% technical college, 20% university. A high percentage of technical and university graduates are in the engineering field |
| Educational Institutions: | 60 nursery schools, 40 elementary schools, 20 high schools, 20 training schools. A university is located in the town |
| Other: | 5 research institutes mainly dealing with mining. 3 libraries, a museum and an art gallery. 2 hospitals (one teaching attached to the university) and several clinics |
| External Organizations: | 1 small business center set up by USAID and run locally. 8 NGOs funded by various international funding agencies doing work in childcare, HIV/Aids, micro-financing, and sexual abuse |
| Exports: | Capital machinery, steel, and clothing |

Communications and Infrastructure

As the second largest industrial area in the country, the City of Pionka has good road, river and rail access to other parts of the country and to neighboring countries. However, national government has not invested in the road infrastructure, and several bad accidents have taken

place recently on the road resulting directly from potholes and rock falls. Many trucks are taking a longer but safer route to the neighboring country¹, away from Pionka.

Economy

The manufacturing sector (Table 2) is the most important sector of the economy, both in terms of percentage contribution to employment and its contribution to Pionka's GDP. Construction and then mining and quarrying follow this. The informal economy is also a major contributor to both employment and city GDP.

Table 2: Summary of Economic Sectors

| Sector | 1992 | | 2000 | |
|------------------------------|-----------------------|-------------------------------------|-----------------------|-------------------------------------|
| | Percentage Employment | Percentage Contribution to CITY GDP | Percentage Employment | Percentage Contribution to CITY GDP |
| Manufacturing | 40 | 37 | 33 | 28 |
| Financial Services & retail | 3 | 6 | 5 | 8 |
| Transport | 3 | 2 | 6 | 6 |
| Construction | 13 | 11 | 10 | 9 |
| Tourism & other Services | 5 | 6 | 4 | 5 |
| Mining & quarrying | 9 | 15 | 7 | 11 |
| Government & social services | 13 | 9 | 7 | 7 |
| Water, Electricity & gas | 10 | 9 | 10 | 9 |
| Agriculture | 4 | 4 | 8 | 6 |
| Unaccounted* | | | 12 | 12 |

* *Informal economy*

Some Notes on Specific Manufacturing Sectors

The main manufacturing sectors are paper and pulp, steel, machinery, clothing.

Paper and Pulp: The paper and pulp industry has grown in the past eight years mostly as a result of increasing demand from Australia, a country that was forced to deregulate its strong imported paper controls. The industry in Pionka is able to produce paper and paper products at a lower cost than Australian producers, and is closely associated with the agricultural forestry sector.

Furniture: The area contains a number of factories (34) that have produced fine wood furniture for many years. This sector has experienced increasing growth recently in its contribution to GDP and employment, and is one of the fastest growing employers in the manufacturing sector. One of the larger of the 34 factories is in negotiations with Ikea (an international furniture store) to produce certain types of furniture. Ikea is concerned however, that this single factory cannot handle all its demand.

Steel: The steel industry developed due to the presence of the iron-ore mining. The steel industry is in decline.

¹ Several respondents in the accommodation sector suggested that this might account for the declining tourism figure.

Machinery: The machinery industry has sharply declined as the machinery produced was destined for the aerospace defense industry and this is being curtailed. However, the industry continues to specialize, and produces a specialized component that is widely used in the production of mechanized transport. More recently, *Gramein*, a major French-based airplane component manufacturer has expressed interest in acquiring two of the major plants for a defense-related contract that it has secured from a European national government. The contract will last for four years. However, this will not improve levels of unemployment as it is heavily capital intensive. Gramein also wants an undertaking from the government for infrastructure upgrading, tax breaks and an exemption from the current labor laws governing the employment of defense industry workers.

Clothing: The clothing industry has deteriorated in recent years. It is in this sector that a large proportion of the job losses have occurred. However, other data suggests that much of this has been outsourced and is thus informal.

The Service Sector

The service sector consists largely of the logistics industry and is linked to the transport sector. Furthermore, the growth of the sector is due in part to the recent privatization of manufacturing and the subsequent outsourcing of service sector tasks linked to the manufacturing sector.

The Informal Economy

The informal economy is a significant employer in Pionka and a large contributor to the city's GDP. However, little information is available on the sector. The sector supposedly consists of the clothing, retail and fresh produce sectors, however, these suspicions are not based on real data.

Tourism

The region surrounding the town is extremely picturesque and boasts a natural spring that is a source of mineral water. Until ground water pollution from one of the iron-ore mines infiltrated the spring, this was a minor tourist attraction for domestic tourists. Estimates of the clean up amount to approximately Euros 100 million. There is also speculation that poor road conditions in the area have resulted in a decline in tourism numbers. These conditions have resulted in freight carriers avoiding this area as a route to the neighboring country.

Mining, Agriculture, Transport, Water, Gas and Electricity

The mining sector is mostly iron-ore extraction. Agriculture is largely forestry although some small market gardens do exist providing for local consumption. A major arterial road passes through the region and the rail and navigable river stimulate growth of the transport sector. The large water, electricity and gas sectors exist as a result of an electrical power plant that is located on the banks of the river. It supplies power to the region and to several regions in the neighboring country.

Other Information

No detailed, specific local business information is available. It is estimated that 5% of businesses are foreign owned. The city has experienced difficulty in attracting foreign investment. No information is available on new business start-ups or closures at the local level. However, the tax registration department of the regional government has estimated that 59% of businesses that apply for a license close within three years of opening. The state still owns a large proportion of firms. There is a total lack of time series data on rental costs or vacancies, and currently, industrial vacancies are running at 22% of total available industrial space while office vacancies stand at 15%.

Information about the Local Government

Local Government Finances

City of Pionka municipal government collects residential property tax but does not collect property taxes on businesses. These taxes accrue directly to the regional government. The municipality is **not** solvent. It received a grant of Euros 2 million last year from national government in order to cover its operating costs. This problem arose as it had budgeted on expected income from property and services taxes, and not on actual income, from property and services taxes.

Business Regulations

The City of Pionka municipal government controls planning and zoning. A zoning change takes approximately eight months at the very least. A building application takes approximately 24 months for approval. Municipal government controls business licensing and will grant the business license on production of the following:

1. A tax clearance certificate.
2. If the business generates more than 100 kilograms of waste a month, the business must obtain a waste license to allow for the collection of more than 100 kilograms by the Department of Waste Management. It is the responsibility of the business to demonstrate that it will not generate more than 100 kilograms of waste a month and obtain an exemption certificate.
3. An occupational safety certificate from the City of Pionka Department of Health's Occupational Safety Section.
4. If there is any type of kitchen on the premises, the businesses must obtain a food safety certificate from the City of Pionka Department of Health's Food Services Section. Every business is obliged to prove to the municipal government that it does not have a kitchen in order to obtain a kitchen clearance certificate. This is necessary for the business license.
5. If any effluent (grease and oil from cooking; oil from motor mechanics; smoke from a wood fire) will be produced, the business must prove its ability to control effluent. Either:
 - The City of Pionka Department of Wastewater must inspect the premises if effluent is liquid in nature; or,
 - The City of Pionka Department of Air Pollution Control must inspect the premises if effluent is gaseous (including smoke).

It is the responsibility of the business to prove that it will not generate effluent of any sort. On proving this, the business will be granted exemption certificates by the relevant Department.

6. There are also specific licenses governing restaurants and food production, large industrial plants, laundries, textile and clothing industries, motor mechanics, spray painters, and various other sectors. It is the responsibility of the business to identify what these are, and to obtain the relevant clearances and certificates.

Hard Infrastructure

Water, wastewater, electricity and gas supply are available, however, the infrastructure is deteriorating. Water pressure is extremely low due to many leaks, especially in the piping system. Although electricity supply is quite regular because of the power plant, the local network often suffers from problems due to an aging infrastructure. The water, wastewater and gas supply network is a city government function. The electricity grid is a regional government function. All were privatized and are now run as three separate utilities. The area contains an electricity power plant that services the region and the neighboring country, however, no taxes from the power plant accrue to the Pionka city government. The city has recently constructed an industrial site as an incubator for small light industry. This has not yet attracted any private investment apart from two new furniture artisans, who previously manufactured furniture in their basements.

Municipal Government Characteristics

The city government consists of an elected Mayor and an elected Council. The main planning tool is still a master plan. The master plan sets out the spatial plan for the city. By law, the municipal government must review the master plan every five years. Changes made in the last ten years to the way that municipal government functions means that it was reviewed only perfunctorily. The city's municipal government will review the master plan in 2005. This master plan will be more than just a spatial planning exercise. The Mayor hopes to use this to determine the future budget allocation for the city. However, there is not yet a team in place for this.

Regional Links

The region has one other large city that is smaller in size than Pionka. This city is largely agricultural, however, it has developed some industrial specialization in the following sectors:

- Furniture upholstery.
- Paper cup manufacturing.
- Web design (the city has a graphics design and computer school).

National Government Grants for Economic Development

The national government makes the following grants available to cities for economic development purposes:

- Grant for tourism marketing.
- Grant for investment promotion for FDI for industrial chemicals.

The national government has the following grants available for businesses:

- Small businesses that have managed to get international contracts.
- Tourism and marketing businesses to build up skills base.
- SME finance.

These applications must occur with a letter of support from the Chamber of Commerce and the Mayor.

SWOT ANALYSIS FOR THE CITY OF PIONKA

Table 3:

| | |
|----------------------|-------------------|
| Strengths | Weaknesses |
| Opportunities | Threats |

EXERCISE 3: REACHING CONSENSUS

Time: 2 hours and 15 minutes

Objective:

- To reflect on the influence of stakeholder interests in the LED strategic planning process.
- To gain an insight into the process of reaching consensus.

Instructions

This exercise is a continuation of Exercise 2 and uses the SWOT analysis your group has prepared. You will continue to work in the same group as in Exercise 2.

1. You will each be assigned to play a “role” as a representative of a particular stakeholder group in the City of Pionka.
2. Individually, and from the point of view of the “stakeholder role” you have been assigned, review the SWOT analysis your group developed for Pionka. Think about the problems your stakeholder groups have had and imagine how the SWOT analysis and an LED strategy could affect your stakeholder interests. Think about how the determination of critical issues may affect your stakeholder group.
3. Discuss and reach agreement on the **three most critical issues** facing Pionka, based on the needs of your stakeholder group. You should actively represent the interests of this group in your own proposals and comment about the critical issues during the group discussion.
4. Use the following steps to come to consensus after the group discussion.

Steps

- a. Each person individually generates a list of the five most critical issues from the perspective of their stakeholder group.
- b. Combine all the issues into one list.
- c. Discuss each issue and try to find points of agreement and convergence.
- d. Through discussion, reduce the list to ten critical issues.
- e. Each person prioritizes the issues individually. Agree on the three highest priority issues.
- f. Prepare to report your group findings.

Making Local Economic Development Strategies: A Trainer's Manual

Module 2: Templates

**A Knowledge Product of the World Bank and Cities of Change Initiative,
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A Knowledge Product of



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TEMPLATE 1: SWOT ANALYSIS QUESTIONS AND TEMPLATE FOR EACH CATEGORY OF DATA ANALYSIS

TO IDENTIFY STRENGTHS

What are the community's strongest resources?

What opportunities exist to maximize the strength of this resource?

What resources could, with support, promotion or investment, become a strength?

TO IDENTIFY WEAKNESSES

What are the liabilities that can limit achievement of local economic development?

What are the constraints that restrict the accomplishment of local economic development initiatives?

TO IDENTIFY OPPORTUNITIES

What opportunities exist for maximizing, enhancing, or supporting existing strengths that have been identified?

What improvements or support could identified weaknesses benefit from?

What opportunities external to the community can be identified for each category?

TO IDENTIFY THREATS

What threatens identified strengths?

What threatens the realization of identified opportunities?

What weaknesses threaten to become worse and under what circumstances?

INTERNAL ANALYSIS: STRENGTHS AND WEAKNESSES

| FACTOR | STRENGTHS | WEAKNESSES |
|---|-----------|------------|
| Labor Market Skills Wage Rates Productivity Availability | | |
| Financial Capital Private capital Public capital Seed Venture Capital Start Up Capital | | |
| Access to Markets Proximity to customers Proximity to Suppliers | | |
| Transportation Access to major highways Access to airports Access to Port Access to freight train | | |
| Sites and Facilities Number of Sites and Size Cost Infrastructure and Utility availability Telecommunications Number of available/existing structures Rent or cost Suitability | | |
| Knowledge Resources Research/Development facilities Industry or trade association | | |
| Education and Training Colleges or universities Higher technical training Vocational skills training Business services and Technical support | | |
| Business Climate Government responsiveness Taxes Regulations and controls Cooperation/assistance with private sector | | |
| Quality of Life Cost of living Culture and recreation Public services Attractiveness of city Natural resources | | |

EXTERNAL ANALYSIS: OPPORTUNITIES AND THREATS

| FACTOR | OPPORTUNITIES | THREATS |
|---|---------------|---------|
| Labor Market Skills Wage Rates Productivity Availability | | |
| Financial Capital Private capital Public capital Seed Venture Capital Start Up Capital | | |
| Access to Markets Proximity to customers Proximity to Suppliers | | |
| Transportation Access to major highways Access to airports Access to Port Access to freight train | | |
| Sites and Facilities Number of Sites and Size Cost Infrastructure and Utility availability Telecommunications Number of available/existing structures Rent or cost Suitability | | |
| Knowledge Resources Research/Development facilities Industry or trade association | | |
| Education and Training Colleges or universities Higher technical training Vocational skills training Business services and Technical support | | |
| Business Climate Government responsiveness Taxes Regulations and controls Cooperation/assistance with private sector | | |
| Quality of Life Cost of living Culture and recreation Public services Attractiveness of city Natural resources | | |

TEMPLATE 2: SWOT TEMPLATE

COMMUNITY STRENGTHS

Consider each category into which data collection has been organized and ask:

- ✓ What are the community's strongest resources and assets?
- ✓ What opportunities exist to maximize the strength of these resources and assets?
- ✓ What resources or assets could, with support, promotion, or investment, become a local economic strength?



In prioritizing the top FIVE strengths to build on:

- ✓ Where can the biggest changes occur?
- ✓ Which are the easiest to address?



- 1.
- 2.
- 3.
- 4.
- 5.

COMMUNITY WEAKNESSES

For each category of data analysis, identify weaknesses relating to local economic development.

- ✓ What are the liabilities that can limit the achievement of local economic development?
- ✓ What problems are faced by businesses in dealing with local municipal government and other tiers of government?
- ✓ What are the needs and constraints that restrict the accomplishment of business and local economic development initiatives (e.g. need for retraining, poor management experience)?



In prioritizing the top FIVE weaknesses:

- ✓ Which are impossible to change (dismiss these)?
- ✓ Where can the biggest changes occur?
- ✓ Which are the easiest to address?



- 1.
- 2.
- 3.
- 4.
- 5.

COMMUNITY OPPORTUNITIES

Opportunities relating to each category of analysis can be looked at in different ways.

- ✓ What opportunities for maximizing, enhancing, or supporting existing strengths have been identified?
- ✓ What improvements or support could identified weaknesses benefit from?
- ✓ What opportunities external to the community can be identified for each category?



In prioritizing the top FIVE opportunities:

- ✓ Which are impossible to take advantage of (dismiss these)?
- ✓ Where can the biggest changes occur?
- ✓ Which are the easiest to address?



- 1.
- 2.
- 3.
- 4.
- 5.

COMMUNITY THREATS

Threats refer to forces internal and external to the community that threaten the community's resources, assets, opportunities or values. The purpose of this analysis is to identify threats and then plan for prevention, mitigation, or minimization of potential negative impacts.

- ✓ What threatens the identified strengths?
- ✓ What threatens the realization of the identified opportunities?
- ✓ What weaknesses threaten to become worse, and under what circumstances?



In prioritizing the top FIVE threats:

- ✓ Which are impossible to address (dismiss these)?
- ✓ Where can the biggest changes occur?
- ✓ Which are the easiest to address?



- 1.
- 2.
- 3.
- 4.
- 5.

Making Local Economic Development Strategies: A Trainer's Manual

Module 3 Formulating the LED Strategy

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INTRODUCTION TO MODULE THREE

Module 3 Overview

This module introduces participants to the stages of preparing a strategic plan based on their local economy assessment. In formulating an LED strategy, it takes participants through the logical steps of defining a **Vision**, setting **Goals** and **Objectives**, and selecting **Programs** for implementation. Participants then consider **Project** identification, analysis and prioritization in order to realize the strategy's aims. Participants will learn how to use objective criteria as a means of identifying the projects that best achieve the programs and goals they have defined.

Participant Learning Objectives: In undertaking this module, it is envisaged that participants will:

- Define interrelated **Vision, Goals** and **Objectives** for an LED strategy
- Define and identify **Programs** appropriate to their city's needs
- Select and prioritize **Projects** that fulfill program aims
- Identify sources of LED project finance

Table 1: Structure of Module 3

| Day | Activity |
|---------|--|
| Day One | Session 1: Group Feedback Implementation Module Two |
| | Session 2: What is Strategy Making? Exercise 1: Writing Objectives |
| | Session 3: Identifying and Selecting Programs and Projects Exercise 2: Linking Vision, Goals and Objectives Exercise 3: Selecting Programs |
| Day Two | Session 4: Selecting Projects Exercise 4: Selecting Projects |
| | Session 5: Financing Programs and Projects Exercise 5: Relating Programs to Projects |
| | Session 6: Assessing and Prioritizing LED Projects Exercise 5: Prioritizing Projects |
| | Session 7: Planning for Implementation |

Module Length

2 Days



PowerPoint Slide Presentation

- Module 3



Exercises

In Day One, three exercises allow participants to understand the relationships between the local economy assessment, Vision, Goals, Strategies, Objectives and Programs.

- **Writing Objectives** provides an opportunity for participants to practice setting clear objectives that relate to Vision, Goals and critical issues. **Linking Vision, Goals and Objectives** allows participants to understand the relationship between objectives in developing a strategic plan and the criteria for making choices. **Selecting Programs** offers an insight into the relationship of programs to objectives and goals.

In Day Two, three exercises highlight the basis selecting LED projects.

- **Selecting Projects** is designed to help participants identify the relationship of projects and programs; participants will utilize the exercise as a tool for selecting projects. **Relating Programs** aims to highlight the relativity of programs and objectives to LED projects. **Projects and Prioritizing Projects** aims to provide participants with an understanding of how objective criteria can be applied to selecting and prioritizing LED projects.



Templates



Learning Materials

Module 3 Course Materials

| Module | Core Material | Learning Materials |
|----------|---|--|
| Module 3 | <ul style="list-style-type: none"> <input type="checkbox"/> Module 3 Trainer's Manual <input type="checkbox"/> Module 3 <input type="checkbox"/> Module 3 Exercises <input type="checkbox"/> Module 3 Templates | <ul style="list-style-type: none"> <input type="checkbox"/> City of Smolyan LED Strategy, Bulgaria <input type="checkbox"/> Entrepreneurship and SME Development Strategy in Prijedor Municipality <input type="checkbox"/> Zenica Local Economic Development 'Vision to Projects' Matrix <input type="checkbox"/> Frydek-Mistek Strategic Planning Process Setting Priorities <input type="checkbox"/> LED Program Options <input type="checkbox"/> World Bank Local Economic Development Primer <input type="checkbox"/> A Menu of LED Tools <input type="checkbox"/> Gliwice Technology Park Workshop, Poland <input type="checkbox"/> Municipality of Sežana Case Study <input type="checkbox"/> Slovakia LED Project Casebook <input type="checkbox"/> Harrogate Web site Business Attraction <input type="checkbox"/> South Africa Cluster Example <input type="checkbox"/> Municipality of Grimsby Case Study <input type="checkbox"/> Mining Regeneration Case Study <input type="checkbox"/> LED Programs to Projects Matrix |

SESSION 1: GROUP REPORTS IMPLEMENTATION MODULE TWO

Overview of Session 1

| | |
|--|--|
| Objectives | <input type="checkbox"/> To analyze the tasks and draw conclusions about lessons learned and problems encountered <input type="checkbox"/> To outline the approach to LED strategy formulation and next steps |
| Session Time  | 1 hour 30 minutes |
| PowerPoint Slides  | None |
| Exercise  | None |
| Templates  | Template 1: Formulating LED Strategy: Lessons Learned |
| Learning Materials  | None |
| Key Reading | Local Economic Development Primer http://www.worldbank.org/urban/led/led_primer.pdf |

Report of Module Two Implementation

Comments: Welcome participants to the third training module and refer participants to the agenda for Module Three. Use the overview of Module 3 to explain the contents and objectives of the module, and how it links to the first two modules. Note that the time for this session will vary based on the number of city teams.

Each team will need at least five minutes to report on the process and progress of the task implementation carried out since the previous training module. The purpose of this team reporting is so that city teams can share their experiences, and learn from other team experiences, in implementing the steps of strategic planning for LED. The session should be structured so that each group reports on the tasks implemented. The main issues to address are:

- The main or significant findings from having undertaken a local economy assessment
- A description of the team that undertook the SWOT analysis
- The specifics and findings of the SWOT analysis
- The critical issues identified in the SWOT analysis
- What went well and less-well in the local economy assessment implementation tasks

Group Feedback

Comments: Use the group feedback session to determine whether the implementation tasks have been completed successfully. Compare and contrast the results and choices made by different city groups and ask groups to explain the basis for choices and decisions.

Note where groups have not followed recommendations. Note the problems that the groups have experienced in transferring theory to practical implementation. Discuss each of the problems identified in the implementation of tasks and propose appropriate solutions.

Application

 15 minutes



Template 1: Formulating LED Strategy: Lessons Learned

Distribute to participants the *Formulating LED Strategy: Lessons Learned* template. Using this session as a chance to link theory to practical application, and to highlight the main lessons learned from Modules One and Two, ask participants the series of questions listed below.

Ask participants to write and enter their responses directly into the blank spaces provided in Template 1. When participants have completed writing their answers, ask participants from each city group to verbally answer one of the questions. After they have answered that question, invite other city teams to provide additional answers. Suggest to participants that they make a note of other answers on their template for future reference.

Ask participants the following questions:

- What are the main conclusions and lessons learned about stakeholder participation, stakeholder selection and stakeholder interests?
- What did the SWOT analysis reveal about your city that is important to understand in successfully developing and implementing an LED strategy?
- What sort of obstacles have you encountered? Which obstacles can you deal with and how?
- What conclusions are you coming to about the competitive position of your city?
- What conclusions are you coming to about the factors you can influence and those that you cannot?
- What have you learned about how to manage conflicts and interest groups in the LED strategic planning process?
- What have you learned about participation in the LED strategic planning process?
- What insights have you gained about LED strategy making?

After going through the questions with participants, highlight to participants the fact that many of the factors raised by these questions will need to be considered in devising and formulating LED strategy.

Close the session and make the transition to Module Three. Refer participants to the course agenda and highlight the structure of sessions. Use the introduction to link the general content to the specific learning objectives of the module. Stress the connection between the local economy assessment and the formulating of a local economic development strategy.

SESSION 2: STRATEGY MAKING

Overview of Session 2

| | |
|--|--|
| Objectives | <ul style="list-style-type: none"> <input type="checkbox"/> To understand how to use the SWOT analysis and assessment to formulate Vision, Goals and Objectives <input type="checkbox"/> To be able to conduct a visioning process <input type="checkbox"/> To select appropriate goals and objectives <input type="checkbox"/> To understand priority setting |
| Session Time  | 1 hour 30 minutes |
| PowerPoint Slides  | Module 3 PowerPoint Slides 1-13 <i>This session requires that participants be provided with a copy of the PowerPoint slide presentation for Exercise 2</i> |
| Exercise  | Exercise 1: Writing Objectives Exercise 2: Linking Visions, Goals and Objectives |
| Templates  | Template 2a: LED Vision to Projects Matrix Template 2b: LED Vision to Projects Matrix Template 2c: LED Vision to Projects Matrix |
| Learning Materials  | <ul style="list-style-type: none"> <input type="checkbox"/> City of Smolyan LED Strategy, Bulgaria <input type="checkbox"/> Entrepreneurship and SME Development Strategy in Prijedor Municipality <input type="checkbox"/> Zenica Local Economic Development 'Vision to Projects' Matrix <input type="checkbox"/> Frydek-Mistek Strategic Planning Process Setting Priorities |
| Key Reading | Primer Sections 5.1-5.3 |

Strategy Making

 **45 minutes**

 1, 2

*Comments: Explain to participants that there are five steps in this module that will enable a local economic development strategy to be written. These steps build on the strengths and opportunities of a city and aim to maximize the city's economic potential. As a logical extension of the local economy assessment, these steps are: **vision, goals, objectives, programs and projects**. These steps are inter-related.*

Step One: Creating a Vision

 3

- The **vision** seeks to provide a statement of intent as to where the city sees itself being in three, five or eight years time (this is not time limited and alternative time frames are possible)
- It gives an idea of the desired future for the city, and makes clear the shared values and guiding principles that are central to the formulation of the LED strategy
- It is a reference point to keep stakeholders (and the community) focused on key issues
- It informs and guides short and long term decisions



4

An example of a local economic development **vision**.

*Comments: In considering Slide 4, outline to participants the key characteristics of a well thought out local economic development **vision**. A good vision:*

- Describes what the future holds; it does not describe how the city will get there
- Is positive and inspiring, and leads to action
- Focuses on outcomes
- Is a description of the stakeholders' preferred economic future of the city
- Is based on shared values and is supported and agreed to by all stakeholders
- Is not always fully achievable, but gives a clear sense of where and what the community is aiming to become



Template 2a:

*Comments: Distribute **Template 2a** to participants and highlight the relative position of the vision statement in the LED Vision to Projects Matrix.*

LED Vision:

By 2010, this city will have a dynamic, business-oriented government and be characterized by an attractive business enabling environment that provides the basis for a wide range of entrepreneurial and employment opportunities. The city will be home to a diverse and growing range of businesses that provide a broad range of employment opportunities in the service, agricultural and manufacturing sectors.

Template 2a

| Vision | Goals | Objectives | Programs | Projects |
|--|-------|------------|----------|----------|
| By 2010, this city will have a dynamic, business-oriented government and be characterized by an attractive business enabling environment that provides the basis for a wide range of entrepreneurial and employment opportunities. The city will be home to a diverse and growing range of businesses that provide a broad range of employment opportunities in the service, agricultural and manufacturing sectors. | | | | |
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| | | | | |
| | | | | |
| | | | | |

Comments: Highlight the perspectives of different stakeholders by asking participants to describe the likely opinions of the preferred vision from different stakeholders including: the business sector, municipal government, a small business owner, a salaried employee and resident of the city, an unemployed worker.

In developing a **vision**:

- Keep the time frame manageable, for example, between 3 and 8 years
- Keep it based on the knowledge gained through the SWOT analysis and the local economy assessment
- Keep it based on current realities, known trends and values
- Invite stakeholders to participate through a facilitated group process to develop ideas for a vision



Learning Material 1: City of Smolyan Local Economic Development Strategy, Bulgaria



Learning Material 2: Entrepreneurship and SME Development Strategy in Prijedor Municipality, Bosnia and Herzegovina

Comments: Refer to the City of Smolyan Local Economic Development Strategy and the Prijedor Entrepreneurship and SME Development Strategy. Discuss how the **vision statement** of these two examples relates to the SWOT analysis and the local economy assessment. Point out that both strategies were written by the city teams and while providing ideas for strategy development, do not always reflect best practice, for example, the City of Smolyan's LED objectives do not include quantifiable improvement targets.

One way to develop the **vision** statement is for the key stakeholders in the city/municipality to come together to offer suggestions and ideas in a 'brainstorming'¹ exercise. After identifying and categorizing a range of ideas, inputs and views, a **vision** can be put together using these ideas as a broad guiding theme.

An alternative approach to devising a **vision** is to use the critical issues that have been highlighted in the SWOT analysis and local economy assessment as the basis for the **vision statement**. Start by making a complete sentence for each critical issue. If "suitable transport infrastructure" has been identified as being a barrier to local economic growth, then "to develop and maintain an integrated transport infrastructure that is adequate for the needs of city residents and businesses" may form part of the **vision statement**.

Step Two: Developing Goals



5

Explain to participants that:

- **Goals** flow directly from the **vision**
- They represent the specific areas on which the LED strategy will focus to achieve the **vision**
- Many **goals** may be identified. These may have been refined by defining critical issues and priorities

¹ Brainstorming is defined as a group problem-solving technique in which members/stakeholders meet to propose ideas and possible solutions to a problem or issue.

- At this stage, **goals** must be refined so that they reflect the **vision** of the future, the critical issues identified in the SWOT analysis, and the greatest needs and highest priorities of the city/municipality

Examples of some common goals:

- To create or retain jobs in specific industry sectors
- To improve the responsiveness of municipal government to the needs of small businesses
- To maintain the central business district as an attractive place for the retail and service sectors
- To develop a specific site or historical/archaeological attraction as a tourist destination
- To reduce levels of poverty in the community



6, 7

Examples of local economic development **goals**

***Comments and questions:** Indicate the relativity of **goals** to the **vision statement** using slides 6 and 7. Comment on the relationship between the two and highlight how the **vision** is captured in the well defined **goals**. Ask participants what criteria should be used to select **goals**.*

Selecting and Prioritizing Goals

Many **goals** can be identified using the SWOT analysis and **vision**. The number of **goals** should be limited however, otherwise the strategy will lose focus; no more than 5 or 6 are suggested. Ideally, the LED strategy will have a combination of short, medium and long-term **goals** so as to provide a continuum of visible results along the lifetime of the strategy. In considering the selection and prioritization of **goals**, participants should be aware of the key factors that determine the viability of a **goal**:

- Does the **goal** relate to the city's unique social, political and economic climate
- Does the **goal** logically follow on from the **vision**
- In selecting a **goal**, what effect will successfully achieving that **goal** have on the development potential or problem solving capacity of the city
- Are actions already underway that could potentially support the aims of a **goal**
- Is the **goal** to achieve short, medium or long term results



Template 2b:

***Comments:** Distribute **Template 2b** to participants and highlight the relative position of the goals in the LED Vision to Projects Matrix.*

LED Goals:

G1: To transform the local government so that it is responsive to business customer needs
G2: To ensure appropriate provision of business services and conditions to support the development and expansion of new and expanding businesses
G3: To develop the built and human infrastructure capacity needed for business growth
G4: To attract new and inward investment projects from the private, public and third sectors, maximizing opportunities from the donor community

Template 2b:

| Vision | Goals | Objectives | Programs | Projects |
|--|---|------------|----------|----------|
| By 2010, this city will have a dynamic, business-oriented government and be characterized by an attractive business enabling environment that provides the basis for a wide range of entrepreneurial and employment opportunities. The city will be home to a diverse and growing range of businesses that provide a broad range of employment opportunities in the service, agricultural and manufacturing sectors. | G1: To transform the local government so that it is responsive to business customer needs | | | |
| | G2: To ensure appropriate provision of business services and conditions to support the development and expansion of new and expanding businesses | | | |
| | G3: To develop the built and human infrastructure capacity needed for business growth | | | |
| | G4: To attract new and inward investment projects from the private, public and third sectors, maximizing opportunities from the donor community | | | |
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Step Three: Developing Objectives



8

Developing Objectives

- **Objectives** are even more specific than **goals**, and provide a way of detailing and measuring specific components of a **goal**.
- **Objectives** are specific and should be measurable and easy to monitor in terms of time or other indicators of performance.
- A **goal** may have several **objectives**, from short, to medium, to long term.
- **Objectives** should be within the realm of possibility to achieve and should also be based on the findings of the local economy assessment and SWOT analysis.
- **Objectives** should be complementary, that is, they should not have a negative impact on other **goals** or **objectives**. For example, expanding the heavy manufacturing base of a city might conflict with the objective of reducing air pollution within the city. Ideally, they should support each other.



9, 10, 11, 12

An example of local economic development **objectives**

Comments: Slides 9, 10, 11, and 12 illustrate how **objectives** are more specific than **goals** and support the realization of the **goal**.



Learning Material 3: Zenica Local Economic Development 'Vision to Projects' Matrix, Bosnia and Herzegovina

Distribute leaning material 3 to participants. Using the Zenica Local Economic Development Action Plan, highlight the sequential linkages between vision and goals, goals and objectives, and vision and objectives.

Goals and **objectives** are operational ways of addressing issues identified in the local economy assessment. They ultimately define the selection of LED **programs** and **projects**, and the expected outputs (deliverables) of LED **programs** and **projects**. They form the basis for an implementation strategy. The success of an LED strategy will be evaluated on the basis of how well it achieves the overall strategy **objectives**.

Questions: Ask participants the following questions so that they understand the process of defining **objectives**:

- What gaps and critical issues identified in the SWOT analysis and local economy assessment need to be addressed? What factor is critical to the success of the local economy?
- What opportunities can the LED strategy seek to build on?
- What can we realistically achieve in the 3, 5 or 8 year timeframe of the strategy?
- What weaknesses should the LED strategy seek to overcome?

Questions: Ask participants to think about the following issues when deciding on, and writing, **objectives**:

- Is the expected end result of the **objective** clearly stated?
- Is the **objective** measurable, quantifiable and/or observable?
- Within the context of the local economy assessment and the realistic setting of the city, is the **objective** realistic and achievable?
- Is the **objective** time dated? Can a time limit be set on the **objective**?



13

Comments: This slide seeks to provide participants with an understanding of how to select an appropriate **objective**, and the factors that will determine whether the **objective** is appropriate.

Questions: Ask participants:

- For an example of a time bound **objective**. Be prepared to offer examples. Explain and clarify the various ways an **objective** can be time bound
- For an example of a measurable **objective**. Be prepared to give examples and clarify what is meant by measurable
- For an example of how one **objective** may depend on another
- How one **objective** may compliment another **objective**

Comments: Note that there will be an exercise on prioritizing objectives.

Developing and Prioritizing Objectives:

There will probably be many different demands to include many objectives in the LED strategy, and it will be necessary to prioritize them. Some criteria to prioritize objectives:

- The relativity, dependence and complementary nature of one **objective** to another
- The likely beneficiary constituency of selecting one **objective** over another
- The contribution of the **objective** to achieving the **vision** and **goals**
- The likelihood of achieving the **objective**: What forces will it be necessary to overcome to implement the **objective**? What issues will need to be addressed to implement the **objective**?
- The ability of the city to secure the necessary resources, influence and support to achieve the **objective**.
- The level of popular support in the community for developing and realizing the **objective**.



Learning Material 4: Frydek-Mistek Strategic Planning Process Setting Priorities, Czech Republic

Distribute Learning Material 4 to participants. Use this as the basis for discussion of criteria for selecting LED objectives



Template 2c:

Comments: Distribute Template 2c to participants and highlight the relative position of the objectives, goals and vision statement in the LED Vision to Projects Matrix.

LED Objectives

G1:O1: By 2006, to improve business processes, liaison and services so that business surveys indicate a 90% satisfaction rating for all interactions with the municipality

G2:O1: By 2006, to ensure, through the use of business attitude surveys, that the local business enabling environment is considered greatly improved by 80% of businesses

G3:O1: By 2010, to ensure that appropriate investments and programs are in place to have eliminated, or reduced considerably, 10 of the highest priority business infrastructure constraints identified by the business survey

G4:O1: To increase the amount of investment in the city from all sectors to 10% higher than the national average by 2006

Template 2c

| Vision | Goals | Objectives | Programs | Projects |
|--|---|---|---|----------|
| By 2010, this city will have a dynamic, business-oriented government and be characterized by an attractive business enabling environment that provides the basis for a wide range of entrepreneurial and employment opportunities. The city will be home to a diverse and growing range of businesses that provide a broad range of employment opportunities in the service, agricultural and manufacturing sectors. | G1: To transform the local government so that it is responsive to business customer needs | G1:O1: By 2006, to improve business processes, liaison and services so that business surveys indicate a 90% satisfaction rating for all interactions with the municipality | | |
| | G2: To ensure appropriate provision of business services and conditions to support the development and expansion of new and expanding businesses | G2:O1: By 2006, to ensure, through the use of business attitude surveys, that the local business enabling environment is considered greatly improved by 80% of businesses | | |
| | G3: To develop the built and human infrastructure capacity needed for business growth | G3:O1: By 2010, to ensure that appropriate investments and programs are in place to have eliminated, or reduced considerably, 10 of the highest priority business infrastructure constraints identified by the business survey | | |
| | G4: To attract new and inward investment projects from the private, public and third sectors, maximizing opportunities from the donor community | | G4:O1: To increase the amount of investment in the city from all sectors to 10% higher than the national average by 2006 | |
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 **Exercise 1: Writing Objectives**

 **20 minutes**

Objective:

- Practice setting clear objectives that relate to **vision, goals** and critical issues

Comments: Before commencing the exercise, review again the rules for setting **objectives** (notably Slide 13: Are the objectives SMART?). Inform participants that they should undertake the exercise using the critical issues that were identified in their own city's SWOT analysis.

Instructions to Participants:

1. Inform participants that they will first work individually and then in city teams. Ask participants to refer back to their own city SWOT analysis and the critical issues that they defined.
2. Using the guidance for defining objectives, ask participants to individually think of **one** objective that they think is a potential objective for an LED strategy, and that conforms to the critical issues they have defined (5 minutes).
3. Participants should share their objective with the rest of their city team and discuss the various objectives that have been identified. Coming together as a city team, the team should select one objective that they think is the best written, and that is the most likely to achieve the goals of the strategy. The team should write on a flip chart their selected objective and be prepared to present the objective and provide reasoning on why they selected this objective.

Group Feedback**Questions:**

Ask participants to individually consider each of the objectives one by one.

Ask participants to decide if the objective statements meet the requirements of a SMART objective.

Ask participants for suggestions on how the objectives can be improved.

Use the opportunity to repeat the requirements of objectives.

Emphasize that by thinking through the objectives in this way, participants will find it easier to prioritize objectives and formulate programs to meet the objectives.

**Exercise 2: Linking Vision, Goals and Objectives****60 minutes****Objectives:**

- To understand the linkages between vision, goals and objectives
- To reflect on criteria for making choices
- To gain insights into the need to measure results or outputs of programs

Comments: Explain to participants that this exercise allows them to begin to outline the basis of an LED strategic plan.

Distribute to participants a copy of the PowerPoint presentation on visions, goals and objectives.

Inform participants that they can refer if they wish, to the **Zenica Local Economic Development 'Vision to Projects' Matrix** (Learning Material 3) and other strategic plan learning materials such as the **City of Smolyan Local Economic Development Strategy** (Learning Material 1).

Before commencing the exercise, explain what is meant by the term output and provide examples. Explain that outputs include such things as new jobs created, new business start-ups, or a decrease in unemployment. Highlight the fact that there can be more than one output result for an objective. For example, increasing the amount of investment in the city may result in a number of small business startups, higher revenues for existing businesses, higher sales tax receipts to the city, a lower rate of unemployment and a higher average family income. These are all outputs (results) of an LED Program.

Inform participants that they should keep their completed exercise sheet for use in the next sessions and in the Day Two exercises.

Instructions to Participants:

- Work with your city team
- Use your own SWOT analysis, local economy assessment and definition of critical issues

Task One: Based on your local economy assessment, discuss and agree on the following:

- A **vision statement**
- Four **goals**
- Two **objectives** for each of the four goals

Task Two: For each objective, note down at least one specific result that you would wish to have:

- Be ready to justify how each of these choices relates to the SWOT analysis and the **vision**
- Use the template provided in the **Exercise 2**
- Write up your information on a flip chart and nominate a reporter
- Save your template for use in the exercises to come

Group Feedback



10 minutes

Comments: During the group feedback session, highlight any problems that arise associated with determining LED goals and objectives, and make sure that they link to the respective SWOT analysis and vision statements (the justifications for the goals and objectives).

Use the feedback session as an opportunity to highlight the relationships between the various LED strategy planning steps. Use the group feedback session to discuss what kinds of results are needed to meet objectives. Note which results meet more than one objective. Also note the importance of results that you can count and measure.

Application

Questions: Ask participants:

- What does this tell you about selecting and defining LED goals and objectives?

Summary of Session

Comments: Refer back to objectives of the session and summarize and transition to the next section **Selecting Programs** by explaining the importance of selecting programs that address multiple LED strategy objectives and goals.

SESSION 3: IDENTIFYING AND SELECTING PROGRAMS

Overview of Session 3

| | |
|--|--|
| Objectives | <input type="checkbox"/> To present the ten most useful types of programs <input type="checkbox"/> To define and differentiate programs <input type="checkbox"/> To identify the relationship of goals and objectives |
| Session Time  | 1 hour 30 minutes |
| PowerPoint Slides  | Module 3 PowerPoint Slides 14-33 |
| Exercise  | Exercise 3: Selecting Programs Two Additional Exercises: Undertaken at Trainer's Discretion |
| Templates  | Template 2d: LED Vision to Projects Matrix |
| Learning Materials  | <input type="checkbox"/> LED Program Options <input type="checkbox"/> World Bank Local Economic Development Primer <input type="checkbox"/> A Menu of LED Tools <input type="checkbox"/> Gliwice Technology Park Workshop, Poland <input type="checkbox"/> Municipality of Sežana Case Study <input type="checkbox"/> Slovakia LED Project Casebook <input type="checkbox"/> Harrogate Web site Business Attraction <input type="checkbox"/> South Africa Cluster Example <input type="checkbox"/> Municipality of Grimsby Case Study <input type="checkbox"/> Mining Regeneration Case Study |
| Key Reading | Primer Sections 5.4-5.5 http://www.worldbank.org/urban/led/led_primer.pdf |

LED Program Options

Introduction: What are LED Programs

 **10 minutes**

Question: Ask participants to define an LED program.

An LED Program consists of a group of individual projects that seek, as the Zenica LED Action Plan (Learning Material 3) exemplifies, to address the same objective. Programs can include long, medium and short-term projects.

Comments: Having completed the local economy assessment, each city team should have a **vision, goals and objectives**. Participants will now generate a series of LED programs and projects to fulfill goals and objectives. The following ten program options cover all the most common types of LED program interventions. Refer participants to the LED Program Options (**Learning Material 5**). Municipalities and communities will use these general program ideas to select appropriate programs.

Remind participants that in selecting and devising LED programs, programs should:

- Support the realization of goals and objectives
- Be realistic and achievable in their potential for achieving the objectives identified

- Incorporate a number of related complimentary projects using a variety of methods that address different aspects or areas of the objective. They may be implemented by a variety of actors or stakeholders in the community, and can be acted upon by an individual stakeholder or in collaboration with the other stakeholders and/or city government
- Combine long, medium or short term outputs

Programs are designed to build on strengths and overcome weaknesses

The 10 LED Program Options

 **45 minutes**

Learning Material 5: LED Program Options

***Comments:** Distribute LED Program Options (Learning Material 5) to participants. Discuss each of the program options and the type of projects that support each program. Inform participants that they will have an opportunity to think in detail about specific project types in Day Two.*

Highlight to participants the points for consideration listed below, identifying each point and its relative to each of the program areas:

- What kinds of resources (financial, human, private sector, organizational, political, community) would be needed for each program; where might such resources come from?
- What does the program entail in terms of its management, approval and coordination with implementing partners and stakeholders?
- Who might usually implement such a program; what institution/s would be best suited to implementing such a program;
- What goals and objectives is the program directed towards?
- What public and private institutions could be involved with the program besides the city government?

The answers to these questions will determine the potential for implementing successfully, different types of programs.

Learning Material 6: World Bank Local Economic Development Primer²

Draw participants' attention to the Local Economic Development Primer. Note that this is a long session and that it may need to be continued in Day Two.

 **14, 15**

Program 1: Improving the Local Business Investment Climate

Improving the local business investment climate should be a fundamental objective of any LED strategy. A good audit of the local economy will determine where improvements can be made, and are required. Key areas where the city can make improvements with little outside support include:

² http://www.worldbank.org/urban/led/led_primer.pdf

Comments: Highlight and discuss the following points with participants:

Regulations:

- Regulations can be beneficial to the local economy and private sector development. Such regulations may preserve or protect Greenfield sites, sites of historical/tourist potential, air quality, health and safety, and workers' rights. Regulations also have the potential to impede business development and growth
- Some regulations are determined nationally, for example, safety-at-work regulations or environmental regulations; others can be determined locally, for example, noise regulations, and restrictions on the use of property and property development
- Some regulations may serve as a hindrance and 'brake' to businesses, be costly to implement, be out of date, arbitrary and time consuming, make for delays, or serve no practical purpose
- In all cases, the advantages to the municipality and community of having business regulations ought to be considered against the potential disadvantages

Bureaucracy:

- The impact on businesses with regard to the levels and types of bureaucracy. Where possible, reduce the burden of bureaucracy by making it easier to navigate, less costly in the time it takes for businesses to fulfill procedural requirements, and more transparent in nature
- Consolidate where possible, the approvals procedure and the amount of paperwork required, and remove where excessive, the number of permits and licenses
- There are many ways in which a municipal government can simplify bureaucracy and reduce the costs to, and length of time associated with, doing business. These include the development of 'one-stop shops' for business development; the establishment of a dedicated Business Information Office within City Hall; and the creation of a dedicated Municipal-Business Joint Working Group to review and discuss business systems and procedures



Learning Material 7: A Menu of LED Tools

Comments: Many cities have created 'One-Stop Shops' that combine regulatory and permitting functions for business in one service area.

Taxes and Fees:

- Replace taxes with direct fees for services
- Develop a tax policy that does not discriminate against established and new-start business
- Ring fence³ tax/fee revenues to improve services for businesses or make business-friendly infrastructure investments
- Consider the use of tax-based incentives

Land and Property Registration:

- Clarify any outstanding land and property titling issues
- Assess fairly and transparently, property values so that owners capture the full gain in the property value
- Resolve issues of land and property ownership that may exist as a result of privatization and restitution

³ Ring fencing is the practice of isolating a designated pot of money from a particular source and using that pot of money for a specific use.

Development Plans:

Promote sensible and transparent development plans that accommodate municipal and community needs, and facilitate business development and expansion. The needs and interests of current and future businesses should be considered and integrated with land use planning and zoning. A municipality should have, be in the process of establishing, or be considering the establishment of:

- A land use and physical development plan that is consistent with sustainable economic development and municipal growth
- An infrastructure development plan that is consistent with sustainable economic development and municipal growth

Within the context of development plans, excess public land can be made available for business expansion or location through sale or lease, and by including appropriate zoning mechanisms for land use.

Comments: In Gliwice, Poland, a duty free zone was created on 50 hectares of municipal property adjacent to the port and major rail line. It houses Poland's largest computer company, which includes an office building and 18,000 square meters of warehouse space.

City Hall Assistance:

- Change the attitude of City Hall staff members. Businesses seeking new site locations will often undertake preliminary research and analysis of a potential location and may visit City Hall and the Mayor. Businesses will often form an impression immediately about the city's attitude to, and support for, local business development.
- City Hall can facilitate opportunities for new and existing businesses through the development of a "buy local" program that ensures fair and open access to City Hall's procurement process. A "buy local" program is sometimes referred to as a "Local Purchasing Initiative".

**Additional Exercise**

Comments: Ask participants to make a list of the five most important infrastructure needs of the businesses of the city. Ask participants to keep this list for use in the exercise at the end of the session.

Program 2: Investment in Hard Strategic Infrastructure**16**

Local economy competitiveness demands high quality strategic infrastructure to service business needs. Communities in many regions face substantial challenges because the infrastructure that exists is aging and outdated, and service delivery is poor and unreliable. The operational effectiveness and management of such operations is often inefficient, unresponsive to user needs, and financially inefficient. Key challenges include the increasing infrastructure expectations that decentralization brings, and the costs associated with implementing and maintaining infrastructure improvements.

Highlight to participants the following points:

- Some infrastructure improvements require partnering with other tiers of government
- Many infrastructure improvements require substantial financial resources such as loans, and such improvements are a major commitment by the city

- Inviting the private sector to become a 'project partner' may be an effective way of securing additional resources (financial, human, political) and support to realize infrastructure improvements
- The first step to undertaking any infrastructure program is to develop a comprehensive capital investment plan for the city, where the needs for economic growth are taken into account and where financing needs can be appraised
- Infrastructure programs are long term programs with long term payoffs
- Given that infrastructure investment programs are often complimentary to, and sometimes a prerequisite for, other LED objectives and programs, such programs need to be considered early in the planning process when devising other LED objectives and programs

Transport Infrastructure:

- Most transportation programs often require a massive input of funds that are usually beyond the scope of a single city; they require national level decisions concerning routes and funding. However, the city government can lobby to influence these decisions
- Road networks and highways have increased in importance as more goods are moved by roads using trans-national highways
- Airports are of increasing importance; easy access to an airport is often one of the many requisite factors in determining a site location decision by a foreign investor
- Local transportation is a vital area of concern. Routes need to be adapted to labor market needs, and prices adapted to current costs in order to keep the systems operationally functional
- New regional or inter-city transportation may be needed to bring workers to their jobs, and to facilitate regional growth and investment
- Extension of roads to serve new industrial zones

Comments: Use local/regional examples where appropriate to highlight the scope of potential activities. General examples have been provided below.

As an example, Gliwice, Poland, is constructing road intersections to connect existing city roads to a by-pass road that will be part of a national road network.

In the Czech Republic, the city of Ostrava, the Mosnof municipality and Ostrava regional development agency established a development company to develop an airport with an adjacent industrial and business area.

In Pardubice in the Czech Republic, the city and the labor office organized new bus services from towns up to 50 km away to transport workers to a new 2,000 employee plant. The development of a trans-frontier motorway between Austria and Hungary has led to significant industrial developments on the Hungarian side of the motorway connection to Austria⁴.

Utilities:

The quality of local utility services affects the quality of life and the image of a community as a place for doing business. Municipal government has the capacity to encourage improvements through working with the private sector, for example, through private service contracts or liaising with utilities in the production of municipal development planning.

- Utilities need to provide a regular, quality and reliable service at reasonable rates. Such utility charges are often a considerable expenditure for a business and therefore, are a determinant of whether the business remains a viable concern
- Long-term investment plans are needed for each utility, and capital investments made by the city ought to be weighed against their productivity

⁴ Further details of the Pardubice example are available in **Learning Material 10, Case 4.**

- Utility infrastructure improvement is a long-term project and may require substantial capital investment from the private sector
- A revision in the utility's charges to bring them into line with real costs, and to pay for capital investments, is an area where the city can take the initiative. User-fees and tariffs can be initiated and directed to service improvements
- The introduction and application of a corporate philosophy to utility companies, and the eventual private sector participation in their financing and management, is often a first step for utility improvement

***Comments:** Use local/regional examples where appropriate to highlight the scope of potential activities. A general example has been provided below.*

The City of Timisoara in Romania has signed a long term contract with a foreign company that will give the management and revenue of the water company to the foreign investor in exchange for major capital investments to improve services⁵.

Telecommunication Systems

National government is an important player in the reform of telecommunications through competition policies and rate setting. Municipal government can take steps to encourage utilities to develop effective telecommunications systems and services by encouraging local utilities to install infrastructure systems, offering incentives to create serviced business units, and maintaining up-to-date information on the needs of current and future businesses.

Program 3: Investment in Sites and Premises for Business



17

Development or improvement of commercial and industrial sites and buildings:

- Generally applies to property (land or buildings) that is not in use, whose productive use has passed, or that is vacant
- Property that is well located can be renovated or developed as a business location or for commercial, industrial expansion, for example, an unused docklands area
- Often requires collaboration between the public and private sectors

Development of New Industrial Estates:

These are usually developed on the outskirts of the city and can involve the provision by private developers or by public-private partnerships, of serviced land plots with road access, fabricated industrial buildings ready for occupation, or small business industrial units for small and medium sized enterprises. The city may develop publicly owned land for sale or lease, or may enter into a partnership with a private owner. Such an approach is useful if the city lacks quality industrial sites for development or if they are poorly situated, for example, if they are surrounded by residential use or far from modern transportation infrastructure.

***Comments:** Use local/regional examples where appropriate to highlight the scope of potential activities. General examples have been provided below.*

As a result of its proximity to border crossings, highways and airports, the city of Liberec in the Czech Republic has focused on the attraction of foreign direct investment as a tool for its industrial restructuring. Public-private partnerships have been used to develop and service land to attract industrial investors. The city leased a 60-hectare property (of which 95% was

⁵ Further details of the Timisoara Water Concession Project can be found at:
<http://www.ebrd.com/projects/psd/psd1999/5151.htm>

city owned) to a private developer to build an industrial zone. When the investor has built 75% of the infrastructure, the city will sell him the land at a subsidized price⁶.

Kutno in Poland has developed a 250-hectare agro-industrial park by a highway. To do so they assembled 160 hectares of land, zoned it appropriately, and developed a market place for agricultural producers, and a new industrial park for the sale of farming equipment and machinery⁷.

Program 4: Investment in Soft Infrastructure



18, 19, 20

Soft infrastructure investments are often undertaken in partnership with other public institutions or the private sector:

- Support for local universities and institutes may be undertaken by the local government to enhance the local industrial base. For example, the development of specialized teaching curricula to support local industries can provide a qualified workforce suited to local industry needs as well as opportunities for graduates to find local employment
- Local industries can contract with local universities to provide research and work-placements as a means of improving local products, production techniques and business understanding
- The development of new workforce skills may be critical especially if there has been a change in the local industry, such as a decline in manufacturing. This is often undertaken in partnership with national labor offices, training organizations or employment organizations.
- The development of appropriate curricula in secondary schools that provide pupils with the necessary skills for a modern workforce is important. This means working closely with both local industries and with the local educational establishments to develop programs and projects that specifically meet local needs, and programs that better prepare students to enter the workforce
- Helping industries to foster in-service training is also important as a means to help businesses expand. Training has a positive impact on firm productivity, and business skills development can be achieved through partnerships between industry and government or industry and training institutions



Learning Material 8: Gliwice Technology Park, Poland

In the Polish city of Gliwice, the Agency for Economic Initiatives has an agreement with the Silesian Polytechnic University to work on several economic development projects including a training center, a science and technology park, and a center for technology transfer.

Question: Ask participants to make a list of the most pressing 'soft' infrastructure needs of the city. Advise participants to keep this list for use in the exercise at the end of the session.

Program 5: Encouraging Local Business Growth



21

- Small and medium sized enterprises (SME) are a significant source of employment
- They are the primary job generators

⁶ Further details of the Liberec example are available in **Learning Material 10**.

⁷ Further details of the Kutno Agro-Industrial Park can be found at:

<http://www.plock.ids.edu.pl/MIASTA/KUTNO/kpapeng.htm>

- They have a fundamental role in local economy as employers, generators of tax revenue, purchasers of local products
- Property owners
- Providers of economic stability
- Provide necessary services to larger business in city

Characteristics of small and medium enterprises:

- They are generally more innovative than large businesses
- They have stronger ties to the community than larger businesses
- Given their size, they have a greater ability to adapt and innovate to changes in demands, working practices and business trends than larger businesses
- They do not need as much capital to start up

Obstacles to small business development that a program can help to overcome:

- A lack of business management experience
- Inadequate financial management know-how
- Limited ability to access capital for expansion
- Lack of experience in developing new markets and exports
- Problems in finding appropriate sites for expansion

SME assistance may be provided through any level of the government. Often the central government has funds for small business assistance. Donors have also provided funding and assistance for such programs.

***Comments:** Use local/regional examples where appropriate to highlight the scope of potential activities. General examples have been provided below.*

The Alexandria Business Association (ABA) is non-profit foundation that uses an innovative approach to supply small and micro enterprises (SMEs) with credit and to support their growth. Created in 1988, ABA offers small loan sizes with few prerequisites, flexible loan repayment conditions with short loan terms, and hands-on technical assistance to clients⁸.

Longmont, Colorado, offers development incentives to small manufacturers already in operation, waiving 75% of a city development permit fee⁹.



Learning Material 9: Municipality of Sežana Case Study, Slovenia

***Comments:** The city of Sežana, Slovenia, became the owner of a factory building when the company that owned it went bankrupt. The municipality, in partnership with a consulting company, established a business incubator, and using proceeds from the sale of the old machinery, provided business premises with subsidized rent, joint facilities, and business services and advice to SMEs.*

Program 6: Encouraging New Enterprise



22, 23, 24, 25

New small enterprises in the early stages of development are often called “micro-enterprises”. Micro enterprises are defined as having less than five employees and are usually operated by the owner. In regions with high levels of unemployment and poverty, or in cash-based or

⁸ Further information on the Alexandria Business Association is available to view at:

<http://www.unesco.org/most/mideast1.htm>

⁹ Details of Longmont’s development incentives are available to view at: <http://www.longmont.org/>

restructured economies, new and micro enterprises are an important engine of growth. In the Visegrad Group Countries¹⁰, self-employment grew from 1 million in 1989 to 2.6 million in 1994. In Russia, SME employment grew by 120% in 1994 alone. In both these examples, new enterprise development has been crucial in the transition to a market economy.

Characteristics of new enterprises:

- Often start very small
- Often absorb unemployed or underemployed
- Provide entry training in new entrepreneurial skills and experience
- Provide a foundation for longer term development of the economy
- May operate in the 'gray' market if the business environment is not good
- Provide local goods and services
- Are well placed to respond to new developments and trends in both local and global markets

Problems of micro or start-up businesses:

- The critical need for inexpensive work space and start-up capital
- Obtaining appropriate technical assistance with business management
- Appropriate incentives to help business start-up such as tax reductions

Business start-up programs are often managed by the city itself, or by donors, using central, regional or local funding mechanisms. They need not necessarily be capital intensive.



Learning Material 10: Slovakia LED Project Casebook

Program 7: Promoting Inward Investment



26

New investment in a municipality can bring considerable benefits. It is estimated that on average, one new industrial job generates two and a half other jobs through the multiplier effect, that is, the additional value of having new suppliers locate in the area, new construction, additional trade and sales, and a rise in associated employment and salaries. New companies increase the tax base of the community through the payment of business taxes, property tax, and sales and value added taxes. They may help to diversify the local economy and reduce the effects of a downward shift in the business cycle and associated shifts in technology and trade. They may pay better wages than local business operations and provide improved workforce conditions to employees.

It is important to think about the types of new jobs and businesses that a municipality would want to attract. The most successful forms of inward investment include value-added business investment that brings with it, high skilled jobs with good wage levels. Industries that depend on low wages are not a good investment. It is important that a municipality identifies carefully the types of inward investment that will complement existing businesses or help to diversify and strengthen the local economy. Municipalities should constantly review the cost-effectiveness of an inward investment program to measure results.

Many municipal governments offer local financial incentives to compensate for location disadvantages, and these include tax relief, low cost land or leases, serviced land, communal

¹⁰ The Visegrad Group countries consist of the Czech Republic, Hungary, Poland and Slovakia.
<http://www.visegradgroup.org/>

service rate structures that are advantageous, and assistance with job training. In undertaking such programs, a number of factors need to be considered:

- Incentives can be costly. The state of Alabama in the United States produced an incentive package for a new Mercedes plant that resulted in the cost of each job generated being approximately US\$168,000 (*identify a local example where possible*)
- It is difficult to know how significant a particular incentive is in the decision making process of a business that makes a site location decision
- Up-front incentives are more cost-effective than long-term incentives
- It is often argued¹¹ that incentives waste public sector resources and subsidize private companies for actions that they would have taken anyway

Comments: *The Polish city of Gliwice provided a three year property tax abatement for certain new capital investments. The city expects to gain from the increased individual and corporate income taxes generated by new economic activity.*

The city can make low cost efforts to stimulate new business such as targeted marketing, municipal representation at trade association and business conferences, marketing and promotional materials, Web sites and improvements in the enabling environment that do not require incentives. One of the most effective promotional tools that a municipality can have is a helpful and willing City Hall staff.

Comments: *The City of Olomouc in the Czech Republic recognized that a precondition to attracting foreign firms was the creation of an international school for expatriate children. The city and regional government together negotiated with the International School of Prague, and the city donated an existing building for a nominal price.*

Other public agencies such as regional development agencies and national agencies also undertake inward investment campaigns. Municipalities and cities need to coordinate their approach with other agencies and be aware of competition that they face. Cities need to thoroughly understand the national and regional investment promotion policies that exist (European Union regional funds, funds for industrial park development, national tax incentives) and establish formal and informal links with these agencies.



Learning Material 11: Harrogate Web site Business Attraction, England

Comments: *Ask participants whether there are any national or regional investment promotion agencies in their country and ask about the relationship these agencies have, if any, with the city. Refer to Learning Material 11 as an example of a municipal marketing approach.*

Program 8: Sector (and Business Cluster) Development



27, 28

Comments and questions: *Ask participants to define 'Cluster'. Ask participants for an example of a business sector within their respective city. Ask participant to identify the difference between cluster and business sector.*

Ask participants to identify a cluster. Examples include: Silicon Valley, United States, and information technology; Detroit, United States, and car manufacturing; Bangalore, India and computer programming and call centers; Stara Zagora, Bulgaria and food processing and

¹¹ For information, case studies and resources on the role and effectiveness of incentives in the economic development process, visit the Business Incentive Reform section at: <http://www.cfed.org/>

canning; Milan, Italy, and textiles and footwear; City of London, United Kingdom, and financial services.

Ask participants if they know how these clusters have evolved and what were the motivating factors.

Cluster and sector development can provide an effective way to attract new investment. It involves building on the current strengths of a city.

- A cluster is a geographic concentration of companies and institutions that have systematic relations to each other based on complementarities or similarities. A cluster is defined geographically by the distance and people that travel to work and to meetings. This distance is affected by transportation, culture and geography
- Clusters come about primarily as a result of natural economic activity, and only occasionally as a result of intervention. They are important to nurture as critical mass attracts external economic activity and cooperation can create external economies
- For a cluster to be effective, there must be a sufficient number of firms (a critical mass) with common or overlapping needs or goals to create or attract other services and resources than would normally be available, and at lower cost



Learning Material 12: South Africa Cluster Example

Comments: Discuss the factors that encouraged the Durban cluster formation and identify what was done to promote the cluster.

Comments: The Durban Automotive Cluster¹² in South Africa consists of 29 companies that cooperate on four programs: logistics coordination, supplier development, human resource development and competitiveness benchmarking. The cluster initiative is supported and partly funded by public agencies. The firms have achieved success in terms of direct cash savings through negotiating joint shipping rates, knowledge sharing through 18 workshops focusing on priority areas, competitiveness and improvements in returns. The supplier development program plans to internationally market the capabilities of regional suppliers.

Important to the external economy of clusters is:

- The skilled mid-level labor force
- The specialized service providers such as technology and research institutions, specialized suppliers, specialized business support
- The ease of transfer of know-how and knowledge. This requires a critical mass of people and access to information on the cutting edge, which improves performance
- The linkages of education providers with workforce managers
- The connection of technology providers with product developers
- The matching financial investors to new or existing enterprises

Comments: Ask participants whether their city has the potential to develop a cluster? What is the participants' analysis based on? (tourism, fishing, mining, textile production, food). Are there any cities or business centers nearby that support the same business cluster or sector?

LED Programs that can support the development of clusters by:

- Initiating and supporting linkages and institutions such as cluster associations, learning and skills networks, business sector directories
- Initiating and supporting business-led training programs that result in an adaptable and flexible workforce

¹² Durban Automotive Cluster: http://www.kznbenchmarking.co.za/dac_home.htm

- Assuring that the physical and business enabling environment meets cluster and business needs



Learning Material 13: Municipality of Grimsby Case Study, England

Program 9: Area Targeting and Regeneration Strategies



29

Focusing on one geographic area of the city may be appropriate when there is a specific opportunity or problem with a strong geographical focus.

Town Center Regeneration

Many cities have coordinated their city center regeneration efforts with other development strategies. This may include large scale redevelopment based on a comprehensive plan, acquiring and razing dilapidated buildings, selling land for redevelopment when the current functions in the center have become outdated (an outdated river port). Such redevelopment efforts can also include the development of new public amenities, such as a cultural center or museum; rejuvenating existing buildings and open spaces of cultural value, or developing a pedestrian precinct. The participation of the private sector is important for the success of these projects, and the success of the regeneration efforts often depends on the city's ownership of strategic pieces of land in the center.

Comments: The United Kingdom Single Regeneration Budget¹³ (SRB) began in 1994 and was an area-specific initiative that brought together a number of programs from several United Kingdom Government Departments with the aim of simplifying and streamlining the assistance available for regeneration. SRB provided targeted resources to support regeneration initiatives in England carried out by local regeneration partnerships. Its priority was to enhance the quality of life of local people in areas of need by reducing the gap between deprived and other areas, and between different groups. SRB supported initiatives that built on best practice and represented good value for money. The types of bid supported differed from place to place reflecting local circumstances.

Tourist Site

A tourist attraction may be the focus of area targeting.

*Comments: Refer participants to the tourism example in the **Slovakia LED Project Casebook** (Learning Material 10).*

Regeneration will be required when a traditional industry is no longer economically or politically viable and results in the closure of a coal mine or other major state industrial complex. In this case, an integrated strategy is needed.

- Brownfield regeneration of former industrial properties usually means that the city helps to coordinate and negotiate the re-use of former industrial properties. Generally the properties are still in private hands, but on occasion, the sites have become city property
- Existing industrial buildings are difficult to re-use because they are costly to renovate and not well adapted to modern use and production techniques. There is greater demand for new land development (Greenfield development) with good service and transport connections and built-to-order buildings

¹³ For further information and on the Single Regeneration Budget, see the United Kingdom Office of the Deputy Primer Minister's overview at: <http://www.odpm.gov.uk/>



Learning Material 14: Mining Regeneration Case Study, England

Program 10: Integrating Low Income or Hard-to-Employ Workers



30



Additional Exercise

Questions:

- Ask participants to write down the groups in their community that they perceive to be disadvantaged (workers laid off from state industries, early school leavers, pensioners, minority groups)
- Ask them to note any programs that the community currently has to help these disadvantaged groups
- Ask participants to keep these notes for reference in the exercise at the end of the session

The most common strategies are:

- Targeted job training
- Micro enterprise lending
- Providing career-ladders and support mechanisms for development through linkages to vocational training institutions, for entry-level, low paying positions that offer little opportunity for career advancement
- Developing a vocational apprenticeship system and support mechanism to ensure that opportunities for employment incorporate a recognized learning and training framework with practical work experience
- Redesigning and modifying school curricula to entice students to remain in the schooling system

A significant problem has been the gap between the school curriculum and the skills required to effectively participate in the labor market.

Comments: Use local/regional examples where appropriate to highlight the scope of potential activities. General examples have been provided below.

The Silesian Foundation for Small Business in Poland focuses on worker training for unemployed people. The Foundation works with the Ministry of Labor to provide loans to those who wish to start their own business.

The donor funded "Pledge Program" has created community development centers that focus on small, rural, poor communities. In one community, the municipality used wasteland to plant lavender, creating 182 new jobs for unskilled, unemployed workers.

An issue in Eastern Europe is the growth of the gray economy in the service and small trade areas as a refuge for those that are unemployed. It is important to consider suitable approaches to formalizing the gray economy, but only when appropriate and without risking the viability of the functioning formal economy.

Which Programs Do Not Work?

A number of LED program areas have proved to be ineffective and inefficient in encouraging sustainable LED. These include:

- Expensive and poorly targeted foreign direct investment marketing campaigns
- Supply-led training programs
- Excessive reliance on grant-supported investments
- Over-generous financial inducements for investors
- Business retention subsidies, where firms are paid to stay in the area when the financial viability of the plant is a risk
- Relying on the 'zero-sum' approach to program development through maximizing cheap labor and cheap capital as a strength, and failing to implement programs to develop value-adding jobs and sectors. There is always a locality that will be lower production costs and wages
- Government planned and controlled strategies

Identifying and Selecting Programs to Achieve the Objectives

Programs are the 'umbrella' under which projects are selected. Ideally, the number of program areas should be limited to around six key areas or less, depending on the human and financial resources available. This will ensure that the efforts of the LED team are not spread too broadly. This approach will also encourage decision makers to focus on absolute priorities.

LED good practice indicates that early priorities of a strategy include programs that improve the business enabling environment and support the development of micro, small and medium sized businesses. Thereafter, the selection will be dependent upon the results of the local economy assessment. For example, communities that have suffered from the decline of a major traditional industry will need to consider the appropriateness of developing a regeneration program based on the affected industry, or that focuses on a particular part of the town or city.

LED programs should be undertaken where clear champions¹⁴ are committed to being involved in leading them. Champions may be from local government, the private sector, the community or other sectors (research/education institutions). It is important to remember that in effectively delivering an LED strategy, these partners and champions will be necessary to implement the programs.

Considering the level of *soft* and *hard* infrastructure provision will be important to ensure that an appropriate LED strategy is developed that contains suitable programs. A community with little land allocated for industry would do well to focus on ensuring that an appropriate supply of land is available before undertaking a program to attract foreign direct investment.

Where basic infrastructure is limited, programs to assist municipal government in developing priorities, cost-recovery schemes and private provision of infrastructure can be a good starting place. If the skill base of the workforce is not highly developed, then development of a technology park does not make sense until there is a qualified workforce.

Selecting Programs: What To Think About

- How significant are the expected benefits and impacts?
- Do programs address the most important goals and objectives of the strategy?
- Do the programs build on and enhance the competitive position of the city?
- What programs should be undertaken first?
- What resources are available to implement these programs?
- Does stakeholder support currently exist?
- Is there the organizational capacity, knowledge and staff to make it happen?

¹⁴ A program champion will promote and drive forward the LED program and provide leadership and vision so as to ensure that the program is realized.

Different programs can be assessed using different parameters, such as organizational capacity, funding, priority, feasibility for success, and compatibility with other programs. Programs can be ranked high, medium and low. This will give a first approximation as to the ranking and priority of LED programs. Programs that rank low will need to be assessed further, or discarded.



Exercise 3: Selecting Programs



30 minutes

Objectives:

- To understand how different programs fit together to implement objectives
- To begin to identify potential LED strategies

Comments: Explain to participants that this exercise is the first step in choosing programs to implement a strategy.

Ensure that participants understand that there are often several possible programs to achieve an objective, and that programs should be complementary. Explain that in Day Two they will have the opportunity to define possible projects under each program options.

Participant Instructions:

- Inform participants that they will work with their city group
- Use the matrix from **Exercise 2**. For each of the objectives previously selected (8 in total), list all the program types using the ten program options discussed. Note which aspect of the program would have an impact on the objective
- Ask participants to write the list of objectives and related programs on a flip chart.
- Ask participants to place this list in the folder provided in preparation for Day Two, Module 3; write the list on a flipchart.

Group Feedback

Comments: Given that each city will have a different report, ask each group to note how many objectives could be impacted by each program. Highlight that similar programs can impact on a number of objectives and that this will be an important consideration in selecting and prioritizing projects in Day Two.

Summary of Session

Comments: Summarize the session and the day, referring to the objectives and exercises. Explain the sessions and objectives of Day Two, Module Three.



31, 32, 33



Template 2d:

Comments: Using slides 32 and 33 to highlight the selection of program areas, distribute **Template 2d** to participants and highlight the relative position of the programs to objectives, goals and the vision statement in the LED Vision to Projects Matrix.

LED Programs

| |
|--|
| <p>G3:O1:PG1: Industrial Premises Development Program G3:O1:PG2: Human Resource Enhancement Program G4:O1:PG1: International Donor Investment Program G4:O1:PG2: Investment Attraction Strategy</p> |
|--|

Template 2d

| Vision | Goals | Objectives | Programs | Projects |
|---|--|--|--|----------|
| <p>By 2010, this city will have a dynamic, business-oriented government and be characterized by an attractive business enabling environment that provides the basis for a wide range of entrepreneurial and employment opportunities. The city will be home to a diverse and growing range of businesses that provide a broad range of employment opportunities in the service, agricultural and manufacturing sectors.</p> | <p>G1: To transform the local government so that it is responsive to business customer needs</p> | <p>G1:O1: By 2006, to improve business processes, liaison and services so that business surveys indicate a 90% satisfaction rating for all interactions with the municipality</p> | | |
| | <p>G2: To ensure appropriate provision of business services and conditions to support the development and expansion of new and expanding businesses</p> | <p>G2:O1: By 2006, to ensure, through the use of business attitude surveys, that the local business enabling environment is considered greatly improved by 80% of businesses</p> | | |
| | <p>G3: To develop the built and human infrastructure capacity needed for business growth</p> | <p>G3:O1: By 2010, to ensure that appropriate investments and programs are in place to have eliminated, or reduced considerably, 10 of the highest priority business infrastructure constraints identified by the business survey</p> | <p>G3:O1:PG1: Industrial Premises Development Program</p> | |
| | | | <p>G3:O1:PG2: Human Resource Enhancement Program</p> | |
| | <p>G4: To attract new and inward investment projects from the private, public and third sectors, maximizing opportunities from the donor community</p> | <p>G4:O1: To increase the amount of investment in the city from all sectors to 10% higher than the national average by 2006</p> | <p>G4:O1:PG1: International Donor Investment Program</p> | |
| | | | <p>G4:O1:PG2: Investment Attraction Strategy</p> | |

SESSION 4: SELECTING PROJECTS

Overview of Session 4

| | |
|--|---|
| Objectives | <input type="checkbox"/> To understand the characteristics of a project relevant to and project assessment <input type="checkbox"/> To identify the range of relevant projects |
| Session Time  | 1 hour 15 minutes |
| PowerPoint Slides  | Module 3 PowerPoint Slides 34-38 |
| Exercise  | Exercise 4: Selecting Projects Exercise 5: Relating Programs to Projects |
| Templates  | Template 2e: LED Vision to Projects Matrix |
| Learning Materials  | <input type="checkbox"/> LED Programs to Projects Matrix |
| Key Reading | None |

Introduction to Selecting Projects

Question: Ask participants for a definition of an LED project

A project is a well-defined activity that has clear objectives and purpose, is viable, realistic and has measurable or observable impacts and outputs. There are three stages of the project cycle: identification, assessment, and implementation.

Project Identification:

- Should include all individuals or groups that will be potentially involved in project implementation, such as local officials, business leaders, institutional leaders, all of those identified as potential partners or recipients of the project
- It is important to include all of the stakeholders at this stage so as to encourage 'buy-in' and collaboration
- It is prudent to consider a broad range of alternative projects that will achieve the programs
- Effective project identification should set broad criteria and analyze the projects to determine if further consideration is warranted

Project Assessment:

Comments: This will help participants to finalize the prioritization of projects (see Session Three)

- The aim of project assessment is to identify a realistic and well-designed project
- Large scale projects that have considerable resource requirements, complexity and a lengthy time scale need a rigorous assessment including viability and feasibility studies, design, business plan preparation, and evaluations. This may require consultant assistance
- Be sure to identify and prioritize small projects and quick-impact 'early-win' projects as these provide momentum and maintain motivation

Priority Projects



Learning Material 15: LED Programs to Projects Example

Comments: Referring to the learning material 15, the LED Primer and the Smolyan LED Strategy, present an example of each of these projects to participants. The purpose is to highlight the different types of LED project, illustrate how they are financed, what kind of partnerships or organizational arrangements are required, and the time required to implement the project and achieve results.

Using learning material 15, highlight to participants the multiplicity of projects that fall under a given program area and how these can reinforce each other and serve multiple objective. Stress the multiplicity of actors and organizations that are involved in most projects.

Determining which projects are a priority will depend on the critical issues, goals and objectives of the LED strategy. Some projects will be complex and be implemented over a longer period of time. Some will not. There are many projects that will feed into programs and achieve the objectives. Some common LED projects include:

- Business advisory and assistance center
- Business incubator
- Development of a cluster business group
- Regeneration of old factory buildings
- Regeneration of an abandoned site
- City center upgrading or renovation scheme
- Public-private partnership for the development of city-owned property
- Extension of a road or the provision of utilities to new industrial sites
- Improvement of a vital service (waste water treatment, or public transit)
- Training programs for new job skills acquisition
- Job-to-work apprenticeships
- Micro-finance loans
- Development of directories and databases on land, services and business geared towards investors
- New business network or forum
- New tender process for city
- Development of incentive guidelines for attracting business, and for expanding or start up businesses
- Revision or review of business permits, fees, taxes and regulations
- The development of 'one-stop shop' for businesses in City Hall
- Web site development of business information
- Development of academic curricula geared to employment opportunities and business needs

Comments: Explain that the session continues with an exercise on making an initial selection of LED projects. The exercise is a logical continuation of Day One exercises. After selecting a number of potential projects, participants will analyze the projects based on the criteria of feasibility and effectiveness. The exercise will demonstrate how to prioritize projects.



Exercise 4: Selecting Projects

 **45 minutes**

Objectives:

- Select potential projects and programs

***Comments:** This exercise follows from the previous day. Participants will consider the objectives and programs selected, and make a preliminary list of suitable projects that support the objectives. In the second part of the exercise, participants will match the projects against program areas to determine which projects support the greatest number of LED programs, and begin to formulate a coherent group of interrelated projects. This will serve as a useful exercise for prioritizing LED projects.*

Explain to participants the process of ranking LED projects, and discuss the criteria that this exercise uses. Note that different criteria can be used, and the participants should understand that two or three sets of rankings based on a variety of criteria might be needed to determine the projects that satisfy the maximum needs.

Instructions to Participants

Inform participants that they are to work with their city group.

- Use the matrix from exercises 2 and 3 of Day One, Module 3. Consider each of the objectives defined, and the programs identified that could serve to implement the objectives
- Now consider the various projects that exist to support the realization of the individual programs identified, in order to fulfill the objectives

Questions:

- *What does this exercise tell participants about the linkages between project selection and objectives and programs?*
- *Ask participants how they think this will help them in selecting projects and programs?*



Exercise 5: Relating Programs to Projects

***Comments:** This exercise is an extension of Exercise 4, **Selecting Projects**. **Exercise 5** asks participants to think about their initial list of projects in terms of the logical programmatic areas they fall into. This is another analytic tool to use in project selection.*

 **45 minutes**

Objectives:

- To relate programs and objectives projects
- To reflect on priorities

Participant Instructions:

- Use the **Exercise 5 Tables 2 and 3** 'Programs to Projects Matrix' with this exercise
1. Inform participants that they will work in their city group
 2. Ask participants to complete the blank program area columns listed in the Programs to Projects Matrix (**Table 2**). For each of the projects listed, place an '**X**' in each of the program area boxes that the project relates to, and fulfills
 3. In Table 3, ask participants to insert the LED projects that they identified in Exercise 4 in the blank column headed LED projects. Now, working across the table, place an '**X**' in each of the program area boxes that the project relates to, and fulfills

4. In groups, ask participants to reflect on how this information will help them to prioritize selection of projects in their own city



34, 35, 36, 37, 38



Template 2e:

*Comments: Using Slides 33-38 to highlight the LED project examples, distribute **Template 2e** to participants and highlight the relative position of the projects to programs. Using the matrix, review again the LED 'Vision to Projects' process of LED strategy development and highlight the sequential progression of vision to goals, goals to objectives, objectives to programs, and programs to projects.*

Template 2e

| Vision | Goals | Objectives | Programs | Projects |
|--|---|---|---|--|
| By 2010, this city will have a dynamic, business-oriented government and be characterized by an attractive business enabling environment that provides the basis for a wide range of entrepreneurial and employment opportunities. The city will be home to a diverse and growing range of businesses that provide a broad range of employment opportunities in the service, agricultural and manufacturing sectors. | G1: To transform the local government so that it is responsive to business customer needs | G1:O1: By 2006, to improve business processes, liaison and services so that business surveys indicate a 90% satisfaction rating for all interactions with the municipality | | |
| | G2: To ensure appropriate provision of business services and conditions to support the development and expansion of new and expanding businesses | G2:O1: By 2006, to ensure, through the use of business attitude surveys, that the local business enabling environment is considered greatly improved by 80% of businesses | | |
| | G3: To develop the built and human infrastructure capacity needed for business growth | G3:O1: By 2010, to ensure that appropriate investments and programs are in place to have eliminated, or reduced considerably, 10 of the highest priority business infrastructure constraints identified by the business survey | G3:O1:PG1: Industrial Premises Development Program G3:O1:PG2: Human Resource Enhancement Program | G3:O1:PG1: p1: Develop industrial and commercial property register |
| | | | | G3:O1:PG1: p2: Undertake property demand and supply research study |
| | | | | G3:O1:PG2: p1: Undertake skills needs assessment with employers |
| | | | | G3:O1:PG2: p2: Enable the provision of basic literacy courses for disadvantaged |
| | | | | G3:O1:PG2: p3: Review the skills and skills needs of the unemployed |
| | G4: To attract new and inward investment projects from the private, public and third sectors, maximizing opportunities from the donor community | G4:O1: To increase the amount of investment in the city from all sectors to 10% higher than the national average by 2006 | G4:O1:PG1: International Donor Investment Program G4:O1:PG2: Investment Attraction Strategy | G4:O1:PG1: p1: Review and maintain donor program database and contacts |
| | | | | G4:O1:PG1: p2: Develop donor liaison program |
| | | | | G4:O1:PG2: p1: Business Location Service in City Hall |
| G4:O1:PG2: p2: Develop local business ambassadors program | | | | |
| G4:O1:PG2: p3: Develop Investment Information Database | | | | |
| | | | G4:O1:PG2: p4: Develop database and liaison program for international investors in the city | |
| | | | G4:O1:PG2: p5: Develop targeted marketing effort to attract appropriate investment | |

SESSION 5: FINANCING PROGRAMS AND PROJECTS

Overview of Session 5

| | |
|--|---|
| Objectives | <input type="checkbox"/> To define the different sources of project finance <input type="checkbox"/> To clarify the linkage of strategy to city operating and capital budget |
| Session Time  | 45 minutes |
| PowerPoint Slides  | None |
| Exercise  | None |
| Templates  | None |
| Learning Materials  | None |
| Key Reading | 'Private Finance and Economic Development: City and Regional Investment', A Report by the OECD Local Economic and Employment Development Program, Paris, France ¹⁵ . |

Introduction to Financing LED

This session will help participants to better assess and prioritize projects by providing an understanding of the financing requirements of LED projects. Participants will be encouraged to think creatively yet realistically about local and non-local municipal government sources of funding.

Comments: Emphasize to participants the complexity of funding for elaborate and integrated LED projects and discuss the use of, and necessity for, alternative funding streams including public-private partnerships and loans from international organizations. Highlight to participants that major LED and regeneration programs often utilize a variety of funding sources to realize the aim of the strategy/program.

Funding for LED program and projects often comes from a variety of sources. While municipal government should expect to pay for some projects directly, such as services that are a traditional and statutory responsibility, other sources of funds are available and can be often accessed. Municipal government may be able to co-finance projects in collaboration with private and other public sector partners, increasing the value and impact of a financial contribution. Local agencies and stakeholders may be eligible to apply for, and receive, funds from donors, charities or different government institutions. Most, if not all of these donor agencies, will require some form of partnership working between the municipality and the stakeholder. In all the instances that municipal government is a financing partner, such funds must be allocated from the annual budget and multi-year capital budgets. A project's financial needs and choices must be closely tied to the municipal budget process and municipal revenues.

Other public funding is often available from regional and central government and international organizations through grants and loans, however, the requirements of the loan

¹⁵ <http://www1.oecd.org/publications/e-book/8403031E.PDF>

may require the city to repay the loan money over a period of years from its annual revenues, leaving the city with depleted resources for other projects. Public funds may go directly to other public implementing bodies such as a utility company, secondary schools, or universities.

Comments: Highlight the importance of linkages to other tiers of government as a potential contributor to municipal LED efforts. If necessary, remind participants of the Module 1 Day One discussions about stakeholders, and the inclusion of stakeholders at different stages aside from strategy planning. Stakeholder organizations or other institutions can also implement many LED activities.

Funds from sources other than local government may be targeted to non-public agencies such as non-governmental organizations, research organizations or associations. For this reason, the lead institution for a project may depend on the potential of an institution being able to access funding. It is vital to investigate all potential sources of project finance available, locally, nationally and internationally. Stakeholders that are involved in the LED strategy should be a good source of information on finance.

Financial Resources Available to Municipal Government

- General revenues from taxes and transfers
- Private equity (private investor funds) for public-private partnerships for land acquisition, site development, building renovation, or downtown renovation
- Private equity (private company investments or contracts) for improvements to public infrastructure (public-private partnership) through: build-own-operate projects, long term lease arrangements, and management contracts whereby investor makes needed capital improvements
- Debt financing from private banks for infrastructure construction, land preparation
- Debt financing from international lenders (World Bank, European Bank for Reconstruction and Development, European Investment Bank) for infrastructure, roads, transport, ports
- Sale or lease of local government-owned industrial or commercial properties
- Special local fees such as development fees or building permits, user charges for utilities that are targeted for utility improvements or for LED improvements

Question: Ask whether the participants' cities are recipients of such resources currently, or use such mechanisms, and what they are used for. Ask what institution or which government agency receives the funds

Examples of Financing from Other Tiers

Question: Ask participants what types of central government programs exist that might fund LED activities in their city. Ask participants whether their city has access to such funds

- Ministry of Education: Secondary school programs, university faculties and polytechnics
- Ministry of Economy or Industry: SME loan funds, SME training projects, SME advice center, micro lending fund capitalization, loans to targeted industries or clusters
- Ministry of Technology and Research: Research grants to institutes and universities
- Ministry of Labor: Skills training projects, job match projects, programs for unemployed
- Ministry of Public Works, Transport, Telecommunications: Direct construction of major infrastructure
- County or Regional funds: County level public works projects
- National Environmental Funds: Subsidized loans for environmental infrastructure or cleanups (Poland)
- National investment funds for regional regeneration (Poland) or sector regeneration projects (for example coal mining sector)

- National special purpose grants such as industrial parks development (Slovakia)

International Sources of Funds for LED activities

***Question:** Ask participants what types of international agency programs exist that might fund LED activities*

- European Union Regional Development Funds for LED projects such as industrial parks, access roads, job training, SME assistance center
- United States Enterprise Development Funds
- European Bank for Reconstruction and Development (EBRD) loans to industrial sectors (channeled through government)
- Donor support for energy efficiency projects for industry expansion
- World Bank/International Monetary Funds SME projects (these funds may be channeled either through government agencies, or be given as grants to private non-profit agencies to administer programs)
- Donor agency grants for specific projects (usually through non-profit agencies)

Private Sources of Funds for LED Activities

- Private business financing for activities such as training, research contracts to universities, consulting
- Private foundation or institute grants and financing to local not for profit organizations and institutions for research, training, project implementation
- Private membership organizations such as a chamber of commerce
- Business associations, unions
- Private business investment

***Comments:** On a flip chart write the list of the above financial resources that were identified by participants and the type of projects funded*

Some projects that municipal government can directly support with limited funds include:

- Forming business and cluster networks and association development
- Identifying potential targets, sectors and clusters in the city
- Developing business networks and an investment information database
- Creating an investment and liaison program for international investors
- Developing a targeted marketing strategy
- Develop a training program for municipal government staff
- Initiating and implementing a “buy local” procurement policy for the municipal government
- Initiating and formalizing links with institutions of higher learning
- Facilitating the provision of demand-led job training
- Establishing a ‘one-stop shop’ for business permits, licenses and taxes
- Developing marketing and promotional materials for investors
- Facilitating adult education courses and workplace skills training, job placements, literacy training and follow-up support
- Establishing a commercial property and business registry
- Setting up a network to foster exports
- Providing business start up and expansion incentives
- Developing a city promotion and information Web site
- Improving the management of the municipality’s real estate assets for economic development

SESSION 6: ASSESSING AND PRIORITIZING LED PROJECTS

Overview of Session 6

| | |
|--|--|
| Objectives | <input type="checkbox"/> To define criteria for prioritizing projects and apply methodology <input type="checkbox"/> To gain insights into the elements of an action plan |
| Session Time  | 30 minutes |
| PowerPoint Slides  | None |
| Exercise  | Exercise 6: Prioritizing Projects |
| Templates  | None |
| Learning Materials  | None |
| Key Reading | None |

Introduction to Project Prioritization

Assessing and prioritizing LED projects is a vital component of LED strategy formulation. Many types of LED projects can be considered but some will be more practical (and feasible) than others.

In initially identifying projects, participants should have already considered a number of pertinent questions relating to the impact of the project on achieving goals and objectives, the preliminary aspects of feasibility, and who the implementing partner might be. A more detailed assessment that will contribute to the prioritization and final selection of projects should be based on the following points:

- Does the project have a significant and positive direct and indirect economic impact on the community? What will this be? Does this impact take into consideration social, environmental and physical concerns, and do they contribute to the goals and objectives of the strategy?
- Are the lead time and costs associated with the project justifiable on the grounds of effectiveness, efficiency and efficacy? Would these resources be better used on an alternative project? What is the opportunity cost of selecting the project?
- How will this project impact on, or relate to, other projects within the strategy? Are the projects complimentary?
- Does the project have support in the municipal government, business and community sectors?
- How feasible is the project? What obstacles exist to the realization of the project?
- Which constituencies stand to gain from the project progressing, and which lose?
- Which institution/individual will be primarily responsible for project implementation?
- What conditions/preconditions will be required for successful implementation of the project? Do these conditions/preconditions have a cost implication?
- Is the project sustainable?

A detailed assessment should focus on three points:

Meeting Goals and Objectives

- Review each potential project individually and compare how well it meets and fulfills the specific objectives that have been set.

Impact

- Determine the negative and positive impacts of the project on the local economy. Calculate the extent of the project's impact and rank the projects with the greatest net effect at the top.

Feasibility

- **Economic Feasibility (Time):** Incorporate the lead time¹⁶ of the project as part of the economic feasibility. Projects that can be completed in two or three years should rank highly. The longer the time it takes for the project to be completed, the higher the uncertainty of the outcome and the lower it should rank.
- **Economic Feasibility (Cost):** What are the capital expenses required to start the project and what are the operational expenses of running the project? What is the cost-benefit in terms of the outcome received and the costs expended? What is the likelihood of securing financing? Who controls the funding sources and when may the funds become available?
- **Social and Political Feasibility:** What level of support does the project have from public leaders, business leaders, the community and other tiers of government. Support for the project is critical for successful implementation and funding. If the project requires large municipal or state expenditures, it will be necessary to consider the level of municipal and state support as a significant determining factor. If the project requires approvals from other tiers of government, this may add risk. If the project depends on non-local government institutions, or the business community, is their support and involvement assured?
- **Technical Feasibility:** Are the necessary resources, technical skills and experience available to successfully effect project implementation? Is there a competent institution (municipal government or other) with the requisite technical capacity to effectively manage the project? What potential problems are associated with the project's feasibility?

For each of these, very specific criteria can be developed based on the local situation, the resources available, the institutions that will be involved, and the critical issues that need to be addressed. At this stage it is necessary to think through the potential details of project implementation in order to carry out an appropriate analysis and to prioritize.

Methodologies for Analyzing and Prioritizing Projects

There are two methods that can be used:

- Ranking projects, based on the feasibility and value of the project in and of itself
- Comparing one project to another

Ranking projects in order is achieved by providing a number score to a number of different criteria or components, and then totaling the score. Each criteria and component can be assigned a different number of points, depending on how important it is perceived.

¹⁶ The *lead time* of a project is the amount or period of time between the announcement of an LED project and its occurrence, or between the notification that a project is being undertaken and the time at which it must be completed.

For example:

- | | |
|--|------------|
| ▪ Impact on objectives and goals: | 1-5 points |
| ▪ Financial feasibility: | 0-6 points |
| ▪ Human resources and organizational capacity: | 1-3 points |
| ▪ Organizational feasibility: | 1-3 points |
| ▪ Length of implementation period: | 1-5 points |
| ▪ Compatibility with other projects: | 0-5 points |
| ▪ Stakeholder support: | 1-3 points |

The final choice of projects will be determined on the basis of whether the project demonstrates the following criteria:

- **Project Objective:** A clear objective that meets program aims
- **Project Inputs:** Capital and revenue costs, human resource inputs, and other inputs such as building, land, etc.
- **Project Outputs:** Such as the renovation of a building to serve as business incubator, a functioning business assistance center, a new connector road
- **Project Outcome:** Short term and direct results of the project such as ten new businesses started, fifty new additional jobs created
- **Project Impacts:** What is the expected impact over a period of time
- **Project Management:** The financial and management responsibility for the project inside municipal government or outside, and the institutional mechanisms in place or envisaged for the project

In determining the projects to be included in the LED strategy, it is crucial that stakeholders are involved with the selection process, and that those that will possibly gain or lose from the project have been identified. A sub-committee or steering committee may make an initial analysis and prepare data that feeds into the final analysis.

Scrutinize choices made by the sub-committee or steering committee by putting the results to a larger segment of stakeholders and different groups who may not have been represented in the assessment and prioritization process. This can be accomplished through focus groups, advisory meetings, community meetings or public hearings.

In selecting projects, the facts pertaining to each project should be presented in a clear and consistent format. This will help to make prioritization and analysis a less subjective and a more rational process, and leave it less open to conflict and differences of opinion that are based on stakeholder interests.



Exercise 6: Prioritizing Projects



1 hour

Objective:

- Use objective criteria to select and prioritize projects

Comments: *This is a simplified form for prioritizing projects. If a more sophisticated approach is desired, a two step process can be used. In the first instance, have participants assign a weighted score to each criteria (for example a weight of 1 to 2). Secondly, multiply the assigned weight by the score against the criteria.*

Participant Instructions

- Use the results from Exercise 4 and 5: the list of projects that potentially can be used to implement LED objectives

Step One

Ask participants to list all of their LED Projects from Exercise 5. Score each project against each of the criteria listed below. Table 4 (**Exercise 6**) will help participants to create a ranking. Participants will then assign a score of 1 for a low rank, 2 for a medium rank and 3 for a high rank.

Criteria

- The projects impact and contribution on goals and objectives
- Preconditions
- Resources that are available
- Level of stakeholder support assured
- Organizational capacity, skills and staff available
- Potential for impacting several objectives
- Results being visible in 2-3 years

Ask participants to add the scores for each project, and list the projects in rank order. Participants should:

- *Write these on a flipchart*
- *Nominate a reporter to explain and justify the choices made*
- *Keep a copy of the list of projects and their rank order in the binder to use in subsequent exercises*

Application

- *Does the application of objective criteria change the participants' view of which projects to implement?*
- *Which criteria do participants find hardest to evaluate?*
- *What does this exercise tell you participants about the information needed about a project in order to assess and rank it?*

Action Plans

In getting together all the information needed to analyze the feasibility of projects and to prioritize them, participants will have taken the first steps to forming an action plan. Action planning commences when there is at least preliminary agreement on the projects, such as confirmation through public hearings and approval of the plan by the municipal government.

Once there is a list of projects, an action plan is developed for each project. This plan contains a description of the specific tasks and activities necessary to implement the LED project, assigns responsibility, prioritizes actions, creates a timeline, estimates costs and defines action teams.

Summary of Session

Comments: Refer to the objectives when summarizing the session

SESSION 7: PLANNING FOR IMPLEMENTATION

Overview of Session 7

| | |
|--|--|
| Objectives | <ul style="list-style-type: none"> To allow facilitators to work with each city group to structure how they will implement the tasks presented in the training sessions |
| Session Time  | ½ Hour |
| PowerPoint Slides  | None |
| Exercise  | None |
| Templates  | Template 3: Sample Matrix for Implementation Planning |
| Learning Materials  | None |
| Key Reading | None |

This session will allow the trainer to work with each city group to develop a plan for how they will implement the LED strategy planning tasks that have been highlighted in this module. Ideally, the trainer will organize the planning session in collaboration with advisors who will guide the cities in the implementation of the tasks. The tasks that should be implemented by city teams before the next training sessions are:

- Create an agreed upon vision statement
- Define and prioritize goals
- Develop and prioritize objectives
- Solicit stakeholder and community feedback
- Define and prioritize Programs
- Select LED projects
- Undertake LED project analysis and prioritization with stakeholder input
- Solicit stakeholder feedback
- Compile a structured table of vision, goals, objectives, programs and potential projects

Trainers should note that if all the tasks are not to be accomplished in the period before the next training module, then some adjustments will be needed to the training module.

This session should be used to help teams create an LED work plan to be completed between the end of this training session and the beginning of the next training session. Teams will be expected to implement the different tasks. This session will also determine the time frame needed for task implementation, and the dates for the next phase of training. The action plan for each task should include the following:

- A hierarchy of tasks to be carried out
- A responsible party for each task
- The human resources required for each task; the financial requirements; the institutional and legal issues that need to be resolved
- Timetable for task

- Output or result
- Form in which the output will be compiled



Template 3: Sample Matrix for Implementation Planning

The first task for teams to complete during the training session and before leaving to return to their respective cities is the 'Sample Matrix for Implementation Planning'. This should be used to detail all of the above parts of the LED Action Plan for implementation of the Module 3 Tasks.

The following templates may be useful to city teams in fulfilling their Implementation Tasks while back in their respective cities.

- LED Program Options (**Learning Material 5**)
- Vision to Projects Template (**Template 2**)
- LED Projects to Programs Example (**Learning Material 15**)
- Planning Matrix (**Module 2: Template 3**)
- SWOT Analysis Questions and Template (**Module 2: Template 1**)
- SWOT Template (**Module 2: Template 2**)

Preparation for Module Four Training

The next training session will begin with a session devoted to a report from each city team on its experience with undertaking the implementation tasks. The exact contents of each report will depend on the decisions made by participants and trainers on the tasks to be accomplished in the interim period. City groups should be prepared to report on the following:

- Definition of vision statement, objectives, goals, programs and preliminary selection of projects
- Methods of including and consulting stakeholders
- Criteria used for selection and prioritization of objectives, goals, programs, projects and other factors affecting choices
- Feedback on implementing the tasks including problems and suggestions

The trainer should determine in advance the types of written documentation required for the decision and data collection tasks that are needed, and instruct participants how to keep complete and suitable records of decision making and data collection. Each group should designate a person to report on the above items. In addition, teams should be prepared to discuss how decisions were made and feedback on conducting the tasks.

Making Local Economic Development Strategies: A Trainer's Manual

Module 3: Power-Points

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Strategic Planning for LED A Five Stage Process

Stage 3 Strategy Making




Module 3 Day One

Stage 3 Strategy Making

- **Creating a Vision**
 - A vision should be agreed by all stakeholders
 - It should be a description of the stakeholders' preferred economic future of the city
 - It is not always fully achievable but it does give your community a clear sense of what it is aiming to achieve




4

Stage 3 Strategy Making

- **Creating a Vision**
- **Developing Goals:** Point specifically to where you want to be
- **Developing Objectives:** Even more specific; should be time bound and measurable
- **Developing Programs:** Normally groups of projects that collectively address the same objective
- **Selecting Projects:** Specific initiatives to effect the the program




2

Stage 3 Strategy Making

- **Creating a Vision (an example)**
 - "By 2010, this city will have a dynamic, business-oriented government and be characterized by an attractive business enabling environment that provides the basis for a wide range of entrepreneurial and employment opportunities. The city will be home to a diverse and growing range of businesses that provide a broad range of employment opportunities in the service, agricultural and manufacturing sectors"




5

Stage 3 Strategy Making

Step 1

Step 2

Step 3

Step 4

Step 5

| | | | |
|-------------|-------------|-------------|-------------|
| Vision | | | |
| Goal 1 | | | |
| Objective 1 | Objective 2 | | |
| Program 1 | Program 2 | Program 1 | Program 2 |
| Project 1.1 | Project 2.1 | Project 1.1 | Project 2.1 |
| Project 1.2 | Project 2.2 | Project 1.2 | Project 2.2 |
| Project 1.3 | Project 2.3 | Project 1.3 | Project 2.3 |




3

Stage 3 Strategy Making

- **Developing Goals**
 - Goals are much more descriptive and concrete than a vision statement
 - They should be based on the local economy assessment undertaken to date
 - Goals point more specifically to where you want to be




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Stage 3 Strategy Making

- **Developing Goals (an example)**
- **Goal 1:** To transform the local government so that it is responsive to business customer needs
- **Goal 2:** To ensure appropriate provision of business services and conditions to support the development and expansion of new and expanding businesses



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Stage 3 Strategy Making

- **Step 3: Goals to Objectives (an example)**
- **Goal 1:** To transform the local government so that it is responsive to business customer needs
- **Objective 1:** By 2006, to improve business processes, liaison and services so that business surveys indicate a 90% satisfaction rating for all interactions with the municipality



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Stage 3 Strategy Making

- **Developing Goals (an example)**
- **Goal 3:** To develop the built and human infrastructure capacity needed for business growth
- **Goal 4:** To attract new and inward investment projects from the private, public and third sectors, maximizing opportunities from the donor community



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Stage 3 Strategy Making

- **Goals to Objectives (an example)**
- **Goal 2:** To ensure appropriate provision of business services and conditions to support the development of new, and the expansion of established, businesses
- **Objective 1:** By 2006, to ensure, through the use of business attitude surveys, that the local business enabling environment is considered greatly improved by 80% of businesses



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Stage 3 Strategy Making

- **Developing Objectives**
- Objectives are even more specific and should be time bound and measurable
- They should seek to overcome weaknesses, exploit opportunities and deal with threats identified in the local economy assessment



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Stage 3 Strategy Making

- **Goals to Objectives (an example)**
- **Goal 3:** To stimulate and improve the built and human infrastructure needed for business growth
- **Objective 1:** By 2010, to ensure that appropriate investments and programs are in place to have eliminated, or reduced considerably, 10 of the highest priority business infrastructure constraints identified by the business survey



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Stage 3 Strategy Making

- **Goals to Objectives (an example)**
- **Goal 4:** To attract new and inward investment projects from the private, public and third sectors, maximizing opportunities from the donor community
- **Objective 1:** To increase the amount of investment in the city from all sectors to 10% higher than the national average by 2006



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Stage 3 Strategy Making

- **Improving the Local Business Investment Climate**
- Land, Property and Development Planning
- Infrastructure Provision and Maintenance
- Business Registration and Licensing
- Encouraging Local Business Standards
- Internal Operations and Procedures
- Investment Promotion and Marketing



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Are the Objectives SMART?

- **Specific:** Does the specific state precisely what is to be achieved?
- **Measurable:** Is it defined in terms that can be measured?
- **Appropriate:** Does it fall within the vision?
- **Realistic:** Given resources and constraints, is it achievable?
- **Time Dated:** Can a time limit be set for achieving the objective, by date or duration?



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Stage 3 Strategy Making

- **Investment in Hard Strategic Infrastructure**
- Building or improving key access roads
- Developing, improving or expanding the local port, airport, passenger and freight rail facilities
- Developing, improving or expanding industrial sites and buildings
- Increasing the availability of industrial and potable water; expanding the sewerage disposal system
- Improving and expanding the telecommunications or power supply systems



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Stage 3 Strategy Making

- **Improving the Local Business Investment Climate**
Key Issues for Consideration
- Laws, framework and enforcement
- Regulations, transparency, predictability, cost, time
- Taxation, local and national
- Corporate governance
- Property rights and ownership
- Licenses and business registration



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Stage 3 Strategy Making

- **Investment in Sites and Premises for Business**
- Derelict site reclamation
- Adaptation of disused buildings
- Industrial and commercial site preparation
- Upgrading out-of-date or abandoned industrial premises
- Developing industrial estates, business parks or science parks



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Stage 3 Strategy Making

- **Investment in Soft Infrastructure**
 - Enabling or providing skills training
 - Supporting research and development
 - Providing business advisory services
 - Initiating access to capital and finance
 - Social inclusion strategies
 - Improving delivery of municipal services to businesses
 - Supporting the development of business and trade associations



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Stage 3 Strategy Making

- **Encouraging Local Business Growth**
 - Technical assistance to business
 - Financial advice and assistance
 - Public procurement policies and 'buy local' campaigns
 - Business retention visits and surveys
 - Provision of sites and premises
 - Export Clubs



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Stage 3 Strategy Making

- **Investment in Soft Infrastructure: Project Ideas: Business Stakeholders Liaison**
 - Develop/institutionalize a business stakeholders group
 - Initiate and institutionalize a business attitude survey with stakeholders
 - Develop a database of key businesses with growth potential and list of dynamic leaders
 - Develop a business liaison program for the Mayor with major investors in the community



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Stage 3 Strategy Making

- **Encouraging New Enterprise**
 - Provision of finance for new businesses
 - Provision of micro and managed workspace
 - Providing technical advice on business management
 - Supporting the establishment and implementation of formal and informal business networks
 - Initiate business mentoring programs



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Stage 3 Strategy Making

- **Investment in Soft Infrastructure: Project Ideas: Business Association Development**
 - Share information
 - Share supplying and purchasing opportunities
 - Share technical information
 - Business mentors
 - Marketing programs
 - Technical support and training programs



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Stage 3 Strategy Making

- **Encouraging New Enterprise: Project Ideas**
 - Comprehensive business advisory services via 'One-stop shops' (diagnosis, training, advice)
 - Enabling business networking by sector
 - Provision of basic managed workspace, usually refurbished property
 - Encourage supplier chains and 'friendly' procurement procedures
 - Provision of seed and venture capital by sectors



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Stage 3 Strategy Making

- **Encouraging New Enterprise: *Project Ideas:***
Basic Manufacturing Workspace
- Use a redundant building
- Divide into small spaces
- Provide minimal facilities
- Give easy-in, easy-out leases
- Encourage 'business to business' collaborations



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Stage 3 Strategy Making

- **Sector (and business cluster) Development**
- Developing broker and network agencies
- Supporting joint research
- Developing cluster-focused public procurement and local purchasing agreements
- Providing cluster specific information
- Developing cluster related marketing efforts
- Developing demand-led skills and education training programs



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Stage 3 Strategy Making

- **Encouraging New Enterprise: *Project Ideas:***
Local Purchasing Initiative
- Ensure that supply contracts are advertised locally
- Ensure that contract sizes are appropriate, fair and transparent for local traders and businesses
- Encourage self-employed traders to tender with others for larger contracts
- Have 'Buy Local' trade exhibitions to advertise what the City Hall authority needs to buy



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Stage 3 Strategy Making

- **Sector (and business cluster) Development**
- Promote cluster in global markets
- Form export network
- Look for opportunities to 'brand' the products of clusters
- Support a cluster-based incubator
- Promote supporting institutions such as vocational schools, technology curriculum, training institutions



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Stage 3 Strategy Making

- **Promoting Inward Investment**
- Research the locality's feasibility for investment
- Identify geographic and sectoral targets, and consider competitor positioning
- Develop marketing strategy and materials: Web site, 'welcome' package, aftercare program
- Develop business-friendly capacity
- Initiate a client tracking system
- Develop an investor-focused information system



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Stage 3 Strategy Making

- **Area Targeting and Regeneration Strategies**
- Town center enhancement schemes
- Encouraging investment into growth nodes
- Encouraging investment into corridors
- Retraining of redundant workers
- Job search and employment outreach
- Entrepreneurship training and SME support programs



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Stage 3 Strategy Making

- **Integrating Low Income or Hard-to-Employ Workers**
 - Demand-led job training
 - Targeted outreach to vulnerable groups
 - Basic workplace skills, job readiness training, literacy, remedial education
 - Post placement follow-up support and training
 - Employment support services such as child care
 - Micro-enterprise support and home based employment



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Stage 3 Strategy Making

Goal 3: To develop the built and human infrastructure capacity needed for business growth

Objective 1: By 2010, ensure that appropriate investments and programs are in place to have eliminated or reduced considerably 10 of the highest priority business infrastructure constraints, as identified by business survey

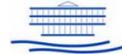
Program 1: Industrial Premises Development Program

Project 1: Develop industrial and commercial property register

Project 2: Undertake property demand and supply research study



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Stage 3 Strategy Making

Goal 3: To develop the built and human infrastructure capacity needed for business growth

Objective 1: By 2010, ensure that appropriate investments and programs are in place to have eliminated or reduced considerably 10 of the highest priority business infrastructure constraints, as identified by business survey

Program 1: Industrial Premises Development Program

Program 2: Human Resource Enhancement Program



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Stage 3 Strategy Making

Goal 3: To develop the built and human infrastructure capacity needed for business growth

Objective 1: By 2010, ensure that appropriate investments and programs are in place to have eliminated or reduced considerably 10 of the highest priority business infrastructure constraints, as identified by business survey

Program 2: Human Resource Enhancement Program

Project 1: Undertake skills needs assessment with employers

Project 2: Enable the provision of basic literacy courses for disadvantaged

Project 3: Review the skills and skills needs of the unemployed



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Stage 3 Strategy Making

Goal 4: To attract new and inward investment projects from the private, public and third sectors, maximizing opportunities from the donor community

Objective 1: To increase the amount of investment in the city from all sectors to 10% higher than the national average by 2006

Program 1: International Donor Investment Program

Program 2: Investment Attraction Strategy



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Stage 3 Strategy Making

Goal 4: To attract new and inward investment projects from the private, public and third sectors, maximizing opportunities from the donor community

Objective 1: To increase the amount of investment in the city from all sectors to 10% higher than the national average by 2006

Program 1: International Donor Investment Program

Project 1: Review and maintain donor program database & contacts

Project 2: Develop donor liaison program



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Stage 3 Strategy Making

Goal 4: To attract new and inward investment projects from the private, public and third sectors, maximizing opportunities from the donor community

Objective 1: To increase the amount of investment in the city from all sectors to 10% higher than the national average by 2006

Program 2: *Investment Attraction Strategy*

Project 1: Business Location Service in City Hall

Project 2: Develop local business ambassadors program



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Stage 3 Strategy Making

Goal 4: To attract new and inward investment projects from the private, public and third sectors, maximizing opportunities from the donor community

Objective 1: To increase the amount of investment in the city from all sectors to 10% higher than the national average by 2006

Program 2: *Investment Attraction Strategy*

Project 3: Develop Investment Information Database

Project 4: Develop database and liaison program for international investors in the city



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Stage 3 Strategy Making

Goal 4: To attract new and inward investment projects from the private, public and third sectors, maximizing opportunities from the donor community

Objective 1: To increase the amount of investment in the city from all sectors to 10% higher than the national average by 2006

Program 2: *Investment Attraction Strategy*

Project 5: Develop targeted marketing effort to attract appropriate investment



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Making Local Economic Development Strategies: A Trainer's Manual

Module 3: Exercises

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EXERCISE 1: WRITING OBJECTIVES

Time: 30 minutes

Objective:

- To practice developing clear Objectives that relate to the LED vision, goals and critical issues.

Instructions

1. Think back to your SWOT analysis and the critical issues that you defined for your city.
2. Based on those critical issues and working individually, use the guidance provided for defining Objectives and think of one LED Objective for your strategy.
3. Write the Objective on a flipchart so that the entire group can see it. Discuss the Objective with the group and determine whether it meets the critical issues identified for the city and if it is properly conceptualized and worded.
4. Select one of the Objectives that is well written and meets the critical issues of the city. Write the Objective on the flip chart and present, and elaborate on, the key issues of the Objective to the entire group.

EXERCISE 2: LINKING VISION, GOALS AND OBJECTIVES

Time: 1 hour

Objectives:

- To understand the relationship of objectives in developing an LED strategic plan.
- To reflect on criteria for making choices.

Instructions

- Work with your city group and use your own city's SWOT analysis, local economy assessment and definition of critical issues.

Task One

1. Based on this material, discuss with your team members and agree on the following:
 - A **Vision Statement**
 - **Four LED Goals**
 - **Two Objectives** for each of the LED Goals

Structure your answers using Table 1 overleaf.

Task Two

1. For each **Objective**, think of the outcomes that you want to achieve. Select at least one result for each Objective and write this in Table 1.
2. Be ready to justify how each of these choices relates to the SWOT analysis and the Vision.
3. Write up your information on a flip chart and nominate a reporter.

Table 1: Vision Statement Template

| | Description and Link to LED Issues | Objective One | Possible Results | Objective Two | Possible Results |
|-------------------|------------------------------------|---------------|------------------|---------------|------------------|
| Goal One | | | | | |
| Goal Two | | | | | |
| Goal Three | | | | | |
| Goal Four | | | | | |

EXERCISE 3: SELECTING PROGRAMS

Time: 30 minutes

Objective:

- To gain an understanding of the relationship of programs to objectives and goals.

Instructions

1. Work with your city group.
2. Review the matrix of Objectives you identified in Exercises 2 and 3. For **each** of the Objectives you previously selected (8 in total), apply the following tasks:
 - List all the types of Programs (from the ten discussed and presented in the seminar and in the learning materials) that could contribute to the realization of each Objective. Write your list of Objectives and related Programs on the flip chart.
 - Keep this list in your folder for use in Day 2, Module 3; write the list on the flipchart.

EXERCISE 4: SELECTING PROJECTS

Time: 45 minutes

Objectives:

- To select potential projects that relate to programs.

Comments: This exercise is designed to help you understand the relationship between, and relativity of, Projects and Programs. Its aim is to provide you with an understanding of how to select appropriate and relevant Projects.

Instructions

1. Work with your city group.
2. Use the same Matrix from Exercises 2 and 3 of Module 3. Consider each Objective you defined and the Programs you identified that could be useful to implement the Objectives.
3. For each of the Objectives, review, discuss and think about all the projects that you might consider as a means of implementing the Objective. Make a list.

EXERCISE 5: RELATING PROGRAMS TO PROJECTS

Time: 45 minutes

Objectives:

- To relate programs and objectives to projects.
- To reflect on priorities.

Instructions

1. Use **Table 2** (overleaf) *Examples of Programs to Projects* and **Table 3** blank *Programs to Projects* table with this exercise.
2. Work with your city group.
3. Complete the blank Program Area columns listed in the Programs to Projects Matrix (**Table 2**). For each of the Projects listed, place an 'X' in each of the Program Area boxes that the Project relates to, and fulfills.
4. Using the list of Projects that you identified in Exercise 4, insert in **Table 3**, the LED Projects in the blank columns headed LED Projects. Working across the table, place an 'X' in each of the Program Area boxes that the Project relates to, and fulfills.
5. Reflect in your group about how this information will help you to prioritize selection of projects in your own city.

Table 2: Programs to Projects Matrix

| Program Areas | Improving the Local Business Investment Climate | Investment in Hard Strategic | Investment in Sites and Premises for Business | Investment in Soft Infrastructure | Encouraging Local Business Growth | Encouraging New Enterprise | Promoting Inward Investment | Sector (and business cluster) Development | Area Targeting / Regeneration Strategies | Integrating Low Income or Hard-to-Employ Workers |
|---|--|-------------------------------------|--|--|--|-----------------------------------|------------------------------------|--|---|---|
| LED Projects | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 |
| Improve municipal legislation / services through a full review of business regulations and requirements | | | | | | | | | | |
| Develop a project for the re/surfacing and paving of key arterial roads | | | | | | | | | | |
| Clean-up a Brownfield site for industrial redevelopment | | | | | | | | | | |
| Provide training and support facilities to develop local business associations | | | | | | | | | | |
| Establish a Local Purchasing Initiative (LPI) | | | | | | | | | | |
| Initiate and develop a micro / managed workspace | | | | | | | | | | |
| Establish a cadre of international business ambassadors to promote the Municipality and identify inward investment opportunities | | | | | | | | | | |
| Identify and survey key business sectors and linkages for possible cluster development | | | | | | | | | | |
| Undertake physical improvements to a specific area / district of the municipality | | | | | | | | | | |
| Create a vocational scholarship program to encourage work-based training and education | | | | | | | | | | |
| Develop a seed-finance and lending program for new-start entrepreneurs and long-term jobless | | | | | | | | | | |
| Initiate and establish a 'one-stop shop' to facilitate better government-business relations | | | | | | | | | | |
| Produce and distribute a 'Guide to Doing Business with the Council' | | | | | | | | | | |
| Identify, and produce a directory of, sources of financing for local businesses | | | | | | | | | | |
| Undertake local skills survey to identify workforce skills and develop an area-specific program to encourage related business start-ups | | | | | | | | | | |
| Initiate and construct a managed work space / business incubator | | | | | | | | | | |
| Initiate and construct a managed work space / business incubator | | | | | | | | | | |
| Develop a program for electricity and water installation / upgrade | | | | | | | | | | |

| Program Areas | Improving the Local Business Investment Climate | Investment in Hard Strategic | Investment in Sites and Premises for Business | Investment in Soft Infrastructure | Encouraging Local Business Growth | Encouraging New Enterprise | Promoting Inward Investment | Sector (and business cluster) Development | Area Targeting / Regeneration Strategies | Integrating Low Income or Hard-to-Employ Workers |
|--|---|------------------------------|---|-----------------------------------|-----------------------------------|----------------------------|-----------------------------|---|--|--|
| LED Projects | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 |
| Build an industrial park with access road to main highway | | | | | | | | | | |
| Undertake a survey of vacant and underused public and municipal properties, and industrial sites, and produce a listings directory | | | | | | | | | | |
| Establish a training program for local businesses (e.g. administration; IT; accounting; management; business finance) | | | | | | | | | | |
| Set up International Diaspora club to develop international business links | | | | | | | | | | |
| Establish an incentive program that allows a yearly tax exemption from municipal duties for SME exporters | | | | | | | | | | |
| Establish an incentive program that allows a leveled exemption from municipal dues dependant on the creation of new jobs | | | | | | | | | | |
| Establish a work-skills vocational training program for hard-to-employ individuals | | | | | | | | | | |
| Establish a district-specific training and counseling program for low income workers | | | | | | | | | | |

EXERCISE 6: PRIORITIZING PROJECTS

Time: 1 hour

Objective:

- To understand how objective criteria are applied to selecting and prioritizing projects.

Instructions

- Using the results from Exercises 4 and 5, list the LED Projects that can potentially be used to implement LED Objectives.

Step One

1. List all of your Projects from Exercise 5 against each of the following criteria. Table 4 will help you to set up the ranking.
2. Assign a number to each project.
3. Assign a score of 1 for a low rank, 2 for a medium rank, and 3 for a high rank using the following criteria.
 - The Projects impact and contribution on Goals and Objectives
 - Preconditions
 - Resources that are available
 - Level of stakeholder support assured
 - Organizational capacity, skills and staff available
 - Potential for impacting several Objectives
 - Results being visible in 2-3 years

Step Two

1. Add up the total number of points for each project and rank them.
1. Write these scores on to a flipchart.
2. Nominate a reporter from the group to explain and justify your choices.
3. Keep a copy of your list of projects and their rank order in your folder to use in subsequent exercises.

Table 4: Project Ranking

| PROJECT | | | | | | | | | |
|--|---|---|---|---|---|---|---|---|---|
| CRITERIA | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 |
| Significance of impact | | | | | | | | | |
| Impact on achieving Goals and Objectives | | | | | | | | | |
| Preconditions | | | | | | | | | |
| Resources Available | | | | | | | | | |
| Stakeholder Support | | | | | | | | | |
| Organizational Capacity | | | | | | | | | |
| Potential to impact other compatibility Objectives | | | | | | | | | |
| Visibility of Results in 2-3 years | | | | | | | | | |

Making Local Economic Development Strategies: A Trainer's Manual

Module 3: Templates

**A Knowledge Product of the World Bank and Cities of Change Initiative,
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TEMPLATE 1: FORMULATING LED STRATEGY: LESSONS LEARNED

Time: 15 minutes

Objectives:

- To review the main lessons learned from Modules One and Two.
- To link the theory learned in those modules to practical application for LED strategy formulation.

Instructions:

In city teams, quickly answer the following questions and enter your responses directly in the blank spaces provided. On completing this template, the trainer will verbally review your answers and will highlight additional answers if deemed necessary. Note down any additional responses from other city teams and keep this template for future reference.

| Questions | Answer |
|--|--------|
| <i>What are the main conclusions and lessons learned about stakeholder participation, stakeholder selection and stakeholder interests?</i> | |
| <i>What did the SWOT analysis reveal about your city that is important to understand in successfully formulating and implementing an LED strategy?</i> | |
| <i>What sort of obstacles have you encountered? Which obstacles can you deal with and how?</i> | |

| Questions | Answer |
|--|--------|
| <p><i>What conclusions are you coming to about the competitive position of your city?</i></p> | |
| <p><i>What conclusions are you coming to about the factors you can influence and those that you cannot?</i></p> | |
| <p><i>What have you learned about how to manage conflicts and interest groups in the LED strategic planning process?</i></p> | |
| <p><i>What have you learned about participation in the LED strategic planning process?</i></p> | |
| <p><i>What insights have you gained about LED strategy making?</i></p> | |

TEMPLATE 2A: LED 'VISION TO PROJECTS' MATRIX

| Vision | Goals | Objectives | Programs | Projects |
|--|-------|------------|----------|----------|
| By 2010, this city will have a dynamic, business-oriented government and be characterized by an attractive business enabling environment that provides the basis for a wide range of entrepreneurial and employment opportunities. The city will be home to a diverse and growing range of businesses that provide a broad range of employment opportunities in the service, agricultural and manufacturing sectors. | | | | |
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| | | | | |

TEMPLATE 2B: LED 'VISION TO PROJECTS' MATRIX

| Vision | Goals | Objectives | Programs | Projects |
|---|--|------------|----------|----------|
| <p>By 2010, this city will have a dynamic, business-oriented government and be characterized by an attractive business enabling environment that provides the basis for a wide range of entrepreneurial and employment opportunities. The city will be home to a diverse and growing range of businesses that provide a broad range of employment opportunities in the service, agricultural and manufacturing sectors.</p> | <p>G1: To transform the local government so that it is responsive to business customer needs</p> | | | |
| | <p>G2: To ensure appropriate provision of business services and conditions to support the development and expansion of new and expanding businesses</p> | | | |
| | <p>G3: To develop the built and human infrastructure capacity needed for business growth</p> | | | |
| | | | | |
| | | | | |
| | | | | |
| | <p>G4: To attract new and inward investment projects from the private, public and third sectors, maximizing opportunities from the donor community</p> | | | |
| | | | | |
| | | | | |
| | | | | |

TEMPLATE 2C: LED 'VISION TO PROJECTS' MATRIX

| Vision | Goals | Objectives | Programs | Projects |
|---|--|--|----------|----------|
| <p>By 2010, this city will have a dynamic, business-oriented government and be characterized by an attractive business enabling environment that provides the basis for a wide range of entrepreneurial and employment opportunities. The city will be home to a diverse and growing range of businesses that provide a broad range of employment opportunities in the service, agricultural and manufacturing sectors.</p> | <p>G1: To transform the local government so that it is responsive to business customer needs</p> | <p>G1:O1: By 2006, to improve business processes, liaison and services so that business surveys indicate a 90% satisfaction rating for all interactions with the municipality</p> | | |
| | <p>G2: To ensure appropriate provision of business services and conditions to support the development and expansion of new and expanding businesses</p> | <p>G2:O1: By 2006, to ensure, through the use of business attitude surveys, that the local business enabling environment is considered greatly improved by 80% of businesses</p> | | |
| | <p>G3: To develop the built and human infrastructure capacity needed for business growth</p> | <p>G3:O1: By 2010, to ensure that appropriate investments and programs are in place to have eliminated, or reduced considerably, 10 of the highest priority business infrastructure constraints identified by the business survey</p> | | |
| | | | | |
| | | | | |
| | | | | |
| | <p>G4: To attract new and inward investment projects from the private, public and third sectors, maximizing opportunities from the donor community</p> | <p>G4:O1: To increase the amount of investment in the city from all sectors to 10% higher than the national average by 2006</p> | | |
| | | | | |
| | | | | |
| | | | | |

TEMPLATE 2D: LED 'VISION TO PROJECTS' MATRIX

| Vision | Goals | Objectives | Programs | Projects |
|---|--|--|--|----------|
| <p>By 2010, this city will have a dynamic, business-oriented government and be characterized by an attractive business enabling environment that provides the basis for a wide range of entrepreneurial and employment opportunities. The city will be home to a diverse and growing range of businesses that provide a broad range of employment opportunities in the service, agricultural and manufacturing sectors.</p> | <p>G1: To transform the local government so that it is responsive to business customer needs</p> | <p>G1:O1: By 2006, to improve business processes, liaison and services so that business surveys indicate a 90% satisfaction rating for all interactions with the municipality</p> | | |
| | <p>G2: To ensure appropriate provision of business services and conditions to support the development and expansion of new and expanding businesses</p> | <p>G2:O1: By 2006, to ensure, through the use of business attitude surveys, that the local business enabling environment is considered greatly improved by 80% of businesses</p> | | |
| | <p>G3: To develop the built and human infrastructure capacity needed for business growth</p> | <p>G3:O1: By 2010, to ensure that appropriate investments and programs are in place to have eliminated, or reduced considerably, 10 of the highest priority business infrastructure constraints identified by the business survey</p> | <p>G3:O1:PG1: Industrial Premises Development Program</p> | |
| | | | <p>G3:O1:PG2: Human Resource Enhancement Program</p> | |
| | | | <p>G4:O1:PG1: International Donor Investment Program</p> | |
| | | | <p>G4:O1:PG2: Investment Attraction Strategy</p> | |
| | <p>G4: To attract new and inward investment projects from the private, public and third sectors, maximizing opportunities from the donor community</p> | <p>G4:O1: To increase the amount of investment in the city from all sectors to 10% higher than the national average by 2006</p> | | |

TEMPLATE 2E: LED 'VISION TO PROJECTS' MATRIX

| Vision | Goals | Objectives | Programs | Projects |
|---|--|--|---|---|
| <p>By 2010, this city will have a dynamic, business-oriented government and be characterized by an attractive business enabling environment that provides the basis for a wide range of entrepreneurial and employment opportunities. The city will be home to a diverse and growing range of businesses that provide a broad range of employment opportunities in the service, agricultural and manufacturing sectors.</p> | <p>G1: To transform the local government so that it is responsive to business customer needs</p> | <p>G1:O1: By 2006, to improve business processes, liaison and services so that business surveys indicate a 90% satisfaction rating for all interactions with the municipality</p> | | |
| | <p>G2: To ensure appropriate provision of business services and conditions to support the development and expansion of new and expanding businesses</p> | <p>G2:O1: By 2006, to ensure, through the use of business attitude surveys, that the local business enabling environment is considered greatly improved by 80% of businesses</p> | | |
| | <p>G3: To develop the built and human infrastructure capacity needed for business growth</p> | <p>G3:O1: By 2010, to ensure that appropriate investments and programs are in place to have eliminated, or reduced considerably, 10 of the highest priority business infrastructure constraints identified by the business survey</p> | <p>G3:O1:PG1: Industrial Premises Development Program</p> | <p>G3:O1:PG1: p1: Develop industrial and commercial property register</p> |
| | | | <p>G3:O1:PG2: Human Resource Enhancement Program</p> | <p>G3:O1:PG1: p2: Undertake property demand and supply research study</p> |
| | | | | <p>G3:O1:PG2: p1: Undertake skills needs assessment with employers</p> |
| | | | | <p>G3:O1:PG2: p2: Enable the provision of basic literacy courses for disadvantaged</p> |
| <p>G3:O1:PG2: p3: Review the skills and skills needs of the unemployed</p> | | | | |
| <p>G4: To attract new and inward investment projects from the private, public and third sectors, maximizing opportunities from the donor community</p> | <p>G4:O1: To increase the amount of investment in the city from all sectors to 10% higher than the national average by 2006</p> | <p>G4:O1:PG1: International Donor Investment Program</p> | <p>G4:O1:PG1: p1: Review and maintain donor program database and contacts</p> | |
| | | <p>G4:O1:PG2: Investment Attraction Strategy</p> | <p>G4:O1:PG1: p2: Develop donor liaison program</p> | |
| | | | <p>G4:O1:PG2: p1: Business Location Service in City Hall</p> | |
| | | | <p>G4:O1:PG2: p2: Develop local business ambassadors program</p> | |
| | | | <p>G4:O1:PG2: p3: Develop Investment Information Database</p> | |
| | | | <p>G4:O1:PG2: p4: Develop database and liaison program for international investors in the city</p> | |
| <p>G4:O1:PG2: p5: Develop targeted marketing effort to attract appropriate investment</p> | | | | |

Making Local Economic Development Strategies: A Trainer's Manual

Module 4 LED Strategy Implementation

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INTRODUCTION TO MODULE FOUR

Module 4 Overview

Module Four presents the various steps of preparing for LED strategy implementation. It outlines the structures for implementing the strategy, considers the institutional implications of LED programs, highlights the roles of different partners, and provides an understanding of the schedule for implementation, monitoring and evaluation, and stakeholder involvement. The module will enable the participants to consider key aspects of strategy preparation, approval and implementation.

Module 4 will detail the requirements for developing an LED project action plan for each project. It will explore the setting of a hierarchy of tasks, responsible parties, realistic timetables, financial requirements, expected results and impact. It will provide participants with an understanding of risk assessment analysis as a means of determining the potential risk and viability of a project.

Participant Learning Objectives: In undertaking this module, it is envisaged that participants will:

- Be able to prepare *detailed action plans* for LED projects
- Identify *risk factors* that determine LED project success
- Organize an *institutional structure* for LED implementation
- Be able to prepare a *comprehensive implementation plan*

Table 1: Structure of Module 4

| Day | Activity |
|---------|---|
| Day One | Session 1: Group Feedback Implementation Module Three |
| | Session 2: Planning for Implementation: The Action Plans Exercise 1: Project Action Plans |
| | Exercise 2: Risk Assessment Analysis Session 3: Establishing Organizational and Institutional Structures for Implementation Exercise 3: Organizing for Implementation |
| Day Two | Session 4: Preparing A Comprehensive Implementation Plan |
| | Session 5: Writing and Approving Strategy |
| | Session 6: Planning for Implementation |

Module Length

2 Days



PowerPoint Slide Presentation

Module 4



Exercises

Module 4 contains three exercises that allow participants to plan for LED strategy implementation. **Project Action Plans (Exercise 1)** provides participants with an understanding of the necessary factors of project planning, and enables them to identify the information needed for effective project implementation. **Risk Assessment Analysis**

(**Exercise 2**) introduces participants to the types of risks that can hinder successful project implementation. The exercise demonstrates the approaches to undertaking a risk assessment analysis and identifies ways of managing risk. **Organizing for Implementation (Exercise 3)** reflects on the organizational needs for implementation, and identifies realistic organizational solutions, and appropriate structures and reporting mechanisms.



Templates



Learning Materials

Module 4 Course Materials

| Module | Core Material | Learning Materials |
|----------|--|--|
| Module 4 | <ul style="list-style-type: none"> <input type="checkbox"/> Module 4 Trainer's Manual <input type="checkbox"/> Module 4 Presentation <input type="checkbox"/> Module 4 Exercises <input type="checkbox"/> Module 4 Templates | <ul style="list-style-type: none"> <input type="checkbox"/> Blank LED Project Implementation Plan <input type="checkbox"/> City of Smolyan LED Project Implementation Plan <input type="checkbox"/> Local Economic Development Task Forces <input type="checkbox"/> LED Project Action Plans <input type="checkbox"/> Risk Assessment Analysis <input type="checkbox"/> Harrogate Web Site Business Attraction |

SESSION 1: GROUP FEEDBACK IMPLEMENTATION MODULE THREE

Overview of Session 1

| | |
|--|--|
| Objectives | <input type="checkbox"/> To share experience of doing tasks <input type="checkbox"/> To analyze the tasks and draw conclusions about lessons learned <input type="checkbox"/> To provide and receive feedback to incorporate into Module 4 |
| Session Time  | 1 hour 30 minutes |
| PowerPoint Slides  | None |
| Exercise  | None |
| Template  | None |
| Learning Materials  | None |
| Key Reading | None |

Introduction to Session 1

Report of Module Three Implementation

Comments: Welcome participants to the fourth training module entitled 'LED Strategy Implementation'. Refer participants to the course agenda provided at the beginning of the LED strategy training course and explain the objectives of this module. In module 4, participants will undertake the detailed planning of LED project execution.

Inform participants that Session 1 entails a group feedback session to expand on the selection of LED projects that should have taken place in the intervening period between modules 3 and 4.

Group Feedback

The purpose of the group feedback session is to allow participants to learn from each other's experience in implementing the strategic planning for LED implementation tasks that were distributed to participants in Module 3. The session should be structured so that each city reports on each of the tasks including:

- Definition of Vision Statement, Goals, Objectives, Programs and Projects
- Methods of including, and consulting with, LED stakeholders
- The criteria used for selecting and prioritizing Objectives, Programs, Projects and other factors affecting choice
- Feedback on implementing the implementation tasks

Comments: Use the group feedback session to determine if the tasks are progressing as planned, and whether the groups have made decisions and choices based on the LED principles taught. Pay attention to LED stakeholder involvement in the SWOT analysis, the

links between the LED vision, goals, objectives and projects, and how these relate to the local economy assessment and SWOT analysis. Highlight to participants that module 4 will focus more on project implementation and feasibility.

As part of the group feedback, ask participants to discuss the feedback that they have received from stakeholders. Compare and contrast the solutions and choices made by different city groups. Note the problems of moving from theory to practical application in real life. Explore implementation problems.

Application

Questions:

Ask participants:

- What are the most important aspects of defining and selecting LED goals, objectives, programs and projects?
- Do you think that you had enough information to identify appropriate projects? What other information might have been useful?
- In considering stakeholder involvement and motives, what have you learned about stakeholder interests in defining and selecting LED goals, objectives, programs and projects?
- What obstacles have you encountered in identifying LED goals, objectives, programs and projects?
- What can be done to overcome these obstacles?
- What were the main problems encountered in applying the information learnt in previous modules to practical application in your municipality?

Comments: Close the session and make the transition to Session 2. Note that participant's preliminary project choices are likely to be refined as they learn about risk assessment analysis and project feasibility. The new information may lead to a second round of project prioritization before an LED strategy can be finalized.

SESSION 2: PLANNING FOR IMPLEMENTATION: THE ACTION PLAN

Overview of Session 2

| | |
|--|--|
| Objectives | <input type="checkbox"/> To understand the purpose and content of the implementation plan <input type="checkbox"/> To identify the critical factors of project action planning <input type="checkbox"/> To conduct project risk assessment |
| Session Time  | 1 hour 30 minutes |
| PowerPoint Slides  | Module 4 PowerPoint Slides 1-7 |
| Exercise  | Exercise 1: Project Action Plans Exercise 2: Risk Assessment Analysis |
| Template  | Template 1: LED Project Action Plan |
| Learning Materials  | Blank LED Project Implementation Plan City of Smolyan LED Project Implementation Plan Local Economic Development Task Forces LED Project Action Plans Risk Assessment Analysis |
| Key Reading | Primer Section 6 |

Introduction to Session 2



1

Questions:

Ask participants:

- What is an implementation plan, what should it consist of and what should it accomplish.
- To identify the prerequisite information required for making an implementation plan.



2, 3

What is an implementation plan? What is its purpose?

- An implementation plan establishes the budgetary, human resource, institutional and procedural implications, and requirements of the LED strategy.
- In creating an organizational framework, it sums up how the LED strategy will be financed, who will be in charge, and who will be involved.
- LED project action plans are integral to the implementation plan.



Learning Material 1: Blank LED Project Implementation Plan

Comments: Distribute Learning Material 1 to participants. Learning Material 1 provides participants with a conceptual understanding and visual example of an LED Project Implementation Plan.



Learning Material 2: City of Smolyan LED Project Implementation Plan

Comments: The City of Smolyan LED Project Implementation Plan provides participants with a practical example of what a completed Project Implementation Plan looks like.

Highlight the role that structured, individual LED project action plans have in creating an integrated, structured and effective implementation plan.

Step One: Prepare Individual LED Project Action Plans



4

Comments and Questions: Note that participants have made a preliminary selection of projects without the detailed design information that is needed to judge feasibility. Detailed analysis may lead to new decisions about project feasibility and project priorities and timing. Ask participant's to describe as best they can, what they think an LED project action plan is.



5

Providing Structure to LED Projects

A project action plan is a detailed project description for each project. A project action plan serves to clarify project structure and implementation. For *each individual project*, a project action plan will describe:

- A hierarchy of tasks
- Who is responsible for the project and who will manage it
- A realistic timetable for implementation of tasks
- Timing relationships with other tasks or projects
- Expected implementation period
- Cost and sources of funds
- Expected impacts and results
- Performance measures and targets

Responsibility for Compiling LED Project Action Plan

- It is often the responsibility of the LED staff team, the individual charged with responsibility for LED, or the individual charged with responsibility for the LED project that has project specific expertise and knowledge. These are compiled in collaboration and consultation with internal and external LED stakeholders, the LED committee, and relevant municipal departments.
- If a special task force has been established to oversee a particular program or project, the LED task force will have responsibility for compiling the LED project action plan.



Learning Material 3: Local Economic Development Task Forces¹

Comments: Explain that a task force is one approach to strategy delivery and implementation. A task force is a group comprising relevant, qualified and interested representatives that come together to consider and act upon, a specific aim, objective, task or

¹ In establishing a task force for a particular program or project, the task force will draw on participants in the strategic planning process that have special expertise and interests that are relevant to the program or project. Task forces should include other individuals that may not have been involved in the planning process but that have professional competence, for example, bankers, district officials, real estate developers or environmental officials. There is a need to ensure a balance between program/project specialists and those that can conceptualize the wider strategy process.

purpose. In this case, an LED task force might include one or two representatives from the core LED committee, the stakeholder advisory group, and others that will be directly interested in a particular project area, such as an implementing organization, relevant city departments, expert or community.

Preconditions for an LED Project

Comments: In considering an LED project action plan, ask participants for suggestions on what might constitute a precondition for an LED project. Explain to participants that examples of preconditions can include available funding, new legislation, approval by other tiers of government, construction of infrastructure and political expediency. Use the list below to highlight the preconditions that participants do not mention:

- Beneficiaries and target groups impacted
- Potential contributors to the project and their expectations
- Extent of project reporting, reviewing and monitoring
- Social, economic, political and financial risk factors associated with a project
- Budget considerations: availability, timing and sustainability of funding
- Feasibility and potential for success, and sustainability of project
- Opportunity cost of proceeding with one project and not another
- Complimentarity of one project to the wider strategy
- Timing of different activities
- Achievement of results: long, medium, short
- Compatibility with goals and objectives
- Resources committed by the city, business community and other partners



Learning Material 4: LED Project Action Plans

Comments: Distribute Learning Material 4 to participants. Use these examples as the basis for a discussion on the types of information that is necessary to plan for implementation and determine a project's feasibility. Discuss each type of information and ask how and where participants would find the information, or who would make the decisions.

Steps for Action Planning

In selecting LED projects, participants need to be aware of the real impact, cost and effort required to develop effective and meaningful LED projects, and secure the necessary support. Using the project action plans contained in Learning Material 4, participants should consider the following steps when developing projects:

Step 1: Identify as many of the planning tasks and actions required to fulfill each project.

Step 2: Identify who should be responsible for individual tasks and who needs to be involved: key actors, organizations and individuals involved; and the tasks that they are responsible for.

Step 3: Consider the likely resources required (human, finances, equipment, information) and preconditions. Also consider the extent to which each organization can contribute.

Step 4: Determine the time frame for each project action, including the possible and potential process of securing financial and other resource inputs.

Step 5: Identify risks, gaps and weaknesses in the action plan and determine how they will be addressed, for example, tasks for which there is no clear leader, no funding or other key resources identified, capacity limitations of partner organizations.

Step 6: Reconfirm availability and commitment of each partner and budget

Step 7: Agree on a suitable and realistic coordination mechanism for project implementation. This is essential when multiple actors are involved, even when the entire project is implemented by the city. This may be an existing individual or organization, or a new position or organization may need to be formed. This organization should monitor the

progress tasks, ensuring that they are completed on time, to budget, and at the agreed standard of performance and quality.

Step 8: Establish an impact monitoring mechanism to determine the level and frequency of project monitoring. This should focus on project impacts rather than the process.

Risk Assessment

Comments and questions: Ask participants to identify what they think a risk might be to successfully implementing an LED project. Elaborate on such risks and provide examples. Draw on the Learning Materials that have been distributed.

- *Why undertake a risk assessment analysis?* It ensures that the municipality considers and assesses the potential risk implications associated with the project. It can assist the municipality to implement changes in the initial design of the project, modify expectations of results, and lead to improved management and guidance of the project.
- *What does a risk assessment analysis seek to highlight?* A wide range of constraints can impact the potential outcome of projects, including funding constraints, time, political, management, and external factors.
- *How are the results of the risk assessment analysis utilized?* Risk assessment gives three options, either to proceed with the project as conceived, modify the project, or drop the project entirely.

Comments: Stress that risk assessment analysis and detailed action planning provide feedback on the feasibility of proposed projects. Risk assessment analysis is one tool to assist with decision making and the structuring of a project to make it feasible and successful. In some cases the risk assessment analysis will lead to the altering of a project design, but in other cases the project will need to be dropped.

What is Performance Measurement?

Comments: Ask participants for their views on what this is, and note the role it plays in project action plans.



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- To effectively manage for results, organizations must regularly collect and use information on performance in achieving results.
- Performance measurement is a way of assessing and comparing actual performance against expected results, and monitoring the validity of assumptions. It lets you know if you are actually delivering the desired and stated results.
- Reliable and good performance measurement data are crucial to informing future decision making, and the improved management and allocation of funding
- Performance measurement starts with a clear definition of the output or result that is desired in a project.
- A well-defined performance indicator will inform on the extent to which results are being achieved. It is important to select an indicator that can be observed, measured and verified.
- A performance target provides a specific level of intended result to be achieved in a given timeframe, against which the actual result can be measured.
- Each project should have both indicators and targets. Milestones can be developed to measure progress towards the target.
- It is important to define as precisely as possible, the results that are expected so as to enable a regular measure of progress.

Comments: Note that performance measurement will be discussed in greater detail Module 5.

Who Finalizes the Action Plan

LED project action plans are presented at an advisory council or other stakeholder meeting for discussion. At this time, final choices must be made about what to include in the strategic plan. Each project should be weighted accordingly to the feasibility, budgetary constraints and the extent to which different project actions complement each other.

Comments: Note that once there are detailed action plans, it will probably be necessary to reconsider the selection of projects based on the new data. What looked like good projects initially may not be feasible, have too high a risk factor or be incompatible with budgets or other projects. Expect several rounds of prioritization based on different criteria, as well as compromises and negotiations.



Exercise 1: Project Action Plans



1 hour

Objectives:

- To understand the necessary factors of project implementation planning.
- To identify the information needed for project implementation.



Template 1: LED Project Action Plan

Comments: Before participants commence the exercise, review the LED Project Action Plan template (Template 1) and highlight the information required. In particular, note the potential risk factors and explain to participants that there will be a separate exercise on risk assessment analysis.

Participants will not be able to provide all the information necessary at this stage, but should give approximate answers. Instruct participants on how to present their plan during group feedback, such as using a flip chart, acetate slide or a PowerPoint slide. Make sure that it is in a format that the other participants will understand.

Instructions

- Work in your city groups.
- Select two projects from those you identified in the Module 3 exercises or when undertaking your Strategic Planning implementation tasks. Consider the elements of an action plan as presented in the lecture, and refer to Template 1. Complete the template for your projects providing as much information as you can. Refer back to Learning Material 4 if required.
- Note where you lack information needed for the action plan and how you could obtain the information. Note where decisions have to be taken by others.
- Be prepared to present your action plan in a form that can be understood by all the participants.

Group Feedback



15 minutes

Comments: The reporting period provides the opportunity to point out the depth of detail that is needed for action planning and the need to think through carefully the ramifications of the project. There will be large gaps in information at this stage. Probe to understand the basis

for answers, in order to comment on the participants' reasoning or assumptions. Note where groups have similar problems or data gaps. Use this information in the application phase.

Application



10 minutes

- What elements are hardest to assess or determine?
- What kind of assumptions can you make, and how can you validate your assumptions?
- How can you obtain the information you need? Who should be involved in the process?
- What have you learned about process of project implementation?



Exercise 2: Risk Assessment Analysis



45 minutes

Objectives:

- To understand the types of risks that can hinder successful project implementation.
- To undertake a risk assessment analysis.
- To identify ways of managing risk.



Learning Material 5: Risk Assessment Analysis

Comments: This is a case study exercise. The Trainer should refer to Learning Material 5 in order to understand the types of responses required to complete the exercise. This example should be distributed to participants after the exercise has been completed.

The information and template (Table 3) necessary for this exercise are contained in the Risk Assessment Analysis Exercise (Exercise 2). Read through the instructions and the example LED project action plan to ensure an understanding of both. Explain to participants that the risk assessment analysis provides feedback to the action plan and the strategy decision making process.

Instructions

- Read through the Business Advice Center project action plan example (Table 2) provided as part of Exercise 2.
- Identify up to four *risk factors* that would have a negative impact on the project's execution.
- Inserting the short description of the Business Advice Center project into the *Scenario* box, consider and complete the Risk Assessment Analysis template (Table 3) for each of the four risk factors identified.
- Provide a description of the risk, describing what might happen and in which circumstances.
- Consider the level of probability of the risk occurring, and assess the consequences to the project if the risk does occur.
- Propose solutions or remedies to avoid or limit the risk to the project.
- Dependent on the efforts required to avoid or limit the risk from impacting on the project, make a judgment on the solutions that you will implement to limit the consequences to the project. Should you consider the efforts to avoid or limit the risk from impacting on the project excessive, you may decide not to take remedial action.
- You will be asked to defend your decisions; after the completion of the exercise, you will be provided with an alternative solution for your understanding and reference.
- Group discussions regarding the outcome of the exercise is recommended.

Group Feedback

 15 minutes

Comments and questions: Ask one group to explain one of their risks. After the first group has explained their reasoning of the risk and the action taken, ask another group for an example of a different risk that has been identified. Elaborate on the reasoning of the risks mentioned and the action taken to remedy the risk.

Distribute Learning Material 5 to Participants

Refer participants to Learning Material 5 and consider what constitutes a risk to project success, and the actions that can be taken to overcome the risk. Highlight the importance of thinking through the problems before considering an LED project. Note that some projects may be less feasible and acceptable after such an analysis if there are no adequate solutions, or if the risks are unacceptably high.

Application

 10 minutes

Comments:

- How can you structure your action planning to do a risk assessment analysis?
- Who should undertake the risk assessment analysis?
- How will you use the information from risk assessment analyses? Does your planning process allow for the re-thinking or revising of projects, or for revising your prioritization?
- What are some of the most likely risks to the realization of LED projects that your city will experience? What can be done to diminish and alleviate these risks? Do you need more information in order to decide to proceed with LED project action planning?

Summary of Session

Comments: Refer to the objectives in summarizing the session, and make a transition to the session on organizational structures.

SESSION 3: ESTABLISHING THE ORGANIZATIONAL AND INSTITUTIONAL STRUCTURES FOR IMPLEMENTATION

Overview of Session 3

| | |
|--|--|
| Objectives | <input type="checkbox"/> To understand different organizational strategies for LED implementation <input type="checkbox"/> To identify preliminary structures in participant cities |
| Session Time  | 1 hour 30 minutes |
| PowerPoint Slides  | Module 4 PowerPoint Slides 8-10 |
| Exercise  | Exercise 3: Organizing for Implementation |
| Template  | None |
| Learning Materials  | None |
| Key Reading | Primer Section 6 |

Introduction to Session 3

Step Two: Build Internal and External Teams for Project Implementation

 **30 minutes**

Comments: Clarify to participants that there may be different agencies within a municipality that are responsible for devising and implementing the LED strategic plan. Even when the city is both the organizer of the LED strategic planning process and the main coordinating agency for LED implementation, there are choices to be made about how to organize strategy implementation. A key decision that the municipality will take is to determine whether the city is best placed to be the main coordinating organization.



8

Who is the coordinating body for implementation of the strategy?

Any number of institutions or organizations may be the main organization and coordinating agency for LED within the municipality. Often this is the local municipal government through a department for economic development (this may need to be established).

Comments: Before offering alternatives, ask participants to name the types of economic development structure that they are familiar with in their respective city. In presenting the alternatives, ask participants to identify the advantages and drawbacks associated with each one. Refer participants to Module One Organizing the Effort (Session 4).

Local Municipal Government Economic Development Department

Questions: Ask participants whether their respective cities have such departments. Where such departments do exist, ask those participants to outline the departmental functions, staff and budget.

- As an independent department, an economic development department can focus all its efforts on LED.
- Having such a department sends a signal to the business community that the municipality is serious about local economic development.
- Such a department can influence other municipal activities and decisions.
- As an independent department, it can develop an integrated and comprehensive understanding of the municipality's local economic development needs and resources.
- It can easily lose contact with the private sector, and an associated understanding of private sector needs, if it does not develop regular mechanisms for liaison and effective communication.

Comments: Provide participants with examples of municipal governments that have established a separate economic development department to coordinate LED. Identify key aspects of the institutional team set-up to highlight key aspects of the LED teams. Provide examples from the participant's own region and country where possible. The trainer should review, and provide the United Kingdom example of, Manchester City Council's Economic Development Group if necessary².

Local Municipal Government Planning Department

- Ensures close cooperation between planning and economic development actions
- Has organizational efficiencies
- May be perceived as not having great importance
- Success depends on leadership and the attitude of the departmental head towards LED. Support for LED may be difficult to obtain as this is not the main function of this department

Chamber of Commerce (or other private business group)

- Understands the needs of business
- Can easily tap into the resources of the business community
- Is less vulnerable to political influence
- May have a strongly business-oriented view of local economic development; its actions may not have broad community support
- May not be able to influence the municipality to undertake actions or make financial investments
- Outside investors may not trust or want to deal with a Chamber
- Does not have the same democratic mandate as a municipal organization; is unable to assemble land or receive grants from higher tiers of government

A Public-Private Partnership constituted as an LED Agency or a non-profit organization

- An entity set up as an independent authority with specific powers
- Provides a solution when the issues, problems and solutions extend past the city political boundary. Can cover multiple political and institutional jurisdictions as needed, such as suburbs, peri-urban areas, other towns and communities, non-public institutions, privatist approaches

² Details of Manchester City Council's Economic Development Group can be viewed at: <http://www.manchester.gov.uk/business/eig/>

- Empowered to assemble land, access grants from higher levels of government, provide public sector funding and undertake initiatives that would otherwise not be available to support projects
- Has many of the advantages of both private and public sector model with limited disadvantages. Can access and use resources and expertise of both sectors
- Does not favor any one agenda or stakeholder or partner organization
- Draws on wide range of experience and ideas
- Encourages commitment from all sectors, as it is perceived as neutral
- Can take greater risk as the directors and board are not re-elected by general population
- Allows flexibility in hiring

Comments and questions: *In Western Europe, quasi-public authorities or agencies are a common organizational format for implementation of LED strategies. Do such agencies exist locally? Ask participants if they know of any local examples of an LED agency approach?*

Most integrated, comprehensive LED strategies are delivered through public-private sector partnerships or development authorities.

Comments and questions: *Are there examples of independent authorities or agencies for other purposes? What purposes and tasks do they fulfill and how are they constituted?*

A formal LED agency usually consists of, and is convened by, a joint public-private board with funding from both of those sectors. It can have a single goal, such as urban redevelopment, be geographically targeted, or be multi-functional in nature. It can be funded primarily by the public sector through local taxation, through transfer and specific grants from higher tiers of government, and through locally secured resources and fees such as the leasing of property, in-kind contributions, the sale of consulting services or a membership fee. It is able to use public sector powers in a commercially responsive approach.

Role of Coordinating and Implementing Agency

Comments and questions: *Ask participants what the role of the implementing authority should be. Explain that the main role is to coordinate, since many projects are implemented in partnership with, or by, other institutions.*

The implementing agency takes responsibility for coordinating implementation and collaborating with other organizations. It may implement some projects directly, but mainly coordinates and oversees implementation by other departments and agencies.

- Sets up task forces or advisory groups where necessary for the planning and oversight of implementation.
- Organizes stakeholder participation, citizen outreach and communication through meetings, forums, partnership development and media.
- Is in charge of coordination with other private and public bodies, such as regional authorities, and with the city government.
- Responsible for monitoring and evaluation on a regular basis.
- Responsible for updating the plan as needed.
- Responsible for reporting to governing authority such as the Mayor or Board of Directors.

How is the Organization Financed?

This will depend on how it is organized.

- Public funds (local government support; special grants)
- Private sector funds

Comments and questions: Ask what would be the most likely source of funds to begin to organize implementation? Explain that the source of the funds may have an influence on who is the implementing agency and how it is established, for example, if there are no funds, then it needs to take place within an existing organization or structure.

Highlight to participants, the need to complement and integrate, and where possible achieve synergy and leverage, with existing, ongoing or planned implementation efforts. Such efforts should be coordinated with the budgetary planning cycle to ensure that there are adequate funds available, and that the value and potential of all expenditure decisions are exploited and maximized.



9

Build Institutional Frameworks

Comments: *Partnerships for Implementation: What does this mean?*

Most LED activities are implemented through public-private sector partnerships, in addition to activities undertaken wholly by the local government.



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Public-private partnership is a long-term, shared commitment between the two sectors designed to pursue a common goal. Partnerships may be created to accomplish a specific objective, or to oversee the implementation of a specific project. They may be created to help achieve any of the goals of LED. They can draw on resources from throughout the community, and take time and effort to establish. Developing a shared LED vision statement at the start of the LED strategy planning process that breaks down real and perceived barriers, builds trust and consensus can encourage the development of such partnerships.

Comments and questions: Ask participants whether their respective cities currently collaborate with any partners. Ask those participants that know of such an example to explain how their city cooperates with its partners. Ask them to describe the partnership process. After discussing the partnership process with participants, discuss the examples listed below.

Common partners in the LED process:

- **Business Support Organizations:** Chambers of Commerce and professional associations can provide training for local businesses and lobby on behalf of businesses; 'One-stop shops' can provide licensing and permitting for businesses; business information centers can act as a liaison with the business community
- **Banks and Enterprise Funds:** Can run small loan programs, make loans to the municipality and loans to private industry
- **Individual Business:** Can contract with the local municipal government for service provision, serve on advisory boards
- **Private Property Developers:** Can invest in building rehabilitation and industrial park creation; can lobby with government for local interests and can sit on task force
- **Professional Associations:** Can advise on specialized areas such as historic renovation, architectural restoration, participate in business groups
- **Neighborhood and Community Groups:** Can act as a liaison with community and provide leadership
- **Universities, Research Centers and Technical Colleges:** Can provide technical assistance to businesses, training in technical or management subjects, provide space for incubator, partner in research park, provide assistance with data collection or feasibility studies, and train the workforce

- **Non-Governmental Organizations (NGOs):** *Can serve as local enterprise agencies to promote small and medium-sized enterprises, partner in health or environmental projects, and implement surveys or evaluations*

Intergovernmental Partnerships

Comments and questions: *Ask if cities have intergovernmental agreements, for example, solid waste management, water treatment, and transportation.*

- Partnerships among local municipal governments to achieve a goal that serves all the entities' interests
- Exist between levels of government where municipal government and higher levels of government share responsibility for a project

Regional Cooperation

- Is essential in LED as many problems cannot be addressed by a single jurisdiction, for example, air pollution, transportation and labor force skills
- When the need to combine resources arises, for example, in an expensive large scale project, or when joint problem solving and risk sharing is required

Often, there already exists a regional (formal or informal) framework within which municipalities can work. Such frameworks may have been set up to channel and supervise funds from the European Union or the national government, may be charged with being responsible for the implementation of national policies, or may be an independent agency initiated by municipalities in the region to undertake regional branding. It may have been established to help coordinate and administer specific projects and activities, such as a regional airport project.

Comments and questions: *Refer to Module One presentation on regional decisions and factors affecting LED. Ask participants to list the kinds of regional cooperation that might be desirable or essential.*

Establishing an Institutional Mechanism for Implementation

The structure, staffing, level of participation and control of the institutional mechanism will be determined by the type of delivery vehicle selected and the resources available. Whatever organizational framework is selected, new structures will need to be established that bring together the necessary institutional resources required to plan, direct, finance and implement the strategy. Such new structures may include:

- Internal procedures and decision making procedures in the municipal council
- Departments, units, people or inter-departmental coordination to fulfill the project
- Skills required to implement programs and projects and associated implications on staff
- Establishment or revision of a communications plan
- Establishment or revision of a monitoring and evaluation plan

In creating a vehicle to deliver the strategy, it will be necessary to consider whether:

- New institutional procedures are required in City Hall and the city council, or in outside authority or agency
- New departments or rules for interdepartmental coordination are required in city hall and with partners
- Task forces or committees are necessary for implementation
- Existing structures are sufficient or new structures are needed for communicating with, and involving, stakeholders and the community
- Reporting mechanisms and channels are appropriate and needed

- Appropriate mechanisms are in place for financing
- Appropriate staff skills exist or are required; is there be a need for an LED training course
- Performance and monitoring systems and processes need to be established
- Appropriate key partners have been identified and structured relationships exist



Exercise 3: Organizing for Implementation



30 minutes

Objectives:

- Reflect on the organizational needs for implementation
- Identify realistic organizational solutions

Comments: In this exercise, participants think about the reality of their city political and organizational structures, match these against potential funds for LED implementation sources and determine a realistic structure for implementation. They must also consider the institutions likely to implement the projects, and the appropriate role in implementation management and coordination.

Instructions

- Work in your city group
- Based on your LED strategy, projects and programs, and the resources of the city, prepare the following:
- Propose an organizational home and structure for LED implementation and give the three main reasons why this is the most appropriate solution in the case of your city.
- For the chosen home and structure, indicate how the structure will be established and how it will be funded and what reporting structure is appropriate. Indicate potential obstacles or problems to resolve to establish and fund the organizational structure.
- What key staff are needed and with what skills? What is the budgetary requirement?
- Based on the structure you have selected, and in light of the programs and your project Action Plans, which persons are most appropriate to include in the *core team* for implementation?
- What *committees, teams or task forces* should participate in implementation, based on your LED project action plans?
- Which *partner organizations or institutions* are crucial to implementation? What should their role be in management and coordination?
- Prepare a flip chart with the information and select a reporter to present your findings

Group Feedback



15 minutes

Comments and questions: During group feedback, compare one group's responses to the others. Ask participants questions to determine the appropriateness of the structure, whether it is realistic, and what obstacles need resolving. Ask why particular choices were made.

Make sure participants have thought about the respective role of partners and stakeholders. Make sure there are appropriate coordination structures in place and a source of funds.

Application



10 minutes

Questions:

Ask participants:

- What are the most important things to consider in organizing for implementation?
- What will be the most difficult issue to resolve in the organization?
- What kind of obstacles can be expected?

Summary of Session

Comments: Refer to the objectives in making a summary of the main points of the session.

SESSION 4: PREPARING A COMPREHENSIVE IMPLEMENTATION PLAN

Overview of Session 4

| | |
|--|---|
| Objectives | <input type="checkbox"/> To understand the purpose and elements of the implementation plan <input type="checkbox"/> To determine how to communicate the plan to the stakeholders and general public to gain acceptance and engender feedback |
| Session Time  | 1 hour 30 minutes |
| PowerPoint Slides  | Module 4 PowerPoint Slides 11-13 |
| Exercise  | None |
| Template  | None |
| Learning Materials  | Harrogate Web Site Business Attraction |
| Key Reading | None |

Introduction to Session 4

Step Three: Preparing a Comprehensive Implementation Plan

Comments: Day Two reviews all the elements that make up an implementation plan, and how to put them together. It also identifies the need for a plan to gain popular support. Most of these issues were covered in Day One of the Module. The Implementation Plan integrates all Project elements.

Stress that the implementation plan is not merely a written document. It is a blueprint of how to succeed. The LED Strategy and Action Plans cannot be realized without a clear plan of implementation, and the resources and commitment to back it up.



11

Implementation Plan Components

The implementation plan consists of several parts. It combines and integrates all the elements of the action plan and the organizational plan. It includes:

- Action Plans
- Budgets, funding needs and sources of funding over time
- Institutional structures, reporting and approval mechanisms
- Communications plan
- Monitoring and evaluation plan
- Stakeholder consultation plan
- Schedules and time lines



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- The implementation plan combines, and is driven by, the LED project action plans
- The implementation plan mediates between different projects. It ensures that there are no conflict or competition in resources and results
- It lays out the budgetary, human resource, institutional and procedural needs and implications of doing the plan
- It provides information on monitoring and evaluation to all parties so that reporting and the revision of the plan can take place
- It lays out schedules and indicates how stakeholders will be consulted

Comments: Differentiate between the strategy, which is short and for the general public, and the implementation plan, which is for internal use only.



13

A Communications Plan

Communication of the strategy to the public and the wider business community is important to build initial and sustained support, both public and political. It is important to build trust, transparency and support so as to sustain partnerships for implementation, and to assist with the monitoring and progress of stated aims and outputs. A communications plan should have:

- Clear and regular channels of reporting on the strategy, including regular stakeholder and committee meetings, internal reports such as quarterly reports, annual reports, and effective and tested reporting structures between project managers, implementing organizations, and coordinating organization and project stakeholders
- Strong communications with external bodies, agencies and individuals including communications with the Mayor and city council, and other supervising bodies
- Direct communications with key stakeholders, including a regular system for communicating with the advisory committee or other bodies, and with stakeholder groups
- A communications strategy that informs the public, and solicits feedback. This might include public hearings, focus groups, regular newspaper stories, radio and television interviews, reports, and annual reports.

Comments and questions: Ask participants what information they think should be communicated to each group and at what stage in strategy formation and implementation? Stress the need for using different modes of communication depending on the group, objective and purpose.

Refer to previous sessions and discussions on stakeholder participation methods. Ask participants what they think are valid means for obtaining feedback. What are the benefits and drawbacks of each method? What kind of media could be used?



Learning Material 6: Harrogate Web Site Business Attraction

Comments: Refer participants to the Harrogate Web Site Business Attraction learning material. Highlight the potential role of a municipal Web site in communicating the strategy and its components to a wider local audience. Inform participants that utilizing such an approach can be highly effective, extremely cost effective, and can encourage online feedback.

Communications and Monitoring and Evaluation

A Monitoring and Evaluation plan will include a process timetable of monitoring and evaluation meetings, audits and reviews throughout the year, and should be planned and budgeted in advance. This plan should also establish clear timeframes for reporting to the municipal council, and to the wider community.

***Comments and questions:** Discuss monitoring and evaluation as an integral part of the implementation plan. Inform participants that monitoring and evaluation will be addressed in detail in Module 5.*

SESSION 5: WRITING AND APPROVING STRATEGY

Overview of Session 5

| | |
|--|--|
| Objectives | <input type="checkbox"/> To prepare an outline of the written documents <input type="checkbox"/> To plan for strategy presentation and approval |
| Session Time  | 1 hour 45 minutes |
| PowerPoint Slides  | Module 4 PowerPoint Slide 14 |
| Exercise  | None |
| Template  | None |
| Learning Materials  | None |
| Key Reading | None |

Introduction to Session 5

The Strategy Approval Process

Comments: With participants, develop a list of the potential chapters or sections of an implementation plan. Discuss the degree of detail needed, and who is responsible for each section and for integrating sections.

There are three stages to obtaining agreement on the Strategy and the implementation plan:

- Documenting the strategy, writing it, and publishing it. It will be necessary to determine who will undertake each task.
- Dissemination and discussion amongst stakeholders and the community. Decisions will need to be made on how this will be undertaken, and by whom.
- Presentation to, and approval by, the municipal council. In presenting and seeking approval for the strategy, it will be necessary to build political and community support in advance.

Ideally the strategy should be documented, printed and consulted upon at several stages. This can take place during the process of draft discussion, when copies of the draft strategy are published and distributed, and comments are invited. This can again be printed once the local economy assessment has been completed. Publication, discussion and debate in city hall will, if appropriately publicized and reported upon, bring new ideas and inputs from the broader community and an appropriate method needs to be in place, or established, to ensure that ideas and opinions are taken into consideration and acted upon.

Comments and questions: Ask what kinds of mechanisms and approaches are best suited to sharing the strategy with the general public and specific stakeholders. Participants should think about how they will invite community comment and input prior to plan approval.

Once the strategy has been finally agreed upon, it should be published and made available to the community.

***Comments:** Strategy approval and support are part of the political process and require community participation.*

With the exception of planning documents that contain commercially confidential information (such as plans for property development, financing plans, zoning and planning and other such areas) planning documents should be made as accessible to all members of the community as is possible, practical and financially viable, to do. This can be realized through the use of media such as a Web site, the press, at municipal meetings, or by placing the relevant documents in city hall and inviting the public to view and comment.

***Comment:** Ask participants to consider what methods would work in their respective cities? What communications mechanisms would work with different sections of their city's community? With stakeholders, general public, political figures and bodies, organizations, donors, other levels of government?*



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Summary of Session

***Comments:** Use the summary to bring together the main points of the two sessions and note that the next session will plan for implementation of the strategy.*

SESSION 6: PLANNING FOR IMPLEMENTATION

Overview Session 6

| | |
|--|---|
| Objectives | <input type="checkbox"/> To allow facilitators to work with each city group to structure how they will implement the tasks presented in the training sessions |
| Session Time  | 2 hours 30 minutes |
| PowerPoint Slides  | None |
| Exercise  | None |
| Template  | Template 1: LED Project Action Plan |
| Learning Materials  | Blank LED Project Implementation Plan |
| Key Reading | None |

Introduction to Session 6

Comments: This session will allow the trainer to work with each city group to develop a plan for how they will implement the LED strategy planning tasks that have been highlighted in this module. Ideally, the trainer will organize the planning session in collaboration with advisors who will guide the cities in the implementation of the tasks. The tasks that should be implemented by city teams before the next training sessions are:

- Finalization of project action plans
- Risk assessment of projects
- Final choices of projects for strategy
- Establishment of the coordinating and organizational bodies for strategy implementation
- Determining the role, reporting mechanisms and funding for the coordinating agency
- Setting up institutional mechanisms for implementation
- Developing a communications and stakeholder participation plan
- Preparing the implementation plan document and strategy

Trainers should note that if all the tasks are not to be accomplished in the period before the next training module, adjustments will be needed in the delivery of Module 5.

This session should be used to help teams create an LED work plan, to be completed between the end of this training session and the beginning of the next training session. Teams will be expected to implement the different tasks. This session will also determine the time frame needed for task implementation, and the dates for the next phase of training. The Action Plan for each task should include the following:

- A hierarchy of tasks to be carried out
- A responsible party for each task
- The human resources required for each task; the financial requirements; the institutional and legal issues that need to be resolved

- Timetable for task
- Output or result
- Form in which the output will be compiled



Template 2: Task Planning Matrix

The first task for teams to complete during the training session and before leaving to return to their respective cities is the 'Planning for Task Implementation' template. This should be used to detail all of the above parts of the LED Action Plan for implementation of the Module 4 tasks

The following templates may also be useful to City teams in fulfilling their Implementation Tasks while back in their respective cities.

- **LED Project Action Plan Template** (Template 1). Template 1 can be used for each project as more information becomes available about each project.
- **Project Management Gantt Chart** (Template 3) provides a time line format of task planning, and assist participants to relate the sequence of one task to another. This template may be useful to clarify the sequencing of tasks over time.
- **Stakeholder and Communications Strategy Planning Template** (Template 4). This template establishes different actions to communicate the strategy, and identifies individuals and/or participating stakeholders.
- **Risk Assessment Analysis Template** (Template 5). This can be used to assess the risk of each project, providing input to the final strategy.
- **Blank LED Project Implementation Plan** (Learning Material 1). This template puts data together in a format that allows easy comparisons between one project and another.

Preparation for Module 5 Training

The next training session will commence with a session devoted to a group feedback report from each municipality on its experiences with Module 4's task implementation. City groups should be prepared to report on the following:

- Structure, composition, funding and role of the coordinating and implementing body
- Institutional mechanisms for coordination
- Completed actions plans and implementation plan
- Agreed outcome in 'choice of actions' and action plan
- Stakeholder plan
- Draft communications plan
- Draft outline of the written document.

Comments: Each group will designate a person to report on the above items. Group feedback will highlight and consider how decisions have been made, the significance of key results, and provide feedback on how participants conducted the Module 4 implementation tasks.

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Module 4: Power-Points

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Strategic Planning for LED A Five Stage Process

Stage 4 Strategy Implementation



Module 4 Day One



Stage 4 LED Project Action Plans

- LED Project Action plans describe each project
- Set out hierarchy of tasks, responsible parties, timetables, sources of funding, expected impacts and results for each project
- Should include the group responsible and name of project manager



4



Stage 4 Strategy Implementation

- **Prepare Project Action and Implementation Plans**
- **Build Institutional Frameworks**
- **Ensure Relevant Inputs Are Available**
- **Carry Out Project Tasks**
- Key Issues**
 - Who takes responsibility for each project
 - What are the targets/milestones in terms of outputs, time and funding
 - Establishing effective reporting structures



2



Stage 4 LED Project Action Plans

- **Provide structure to LED projects and background on**
 - Justification
 - Stakeholders and beneficiaries
 - Strategy and Objectives
 - Outputs and activities
 - Budget and schedule
 - Implementing organization
 - Monitoring and Reporting systems
 - Evaluation criteria and systems



5



Stage 4 Strategy Implementation

- **Prepare Project Action and Implementation Plans**
 - An Implementation Plan lays out budgetary, human resource, institutional and procedural implications in implementing the LED Strategy
 - An Action Plan lays out a hierarchy of tasks, responsible parties, timetables, sources of funding, expected impacts and results for each project
 - Strategy Implementation is driven by a broad Implementation Plan that in turn is driven by individual project Action Plans



3



Stage 4 Measuring Results

- The outcome or result tells what you want to achieve
 - *Example: give start-up loans to small businesses*
- An indicator is a unit of measurement that allows you to monitor and measure performance in getting results over time. It measures outcomes and results
 - *Example: number of loans given*
- A target is a value that tells you how well you are doing in getting the results you aim for
 - *Example: 30 loans per year*



6



Stage 4 Strategy Implementation

- **Milestones for Implementation**
 - Establish a clear set of milestones so as to monitor delivery and outputs on every objective of the plan
 - Milestones should be clearly defined and measurable



7



Stage 4 Strategy Implementation

- **Build Institutional Frameworks**
 - Need to agree to a shared vision and mutual advantage to drive partnership commitment and implementation
 - Need to bridge the differences in culture between private and public sector to bring forth the best from partners
 - Building effective partnerships for LED strategy implementation is time consuming



10



Stage 4 Strategy Implementation

- **Key Points**
 - Prepare LED Project Action Plans
 - Prepare Implementation Plan
 - Build institutional framework
 - Ensure relevant inputs (financial, human resources) are available
 - Carry out project tasks



8



Stage 4 Strategy Implementation

- **The Implementation Plan includes**
 - Action Plan
 - Budget
 - Institutional Structures, reporting and approvals
 - Monitoring and evaluation plan
 - Schedule
 - Communications plan
 - Stakeholder consultation plan



Module 4 Day Two



Stage 4 Strategy Implementation

- **Build Institutional Frameworks**
 - Most comprehensive LED strategies are delivered through public/private sector partnerships
 - Need to build formal and informal links with businesses, community and voluntary organizations via councilors, council staff and services
 - Need to build relationships and trust between partners and manage their different perspectives and agendas



9



Stage 4 Strategy Implementation

- **Key Points**
 - Who takes responsibility for each project
 - What are the targets/milestones in terms of outputs, time and funding
 - What will be the reporting structures (including to stakeholders)



12



Stage 4

Communicating the LED Strategy

- **Communication of Strategy**
 - Enables cooperation between stakeholders, management and personnel
 - Enables creativity
 - Facilitates selection of optimal solutions to problems
 - Prevents and solves conflicts
 - Contributes to success



13



Stage 4

Strategy Implementation

- **Ensure Relevant Inputs are Available**
 - Implementing a LED strategy needs commitment of resources, time, political support and effort
 - These inputs should be secured prior to the start of implementation
 - Ensuring and maintaining that these inputs remain in place will determine the success of LED implementation and effort
 - Make use of lobbying and informal networking



14



Making Local Economic Development Strategies: A Trainer's Manual

Module 4: Exercises

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EXERCISE 1: PROJECT ACTION PLANS

Time: 1 hour

Objective:

- To understand the necessary factors of project implementation planning.
- To identify the information needed for project implementation.

Instructions

1. Work in your city group using the template provided for the exercise (overleaf).
2. Select two LED projects from those that you identified in the Module 3 exercises or when you were undertaking your Strategic Planning implementation tasks. The projects should not relate to the same objective.
3. Consider the various components of an LED action plan as presented in the session. Working as a group, discuss the different elements of the action plan and come to agreement on the most appropriate answer for each heading. Complete a blank LED Project Action Plan template for each project.
4. Make a note of where you lack information needed to complete the action plan, and consider how you could obtain this information.
5. Be prepared to discuss your action plan.

Table 1a: Project Action Plan

| | |
|--|---|
| Project: # 1 | Program Type(s): |
| Short Description of the Project: | |
| Expected Results: | Target Group(s): |
| Possible Stakeholders: | Possible Contributions to the Project: |
| | |
| | |
| | |
| Prerequisites: | Risk Factors: |
| Estimated Costs: | |
| Time for Implementation: | Time to Impact: |
| Outputs: | |

Table 1b: Project Action Plan

| | |
|--|---|
| Project: # 2 | Program Type(s): |
| Short Description of the Project: | |
| Expected Results: | Target Group(s): |
| Possible Stakeholders: | Possible Contributions to the Project: |
| | |
| | |
| | |
| | |
| Prerequisites: | Risk Factors: |
| Estimated Costs: | |
| Time for Implementation: | Time to Impact: |
| Outputs: | |

EXERCISE 2: RISK ASSESSMENT ANALYSIS

Time: 45 minutes

Objectives:

- To understand the types of risks that can hinder successful project implementation.
- To undertake a risk assessment analysis.
- To identify ways of managing risk.

Instructions

1. Read through the case study *project action plan* that forms part of the exercise (Table 2). Discuss the following points in your group and complete the template accordingly.
 - Identify four *risk factors* that would have a negative impact on the project. The box titled ‘Scenario’ in Table 3 is the same as the project description. There are four blank risk assessment analysis templates to complete for each of the risks identified (Table 3).
 - Discuss the nature of each risk. Consider what might happen as a result of each risk and in what circumstances the risk exists and/or arises.
 - Consider the level of probability of the risk, and the impact on the project’s success if the risk does occur.
 - Propose solutions or remedies to each potential risk so as to remove, or limit the consequences of, the identified risk.
2. Note that in comparing the efforts required to remove or rectify the risk against the chances of risk occurrence and level of consequences, you may chose not to take any action.
3. Use the template to record your answers.
4. You will be asked to defend your decisions, and afterwards you will receive an alternative solution. Group discussions are important and recommended.
5. Keep the template and your answers for the planning session.

Table 2: Project Action Plan

| Project: # 1 BUSINESS ADVICE CENTER | Program Type(s): Encouraging Local Business Growth Encouraging New Enterprise |
|---|--|
| <p>Short Description of the Project: Establish an office with one or more professionals to offer professional advice to existing or potential entrepreneurs in management, finance, marketing and personnel. Related services include: assisting owners in business planning, preparing loan applications, offering business expansion information, organizing short business courses, supporting the business community through information and communication (roundtables, conferences etc.). The Advice center should provide feedback to the local administration on potential problems in the business climate and highlight areas for improvement. Potentially, the center could be financially self-sustainable with clients paying the full costs of services received; alternatively, a subsidized fee may be charged for direct services with other services such as seminars being fee of charge.</p> | |
| <p>Expected Results: Decrease in unemployment Reduction of business failures Increase in new businesses Increased contribution of the private sector to the municipal budget and local economy Improved business enabling environment (favorable to new investments)</p> | <p>Target Group(s): Existing entrepreneurs that wish to expand their businesses People with business ideas that lack knowledge or the means for starting up a business New small investors</p> |
| <p>Possible Stakeholders: Local Business Association and/or private sector: professional assistance</p> | <p>Possible Contributions to the Project: Potential champion of the project Material contribution: equipment and/or expertise</p> |
| <p>Local government: stronger SMEs lead to lower unemployment, a better economy, higher local income</p> | <p>Offer of direct support: premises, political support, expertise</p> |
| <p>Local educational and other institutions: future jobs for students</p> | <p>Contribution of technical advice through experts May provide job matching service</p> |
| <p>City Diaspora: assistance in finding investment opportunities and support for local relatives</p> | <p>Financial support May offer information and opportunities: business opportunities, apprenticeships for managers, innovative ideas</p> |
| <p>International organizations: practical assistance for SME development</p> | <p>Financial support Technical assistance</p> |
| <p>Prerequisites: An organization exists to take leadership of the project Specialists are available to provide services Available premises and equipment Available financial resources</p> | <p>Risk Factors: Identify four risk factors</p> |
| <p>Estimated Costs: €22,000 in the first year; €16,000 in years 2 and 3 Premises: €3,600/year (€300/month) Equipment: €6,000 Salaries: €8,400 for 3 people</p> | <p>Running costs: €4,000 annually Stakeholders may contribute in cash or in-kind: premises, equipment, volunteer work For special events (training, conferences) additional funds should be raised</p> |
| <p>Time for Implementation: Minimum duration at least 3 years Start-up in less than 6 months</p> | <p>Time to Impact: First evaluation after 1 year of operations Each subsequent year results monitored against an initial set of data (number of businesses, contribution to the total revenue of the community, number of unemployed, increased export)</p> |
| <p>Outputs: 50% of loan applications granted 40% of all assisted businesses increase revenues</p> | <p>5 new business start-ups annually 20% of assisted businesses expand markets 50 new jobs created in 3 years</p> |

Table 3: Risk Assessment Analysis Template

| | | | | | |
|-----------------------------------|--------------------------------------|---------------------------------|------------------------------------|----------------------------------|---------------------------------------|
| Project: | | | | | |
| Scenario: | | | | | |
| Risk Factor #1: | | | | | |
| Description of Risk: | | | | | |
| Probability of Occurrence: | <input type="checkbox"/> Very low | <input type="checkbox"/> Low | <input type="checkbox"/> Medium | <input type="checkbox"/> High | <input type="checkbox"/> Very high |
| Level of Consequences: | <input type="checkbox"/> Very low | <input type="checkbox"/> Low | <input type="checkbox"/> Medium | <input type="checkbox"/> High | <input type="checkbox"/> Very high |
| Prevention Actions: | | | | | |
| Remedy Solutions: | | | | | |

| | | | | | |
|-----------------------------------|--------------------------------------|---------------------------------|------------------------------------|----------------------------------|---------------------------------------|
| Risk Factor #2: | | | | | |
| Description of Risk: | | | | | |
| Probability of Occurrence: | <input type="checkbox"/> Very low | <input type="checkbox"/> Low | <input type="checkbox"/> Medium | <input type="checkbox"/> High | <input type="checkbox"/> Very high |
| Level of Consequences: | <input type="checkbox"/> Very low | <input type="checkbox"/> Low | <input type="checkbox"/> Medium | <input type="checkbox"/> High | <input type="checkbox"/> Very high |
| Prevention Actions: | | | | | |
| Remedy Solutions: | | | | | |

Table 3: Risk Assessment Analysis Template

| | | | | | |
|-----------------------------------|--------------------------------------|---------------------------------|------------------------------------|----------------------------------|---------------------------------------|
| Risk Factor #3: | | | | | |
| Description of Risk: | | | | | |
| Probability of Occurrence: | <input type="checkbox"/> Very low | <input type="checkbox"/> Low | <input type="checkbox"/> Medium | <input type="checkbox"/> High | <input type="checkbox"/> Very high |
| Level of Consequences: | <input type="checkbox"/> Very low | <input type="checkbox"/> Low | <input type="checkbox"/> Medium | <input type="checkbox"/> High | <input type="checkbox"/> Very high |
| Prevention Actions: | | | | | |
| Remedy Solutions: | | | | | |

| | | | | | |
|-----------------------------------|--------------------------------------|---------------------------------|------------------------------------|----------------------------------|---------------------------------------|
| Risk Factor #4: | | | | | |
| Description of Risk: | | | | | |
| Probability of Occurrence: | <input type="checkbox"/> Very low | <input type="checkbox"/> Low | <input type="checkbox"/> Medium | <input type="checkbox"/> High | <input type="checkbox"/> Very high |
| Level of Consequences: | <input type="checkbox"/> Very low | <input type="checkbox"/> Low | <input type="checkbox"/> Medium | <input type="checkbox"/> High | <input type="checkbox"/> Very high |
| Prevention Actions: | | | | | |
| Remedy Solutions: | | | | | |

EXERCISE 3: ORGANIZING FOR IMPLEMENTATION

Time: 30 minutes

Objectives:

- To reflect on the organizational needs for implementation.
- To identify realistic organizational solutions.

Instructions

1. Work in your city group.
2. Based on your city's LED strategy, programs and projects, and the resources available for implementation, undertake and consider the following tasks:
 - Propose an organizational 'home' and structure for LED implementation. Identify the three main reasons why this is the most favorable solution in the case of your city.
 - For the chosen home and structure, indicate how this structure will be established, how it will be funded, and what the reporting structure will be. Indicate the potential obstacles or problems that are likely to need resolving in establishing and funding this organizational structure.
 - Establish a group profile of the types of individuals that will comprise the key staff, and identify the types of skills that these staff will need to demonstrate. Estimate the likely budget for undertaking this.
 - Based on the structure you have selected, and taking into account the LED programs and your project action plans, identify the individuals that are most appropriate to be included in the *core team* for implementation.;
 - Based on your LED project action plans, which *committees*, *task forces* or *teams* should participate in project implementation?
 - Which *partner organizations* or *institutions* do you consider to be crucial to achieving successful project implementation? What should their respective role be in the management and coordination of the project?
3. Prepare a flip chart using this information and select a reporter to present your findings.
4. Save your findings to use in the planning for implementation session.

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Module 4: Templates

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TEMPLATE 1: LED PROJECT ACTION PLAN

| | |
|--|---|
| Project: # 1 | Program Type(s): |
| Short Description of the Project: | |
| Expected Results: | Target Group(s): |
| Possible Stakeholders: | Possible Contributions to the Project: |
| | |
| | |
| | |
| Prerequisites: | Risk Factors: |
| Estimated Costs: | |
| Time for Implementation: | Time to Impact: |
| Outputs: | |

TEMPLATE 5: RISK ASSESSMENT ANALYSIS

| | | | | | |
|-----------------------------------|--------------------------------------|---------------------------------|------------------------------------|----------------------------------|---------------------------------------|
| Project: | | | | | |
| Scenario: | | | | | |
| Risk Factor #1: | | | | | |
| Description of Risk: | | | | | |
| Probability of Occurrence: | <input type="checkbox"/> Very low | <input type="checkbox"/> Low | <input type="checkbox"/> Medium | <input type="checkbox"/> High | <input type="checkbox"/> Very high |
| Level of Consequences: | <input type="checkbox"/> Very low | <input type="checkbox"/> Low | <input type="checkbox"/> Medium | <input type="checkbox"/> High | <input type="checkbox"/> Very high |
| Prevention Actions: | | | | | |
| Remedy Solutions: | | | | | |

| | | | | | |
|-----------------------------------|--------------------------------------|---------------------------------|------------------------------------|----------------------------------|---------------------------------------|
| Risk Factor #2: | | | | | |
| Description of Risk: | | | | | |
| Probability of Occurrence: | <input type="checkbox"/> Very low | <input type="checkbox"/> Low | <input type="checkbox"/> Medium | <input type="checkbox"/> High | <input type="checkbox"/> Very high |
| Level of Consequences: | <input type="checkbox"/> Very low | <input type="checkbox"/> Low | <input type="checkbox"/> Medium | <input type="checkbox"/> High | <input type="checkbox"/> Very high |
| Prevention Actions: | | | | | |
| Remedy Solutions: | | | | | |

| | | | | | |
|-----------------------------------|--------------------------------------|---------------------------------|------------------------------------|----------------------------------|---------------------------------------|
| Risk Factor #3: | | | | | |
| Description of Risk: | | | | | |
| Probability of Occurrence: | <input type="checkbox"/> Very low | <input type="checkbox"/> Low | <input type="checkbox"/> Medium | <input type="checkbox"/> High | <input type="checkbox"/> Very high |
| Level of Consequences: | <input type="checkbox"/> Very low | <input type="checkbox"/> Low | <input type="checkbox"/> Medium | <input type="checkbox"/> High | <input type="checkbox"/> Very high |
| Prevention Actions: | | | | | |
| Remedy Solutions: | | | | | |

| | | | | | |
|-----------------------------------|--------------------------------------|---------------------------------|------------------------------------|----------------------------------|---------------------------------------|
| Risk Factor #4: | | | | | |
| Description of Risk: | | | | | |
| Probability of Occurrence: | <input type="checkbox"/> Very low | <input type="checkbox"/> Low | <input type="checkbox"/> Medium | <input type="checkbox"/> High | <input type="checkbox"/> Very high |
| Level of Consequences: | <input type="checkbox"/> Very low | <input type="checkbox"/> Low | <input type="checkbox"/> Medium | <input type="checkbox"/> High | <input type="checkbox"/> Very high |
| Prevention Actions: | | | | | |
| Remedy Solutions: | | | | | |

Making Local Economic Development Strategies: A Trainer's Manual

Module 5 Strategy Review

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INTRODUCTION TO MODULE FIVE

Module 5 Overview

Module five presents *Strategy Review* as part of the LED strategic planning process, and considers monitoring and evaluation as a mechanism to review and assess LED strategies, programs and projects. The module explores monitoring and evaluation as a means of tracking and measuring the progress of strategy development and project implementation. It considers the design and use of performance monitoring indicators in measuring progress towards stated strategy and project outputs. Participants will learn how performance monitoring indicators can contribute to the process of program and project delivery, and gain an understanding of how to select appropriate indicators and targets to measure outputs and progress in meeting strategy aims. The module will guide participants on how to initiate a monitoring and evaluation system both during LED strategy planning and in the implementation phase.

Participant Learning Objectives: In undertaking this module, it is envisaged that participants will:

- Select *outcomes* for LED activities
- Select *indicators* and *targets* for the LED strategy
- Design an LED *monitoring and evaluation system*
- Plan for a *review* and *evaluation* of the LED strategy

Table 1: Structure of Module 5

| Day | Activity |
|---------|--|
| Day One | Session 1: Group Feedback Implementation Module Four |
| | Session 2: Strategy Review: Why Monitoring and Evaluation |
| | Exercise 1: Defining Objectives and Indicators |
| | Exercise 2: Structuring a Monitoring System |
| | Session 3: Integrating Monitoring and Evaluation into the Strategic Planning Process |
| | Session 4: Evaluations and Strategy Review |

Module Length

1 Day



PowerPoint Slide Presentation

- Module 5



Exercises

Module 5 contains two exercises that allow participants to plan for LED monitoring and evaluation. **Defining Objectives and Indicators** (Exercise 1) allows participants to identify what they want to monitor and evaluate, and determine appropriate indicators for monitoring progress so as to achieve the desired output. **Structuring a Monitoring System** (Exercise 2) enables participants to organize the effort for monitoring by providing an insight into the different tasks involved in monitoring. Exercise 2 informs participants of the process of, and approaches to, devising and structuring an LED monitoring system.



Templates



Learning Materials

Module 5 Course Materials

| Module | Core Material | Learning Materials |
|---------------|---|--|
| Module 5 | <ul style="list-style-type: none"><input type="checkbox"/> Module 5 Trainer's Manual<input type="checkbox"/> Module 5 Presentation<input type="checkbox"/> Module 5 Exercises<input type="checkbox"/> Module 5 Templates | <ul style="list-style-type: none"><input type="checkbox"/> Monitoring and Evaluation Glossary of Terms<input type="checkbox"/> Examples of Indicators<input type="checkbox"/> Key Monitoring and Evaluation Questions<input type="checkbox"/> Harrogate Business Plan Monitoring and Evaluation<input type="checkbox"/> Harrogate District Local Plan Annual Monitoring Report |

SESSION 1: GROUP FEEDBACK IMPLEMENTATION MODULE FOUR

Overview of Session 1

| | |
|--|--|
| Objectives | <input type="checkbox"/> To share experience of doing tasks <input type="checkbox"/> To analyze the tasks and draw conclusions about lessons learned <input type="checkbox"/> To provide and receive feedback to incorporate into the LED strategy |
| Session Time  | 1 hour 30 minutes |
| PowerPoint Slides  | None |
| Exercise  | None |
| Template  | None |
| Learning Materials  | None |
| Key Reading | None |

Report of Module Four Implementation

Comments: Welcome participants to the fifth and final training module. Refer participants to the Module 5 agenda. Use the overview of Module 5 to explain the contents and objectives of the module, and how it links to the previous four modules. Explain to participants that strategy review (monitoring and evaluation) is a key feature of successful LED strategy making and implementation, and should be developed as an integral component of LED strategy development.

Group Feedback

The purpose of the group feedback session is to allow participants to learn from each other's experience in implementing the strategic planning for LED implementation tasks that were distributed to participants at the end of Module 4. The session should be structured so that each city reports on the tasks it was given including:

- Nature, structure, funding and role of the coordinating and implementing body
- Institutional mechanisms for coordination
- Completed LED project action plans and a completed 'vision to projects' matrix
- Financing plan
- Communications plan
- Stakeholder plan
- Strategy outline

Comments: During the group feedback session, pay special attention to the practicality of the implementing structures, and how different institutions will coordinate and work together. Note how the financing plan relates to different institutions; note whether funds are available to cover more than the first year of operation; establish who the key decision makers are with

regard to funding and resourcing issues. Ensure that the stakeholder and communication plans include information on input to the process.

Application

Questions:

Ask participants to identify:

- What are the most difficult tasks in undertaking LED project action planning
- What decision or information is required to complete the implementation plan
- What conclusions can be drawn about partnership working and partnership roles
- What is the reality of project implementation and finance
- What are the main steps that need to be taken to create implementation structures so that the team can function appropriately
- What kind of communication and feedback mechanisms are appropriate to carrying out these tasks

***Comments:** Close the session by providing a summary of the session and make the transition to Session 2.*

SESSION 2: STRATEGY REVIEW: WHY MONITORING AND EVALUATION

Overview of Session 2

| | |
|--|---|
| Objectives | <input type="checkbox"/> To understand the purpose and uses of monitoring and evaluation <input type="checkbox"/> To be able to choose intelligent indicators |
| Session Time  | 2 hours |
| PowerPoint Slides  | Module 5 PowerPoint Slides 1-24 |
| Exercise  | Exercise 1: Defining Objectives and Indicators Exercise 2: Structuring a Monitoring System |
| Template  | Monitoring Events Template Project Monitoring Template |
| Learning Materials  | Monitoring and Evaluation Glossary of Terms Examples of Indicators Monitoring and Evaluation Key Questions Harrogate Business Plan Monitoring and Evaluation |
| Key Reading | None |

Introduction to Strategy Review: Measuring Performance

Monitoring and Evaluation



1

Comments: Strategy Review provides the municipality with a framework to track and measure progress in LED strategy and project implementation. As monitoring indicators need to be determined early in the strategy, participants will learn how monitoring using indicators can assist in measuring impact.

Participants will learn to select appropriate indicators and targets to measure project outputs and progress in meeting objectives and goals. They will learn how to set up a monitoring and evaluation system in the LED strategy planning and implementation phase. The module will develop participant understanding of selecting outcomes for LED activities, selecting indicators and targets, designing an LED monitoring and evaluation system, and planning for a review and evaluation of the LED strategy.

Question: Ask participants to describe what monitoring is.



2

- Monitoring is the continuous assessment of progress in strategy and project implementation
- Monitoring uses information to gauge progress against agreed schedules, use of inputs, infrastructure and services by project beneficiaries
- Monitoring accepts the design of the strategy, and measures progress and performance
- Monitoring seeks to identify successes, failures and problems as early as possible.

Question: Ask participants to describe what evaluation is.



3

- Evaluation uses information from monitoring to periodically assess process and projects to determine the relevance, performance, efficiency and impact, both expected and unexpected, in relation to stated objectives
- Evaluation is used to determine if the actions being undertaken are meeting the LED strategic objectives, and if there is an opportunity or need for modification

Why Monitor and Evaluate? What are the Benefits?

*Question: Ask participants for their view of how and why **monitoring** is useful.*



4

- Monitoring provides information on the extent to which objectives and strategy aims have been achieved
- It provides a basis for accountability and transparency in the use of resources; an important factor for public, donor and private institutions
- Monitoring can show whether resources have been utilized effectively in LED programs. Stakeholders will want performance information in order to determine whether to participate in LED programs

*Question: Ask participants for their view of how and why **evaluation** is useful.*



5

Evaluation can:

- Determine the relevance of objectives
- Ascertain project effectiveness and sustainability
- Verify project efficiency and impact
- Establish a project's equity and efficacy

Strategy Review: Why Measure Performance?



6, 7

Measuring performance can:

- Strengthen LED strategy and project design, and lead to improvements in implementation. Effectively implemented M&E can direct investments toward programs and activities that have the greatest impact on productivity, job growth or investment
- Build trust with businesses, financial institutions and investors by openly sharing results. Transparent M&E can stimulate LED partnerships, improve stakeholder relations and reinforce ownership by stakeholders and the wider community
- Help ensure that the agreed activities have the desired and intended impact on stakeholders
- Inform LED practitioners of whether they are doing the right things, and doing them well.
- Allow for the benchmarking¹ of LED interventions against leading good practice
- Provide early warning of problems and allows actions to be taken on timely basis

¹ Benchmarking is the process of using indicators to measure the impact or success of a project by comparing it against something similar, for example, comparing the number of people completing a training course with another similar course in a similar area. Further information on the benchmarking process is available from the United Kingdom Government Public Sector Benchmarking Service: <http://www.benchmarking.gov.uk/>

- Reveal the need for mid-course corrections, adjustments and modifications to projects and programs so that they achieve their aim
- Provide input to upgrade the strategy as necessary, allowing for the adaptation of interventions to the changing needs of target business sectors and companies
- Formulate and justify budget requests for existing, planned or future LED interventions²

Similarities and Differences Between Monitoring and Evaluation



8

Question: Ask participants to consider how monitoring and evaluation differ.



9

Monitoring

- Analyzes all aspects of the current situation
- Routine monitoring
- Undertaken continuously
- Undertaken by project staff, participants and stakeholders
- Requires field visits, service delivery, information systems
- Initiated to discover problems, measure progress against expected outcomes, make decisions about resources
- Utilizes and emphasizes both quantitative and qualitative data



10

Evaluation

- Determines how effective the project or program has been
- Looks at the extent to which goals have been achieved and how efficiently
- Lessons learned for future
- Done periodically
- Might be done by an external agency or person
- Leads to the production of a formal document on progress, systems, achievement of goals, impact and effectiveness
- Qualitative emphasis



11

Designing the Monitoring and Evaluation Strategy: A Five Step Process

Comments: Highlight to participants, the need to consider monitoring and evaluation during the early stages of the LED process.

- Getting started; organizing the M&E effort
- Selecting outcomes for monitoring and evaluation
- Selecting indicators and targets
- Building the monitoring system
- Undertaking the evaluation

² For an overview of the role of M&E in economic development, see *The Way Forward: Framework for Economic Development in Scotland*, Chapter 7, Monitoring Progress and Effectiveness in Progress Towards the Vision: <http://www.scotland.gov.uk/library3/economics/feds-13.asp>



12

Step One: Getting Started-Organizing the M&E Effort

- What are the institutional arrangements and what is the framework
- Identify roles and responsibilities for all elements: who does what
- Identify the kind of information needed to measure progress
- Identify who will collect it and the methods of collection (how)
- Identify resources: how much will it cost, what tools are necessary

Determine who is responsible for tracking progress:

- Assign responsibility for tracking progress, and for regular data collection and analysis: usually, project managers with the responsibility for specific actions are responsible for reporting results
- Determine which stakeholders to involve and their respective roles
- Decide if external evaluators are needed, and at what stage



13

Step 2: Why Select Outcomes for M&E

- Outcomes measure the longer term changes in the municipality that it is hoped will occur as a result of the LED strategy
- In measuring such changes, clearly devised outcomes will clarify strategic objectives, generate benefits to the strategy process and the locality, and serve as evidence of success or failure



14

Step Two: Selecting Outcomes for M&E

- Utilize a participatory approach that involves key stakeholders
- In selecting outcomes, participants should be cognizant of their objectives
- The outcomes have come about as a result of the objectives developed in Module 2. They serve as the framework for monitoring and evaluation. The objectives define what you are ultimately measuring against
- Performance measurements must be linked to the objectives and indicate the degree to which the action being measured meets the objectives



15

Step Two: Selecting Outcomes for M&E

Comments: Refer to the example provided on Slide 15 and the example provided below:

Objective: To improve the city as tourist destination

Outcome: An increase in the inflow of money to the city from outside sources

Indicator: Increase by 20%, the revenues from entrance fees to specific tourist attractions

- What to measure to find out if you are meeting objectives

Comments and questions: Explain to participants the need to establish concrete and tangible measures of achievements as well as measures of general impact on the target groups. Ask participants for examples.

- **Outputs:** Concrete and tangible consequences of local economic development activity
Example: Number of small business loans made
- **Outcomes:** Short term impacts or effects that can be attributed to LED activities
Example: Increase in exports or sales; increased tourist visits per year
- **Impacts:** General change in the community that is observable in the long term, but may be affected by a number of factors outside project activities.
Example: Increase in average income per capita, or decrease in unemployment rate
- **Reach:** The scope and reach of who is influenced by LED activities
Example: School leavers, unemployed.

These are usually quantitative or numerical measures of the state of economic, social or environmental conditions, but can also include subjective or qualitative indicators of impact

Step Three: Selecting Indicators and Targets to Measure Outcomes

Question: Ask participants to describe what they think an indicator is.



16, 17, 18, 19

An indicator is a unit of measurement that tells you whether the desired outcomes have been achieved. Generally, several indicators should be selected for each desired outcome. Taken as a group, indicators can give a proxy indication of how well the objectives are being achieved.

Indicators are measured against targets and benchmarks. Targets are the values you want to achieve. For example:

- 50 start-up businesses
- 300 people trained
- 10% reduction in the rate of unemployment
- 40% increase in textile sales
- 20 joint ventures with foreign companies by 2006.

Targets are the specific level of intended results to be achieved, within a specific timeframe, against which actual results will be assessed.



Learning Material 1: Monitoring and Evaluation Glossary of Terms

Comments: Distribute Learning Material 1 to participants.

Question:

Ask participants:

What is a **quantitative** indicator?

Number, amount, ratio, percent, proportion, average, score, rating, index

What is a **qualitative** indicator?

Description of status of intended result, analysis, observations, and documented case



Learning Material 2: Examples of Indicators

Comments: Discuss how these are different and what each tells. Highlight to participants that indicators are not targets. Targets should be developed and agreed locally to reflect the priorities of an LED strategy. Distribute to participants Learning Material 2 'Examples of Indicators'. Discuss whether each indicator is quantitative or qualitative. Ask participants what these indicators tell about outputs, outcomes, targets and reach. Do these indicators address a specific target group?

Choosing Indicators to Measure Outcomes³



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Performance indicators should be:

- Easy to collect
- Easy to understand
- Effective measures of performance
- Adequate to define the results of LED activities of the municipal authority
- Directly related to the outcomes of municipal local economic development actions

Strong performance indicators should be:

- Clear, precise and unambiguous
- Relevant: appropriate to subject at hand
- Economic: available at reasonable cost
- Adequate: they evaluate performance effectively and efficiently
- Monitorable

Given the changing nature of a local economy, LED indicators should be reviewed and updated on a regular basis to reflect new types of local interventions, new data sources and developments.



Learning Material 2: Examples of Indicators

Setting Indicators:

Comments and questions: Review the list below with participants asking them to consider the type and nature of indicators for each category. Refer to the Learning Material 2 and ask participants to identify which indicators meet which requirements:

- **Direct:** Straightforward and simple to understand
- **Objective:** Framed in precise operational terms
- **One-dimensional:** Measure only one thing at a time
- **Adequate:** Measure the outcome or objective effectively
- **Quantifiable:** Where possible
- **Disaggregate:** Where necessary, by gender or ethnicity, for example
- **Practical:** Data should be available, and should be able to be obtained on a regular basis and in a cost-effective way
- **Reliable:** Conclusions should be the same if measured by other people
- **Sensitive:** Measure the important changes in the situation observed
- **Build on usable information that already exists:** Draw on existing data collection activities or other indicators if possible
- **Clarity:** Each indicator should be clear enough so that it is easily understood by all concerned with the LED monitoring and evaluation process

Clarity: An Example:

If the indicator is the annual percentage increase in exports, it will be necessary to define what *exports* refer to (what kind of export and from where) and identify the unit of measurement, for example, “as measured by the value in Euros (€)”. A more narrow definition of the annual increase in exports could be: “as measured by textile exports from the metropolitan area as expressed in Euros (€).”

Two kinds of monitoring are needed.

³ See Audit Commission (2003), *Economic Regeneration Performance Indicators*, Local Government Feedback Paper, London, United Kingdom, March. Available to download at: http://www.local-pi-library.gov.uk/pdfs/ER_report_Low_res.pdf



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1. **Monitoring of Project Progress and Results:** This requires the continuous monitoring of inputs, outputs and results, and is contained in the implementation plan. This takes place at regular and frequent intervals, and might include the number of start-up loans, number of new jobs created, the reduction in time for issuing business permits.
2. **Monitoring of Overall LED Progress:** LED should promote the welfare of the community by making it functional and sustainable along four dimensions:
 - Livability
 - Competitiveness
 - Good governance
 - Bankability⁴

Comments and questions: Ask participants to identify the types of indicators that inform on the status of LED progress. For example, number of new jobs, degree of satisfaction with City Hall's business ethic, the quality of municipal services.

In addition to indicators of program and project results, indicators measuring attainment of these four outcomes should be established, and a baseline assessment undertaken with regular monitoring and evaluation. These indicators are broad in nature and less directly connected to project inputs and outputs. They do not attempt to measure the direct contribution of a specific project action to an output, but instead look at general changes. Examples include a reduction in unemployment, increase in average wages, citizen and business satisfaction with municipal government, and credit rating of the municipality.



Exercise 1: Defining Objectives and Indicators



1 hour and 15 minutes

Objectives:

- To identify appropriate indicators for monitoring.

Comments: This exercise will help participants to refine the selection of useful and practical indicators. Participants may not be able to provide all the information, especially the baseline information, however, the exercise provides participants with an opportunity to think about establishing LED targets and measuring for results.

Highlight to participants the difference between indicators that provide information on project implementation (outputs), and indicators that provide information on reaching the objective (outcomes and impact), and how a mix of both may be required.

Read the instructions and the template to make sure that you fully understand the exercise before beginning the exercise with participants. Make sure that you understand what the indicators are meant to measure. Prior to starting the exercise, you may want to ask participants to explain the meaning of baseline data. You may also want to refer participants to the learning materials on indicators and measurements.

⁴ The ability of a project to attract financing.

Instructions:

- Work with your city group. As a group, select **one objective** that you have already defined in your strategy.
- Review all of the projects that may contribute to the achievement of this objective. This information will be found on different project worksheets that you have prepared in the previous exercises. Based on this review, list the **outcomes** that may contribute to meeting your objective.
- Next, select no more than four indicators that you can use to determine whether the projects are meeting the outcomes.
- Refer to the information on good indicators. List the indicators in the indicators column in the template.
- For each of the indicators you have selected, determine the appropriate measures and units of measurement, data source, and desirable frequency of collection.
- If you know the baseline information, add this information. If you do not, determine how or where you can get the information.
- Establish targets that are reasonable to achieve for the first two time periods of monitoring you defined. Refer to the learning materials about monitoring periods. Be prepared to explain the reasoning behind the targets you have established. Determine whether there are other indicators of success that are not directly related to the monitoring of actions that will help to evaluate meeting your objective.
- Note your answers on the template provided.

Group Feedback

 **15 minutes**

***Comments:** During group feedback, pay attention to the accuracy of framing the indicator. Go back to the description of good indicators. Ask participants to comment on each other's indicators and ask if these indicators meet the criteria listed earlier. Note whether the indicator measures the outcome of a project or the impact on the objective. Note whether targets are realistic and ask participants how these were determined.*

Application

 **10 minutes**

Questions:

- What are the key concerns when selecting indicators?
- How will you know whether you are meeting your objective or just completing the project?
- What does this exercise tell about monitoring indicators, and evaluating success in meeting objectives?
- What is the basis for setting targets?
- What are the problems related to data gathering? How can you obtain data?

Step Three: Data Collection

 **20 minutes**



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It is necessary to consider the sources of data and the collection methods to be used. The type of data collection and its source will depend on the choice of indicator. When selecting an indicator, it is necessary to consider a number of points:

- How will the information be obtained, with what instrument, structure or mechanism, and with what level of personnel.
- Is the information already being collected by an organization, and if so, with what frequency and in what form.
- How often is it necessary to collect data.

***Comments:** Remind participants that they have already experienced gathering and collecting data; remind participants that they should note the difficulty of obtaining data and select appropriately when defining indicators that requires substantial effort.*

The method of data collection is important. All data collected should be in a format that allows for easy data analysis manipulation, and the data collected should be useable and applicable. If it cannot be analyzed easily, or if it entails large outlays of effort or money, this needs to be taken into consideration as a negative factor. The frequency with which data is collected is also an important factor. If an indicator is determined by a population household survey that is conducted once every five years, the scope and validity of the indicator will be limited. **Data analysis, reporting and identifying** an appropriate institutional approach to collecting, collating and analyzing data is a significant task that needs to be considered carefully.

***Question:** Ask participants to define baseline data.*

Baseline data is gathered to highlight the conditions that exist before an LED action is taken. Baselines are value indications of an indicator at the beginning of, or prior to, a performance period. They provide a starting point for measurement and are used for comparison to measure progress towards a target. A baseline establishes points of reference, and it may be necessary to collect baseline data to establish a baseline indication. To measure the progress of an action, it is first necessary to know from where the action started.

***Comments and questions:** Ask participants how they would collect baseline information. Remind participants that this can be done as part of the local economy assessment and data collection phase. Remind participants that unemployment rate, employment distribution, sales taxes, time to obtain a building or business permit can each contribute to knowledge of baseline information.*

Most of the remarks concerning data collection are equally valid for baseline data as well. If baseline data was collected in the period prior to the LED project start date, then such information may not be the most accurate. Collecting and collating baseline data can be a cumbersome and time consuming task.

A performance measurement table combines all this information in one table: Indicator, definition, unit of measurement, data source, method of collection, frequency of collection, responsible persons, baseline and targets over a project period.

Step Four: Building a Monitoring System

 **20 minutes**

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The monitoring and evaluation system combines all the elements in a plan and shows what will be measured, with what frequency, how, for what purpose, and what use the information will serve.

Comments: A critical part of the monitoring and evaluation (M&E) system is the identification of the feedback system. The feedback system identifies who receives what data, in what form, with what frequency, and for what purpose.

Different stakeholders need data and results at different times for various types of decision-making. For example, performance evaluations are usually annual or at the end of a project. Monthly reporting requires timely and up-to-date data reports. Data collecting will need to be based on these needs. The M&E plan will be based on the types of information that is needed for reporting and decision making at various points in time. The monitoring information will be used to:

- Measure progress and help plan actions
- Measure inputs and outputs
- Identify trends
- Explain causes of unsatisfactory results
- Identify steps to correct



Learning Material 3: Key Monitoring and Evaluation Questions

Distribute to participants Key Monitoring and Evaluation Questions. Refer to this in the presentation as a guide in building an effective monitoring system.

When to Monitor

This will depend on the nature of the objective being monitored and the indicators selected. Some projects may have monthly monitoring to reflect the frequency with which indicators are gathered. Others may be monitored on a quarterly or annual basis, depending on the frequency with which the information is needed and the purpose that it serves in project management. A monitoring schedule is core component of the monitoring plan.

Comments and questions: Ask participants to identify the types of data that could be needed at different intervals. Consider the examples provided below:

- Monthly or quarterly data collection that supports monthly monitoring reports on inputs, outputs, indicators and problems: undertaken by project staff and used by management and project staff.
- Quarterly workshop, for progress evaluation and testing of assumptions. Supports the update of implementation plans, improvement plan, and problem solving: used by management and project staff, donors or funding partners.
- Annual planning event that defines levels of input and output; results in an annual work plan, budget, Gantt chart, work agreements: used by management, project staff and institutional stakeholders.
- Mid-term evaluation for reviewing indicators, testing assumptions, responding to changes; feeds into progress reports and supports adjustments to the project implementation plan: used by management, project staff, donors and partners.



Template 1: Monitoring Events Template

Comments: Distribute to participants the Monitoring Events Template. Explain that this is a useful tool for conceptualizing when to undertake each task.

Reporting: Clearly define the types of information that each group will need, and how you will get information to them. Examples of stakeholders are:

- Community at large

- Stakeholder groups
- Donors or funding agencies
- Elected officials such as city council
- Implementing agency
- Committees and Task Forces

Comments: Refer to the Stakeholder and Communications Strategy learning material. Highlight the need to define what has to be communicated to whom, and for what purpose. Ask participants for examples of the type of monitoring information that each of the above-mentioned groups will require. Ask participants to consider why these groups might be interested in this information.

Stakeholder Participation

It is important to consider how to include stakeholder groups in the monitoring and evaluation process. The Stakeholder Action Plan should include activities for stakeholder participation in this phase of the LED strategy planning process.

Comments: Refer to the Stakeholder Action Planning section.

Opportunities to actively incorporate stakeholders into the M&E process can include:

- Distributing draft and final monitoring and evaluation reports to stakeholders and inviting comment.
- Inviting stakeholders to contribute to the data gathering process.
- Asking stakeholders to become members of monitoring taskforces or committees.
- Involving stakeholders in the M&E decision-making process from the early stages.



Exercise 2: Structuring a Monitoring System



30 minutes

Objective:

- To provide insight into the different tasks involved in monitoring
- To structure a project monitoring system

Comments: Participants will use the template contained with the exercise and the indicators established in the previous exercises.

Instructions:

Task One

- Use the template provided (Table 2) for this exercise. Use the indicators that you have established in previous exercises.
- Examine the indicators that your group established in the previous Exercise 1;
- Determine the appropriateness of each indicator for the type of reporting listed in the template. Base your answer on the frequency with which you plan to collect data on the indicator, and on the purpose of the monitoring and evaluation event, as was discussed during Session 3. For example, if you only plan to collect data annually for indicator number one, then this is not useful for a monthly monitoring report;

Task Two

- Separately, identify and discuss which stakeholder group would be interested in the information of each indicator.

Group Feedback

 **15 minutes**

Comments and questions: Ask each group to select and explain **one** of their indicators. Highlight to participants that the reporting periods may vary from the monitoring periods and that this needs to be reconciled. Ask participants to consider who needs information on project outcomes and outputs, and who needs information on progress in goals and objectives.

Application

 **10 minutes**

Questions: Ask participants:

- What does this exercise indicate about frequency of data collection needs?
- What does this mean for monitoring actions?
- What are the implications for staff and budgets?



Template 2: Project Monitoring Template

Comments: After completing Exercise 2, distribute Template 2 to participants.



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Summary of Session

How to Put it Together: A Review of the Steps

- Select desired outcome
- Select indicators to measure outcomes
- Select targets and develop baseline information
- Identify who is responsible for each task
- Develop a monitoring program for measuring each objective, specifying when the monitoring and evaluation is to occur
- Gather information on a schedule of frequency that corresponds to the use that will be made of the data, and to the needs of users
- Determine how to report information and use information
- Provide feedback to stakeholders and staff to determine progress towards meeting objectives, resultant changes, and community responses to change
- Set up evaluation



Learning Material 4: Harrogate Business Plan Monitoring and Evaluation

Comments: Distribute Learning Material 4 to participants and use this Learning Material as the basis for discussion of what the report is for, what kind of information is included, and how the information will be used. Refer to page 44; performance indicators.

SESSION 3: INTEGRATING MONITORING AND EVALUATION INTO THE STRATEGIC PLANNING PROCESS

Overview of Session 3

| | |
|--|--|
| Objectives | <input type="checkbox"/> To understand how and when to plan for monitoring during the phases of strategic planning |
| Session Time  | 1 hour 30 minutes |
| PowerPoint Slides  | Module 5 PowerPoint Slides 25-29 |
| Exercise  | None |
| Template  | Stakeholder Consultation and Communications Planning |
| Learning Materials  | None |
| Key Reading | None |

M&E in Stage One of Strategic Planning: Organizing the Effort



25, 26

Comments: Monitoring is not an additional extra task to be added to the strategy at the middle or end of an LED strategic planning process, but rather, a core component that should be integrated and considered at every stage of the strategic planning process. The monitoring and evaluation system ought to be developed in parallel with the strategic plan and action plans from the outset. This session looks at how to plan for monitoring and evaluation as the plan is developed.

Comments: Using the table below as a basis for discussion, highlight to participants that an effective M&E system will be developed alongside the formulation and implementation of an LED strategy. A well-developed LED M&E system will be integrated into the LED strategy development process from the outset.

| 5 Stages of the LED Strategy Process | 5 Steps to an LED M&E System |
|--------------------------------------|--|
| Stage 1: Organizing the Effort | Step 1: Organize the M&E Effort |
| Stage 2: Local Economy Assessment | Step 2: Collect LED Information |
| Stage 3: Create an LED Strategy | Step 3: Agree strategy goals and outcomes; select key indicators |
| Stage 4: Implement the LED Strategy | Step 4: Build an M&E system; analyze information and communicate findings |
| Stage 5: Review the LED Strategy | Step 5: Evaluate LED policies, programs and projects; integrate M&E systems in City Hall |

Comments: Highlight to participants the organizational tasks that should take place during phase one of strategic planning (Getting Started):

- Identify an effective champion for M&E
- Set up institutional mechanisms such as a monitoring and evaluation committee
- Determine schedule and products
- Involve stakeholders

The Mayor, City Hall staff, LED managers and stakeholders must demonstrate **committed leadership** to developing and using an M&E system. Monitoring and evaluation efforts will prove ineffective if those making decisions do not value objective feedback or are not prepared to initiate organizational change based on this feedback.

The work of developing and managing an M&E system requires **adequate** and **appropriate staffing**, and **staff time**. Staffing requirements will vary based on the design of the M&E system. Where appropriate, an M&E system should utilize the skills and knowledge of universities, research organizations, community groups and NGOs. Municipal government departments and agencies can generate valuable information for the M&E system. Engaging these actors in the M&E process will increase the likelihood that feedback systems will be used to improve performance.

An M&E strategic workshop is a good idea at the beginning of an LED program. The workshop should seek to establish an M&E framework and timetable with scheduled reviews and content, as well as process indicators.

***Question:** Ask participants who they think should attend such a workshop, and why these stakeholders should attend the workshop. Link the workshop to the development of stakeholder participation.*

Stage One provides an opportunity to begin thinking about the kind of monitoring and evaluation framework necessary throughout the life of the strategy. This includes:

- A consideration of what kind of longer term institutional mechanisms are needed to ensure monitoring and evaluation of the Strategy, e.g. Strategy Monitoring Committee
- The production of a Monitoring and Evaluation Plan for reporting mechanisms throughout the life of the Strategy, e.g. the type of M&E events and publications necessary; an Annual Report, a Quarterly Progress Report, an Annual Meeting, regular press releases, bi-weekly meetings etc.

The Stakeholder Consultation process automatically implies that the M&E system should be participatory. Participatory M&E (PME) reinforces participatory approaches to development programming. It also increases the relevance of M&E information to key decision-makers, especially those at the local level, and helps to build local capacity for results-oriented program management and data based decision-making.

PME systems offer a host of benefits that build on the benefits of conventional M&E systems⁵. These include:

- Improved performance of development and poverty alleviation programs
- Enhanced local learning, management capacity and skills
- Strengthened collaboration among key project stakeholders
- Greater local ownership over projects
- M&E systems that are more sustainable since they are more in line with local capabilities, skills and resources

⁵ Further information on approaches to Participatory Monitoring and Evaluation is available at: <http://www.worldbank.org/participation/pme/partme.htm>

- Increased long-term cost-effectiveness of PME systems since they use low-cost methods of data collection and analysis

Conventional M&E focuses on approaches and systems that are determined by outside experts. PME is based on negotiating the content of evaluation approaches and systems to meet the needs of the local people and other key users of M&E information such as donors, and local and national authorities.

In PME, the evaluator plays the role of a facilitator/trainer/coach, guiding groups to reach consensus on key M&E issues and building their capacity to use M&E to improve program performance.

M&E in Stage Two of Strategic Planning: The Local Economy Assessment



27

Collect Baseline Data

The Local Economy Assessment should be viewed as an opportunity to collect baseline data in the economy so that progress on objectives can be measured over time. The baseline information will be needed to set targets and evaluate results.

Comments: Review the type of information that can be collected and provide examples of indicators that can be derived from baseline data collected during the local economy assessment.

M&E in Stage Three: Strategy Formulation



28

- Include key performance indicators in strategy, and set targets
- Formulate institutional plan for data collection and determine responsibilities

Strategy formulation should include the determination of key performance indicators upon which to establish progress on objectives. Within the strategy formulation process, the team should formulate a data collection methodology for the measurement of progress on the objective key performance indicators (KPI). The strategy formulation phase is also a good point at which to determine who is responsible for monitoring the strategy's implementation. In the strategy implementation phase, the monitoring and evaluation team should consider and develop a monitoring and evaluation plan that identifies:

- How they will collect data for monitoring the objective key performance indicators
- How they will collect data for monitoring each project's progress
- The kind of events and report back mechanisms that will ensure continued accountability for progress by all stakeholders

Comments: An M&E workshop should be conducted following the agreed upon local economy assessment and project selection. This workshop will establish the plan to monitor progress according to the agreed indicators identified at the project level. The M&E Plan will therefore include a process timetable of M&E meetings, audits and agreed reporting outputs throughout the year that can be planned and budgeted in advance. This also establishes a clear timeframes for reporting.

M&E in Stage Four of Strategic Planning: Strategy Implementation



29

Refine indicators for each project and set benchmarks

By this stage, the institutional arrangements for monitoring the implementation of the strategy should be in place and a full monitoring and evaluation plan should accompany the Implementation Strategy.



Template 3: Stakeholder Consultation and Communications Planning

Comments: Refer to the Template 3, Stakeholder and Communication Strategy, as a means of setting up the stakeholder involvement in monitoring and evaluation.

SESSION 4: EVALUATIONS AND STRATEGY REVIEW

Overview of Session 4

| | |
|--|---|
| Objectives | <input type="checkbox"/> To reflect on the purposes of evaluations <input type="checkbox"/> To understand the uses of strategy reviews |
| Session Time  | 30 minutes |
| PowerPoint Slides  | Module 5 PowerPoint Slides 30-33 |
| Exercise  | None |
| Template  | Planning for Task Implementation |
| Learning Materials  | Harrogate District Local Plan Annual Monitoring Report |
| Key Reading | None |

Step Five: Undertaking Evaluation



30, 31

Comments and questions: This session focuses on the use and methods of strategy evaluation and highlights the difference with monitoring. Ask participants what is evaluation and how is it used.

- Evaluation is not the same as monitoring
- It does not accept the design of the project, rather it questions if the design is the best one
- Evaluation uses information to analyze the process, programs and projects to determine if there are opportunities for change
- It is a relatively structured analytic effort, undertaken selectively to answer specific questions
- Evaluation is used to determine if the actions are meeting the strategic objectives efficiently and effectively, and if any of these aspects need to change
- Evaluation gives information that is needed for Strategy Review
- It is an important source of information about performance

Evaluations help to:

- Revise program strategies
- Plan new activities
- Decide whether to abandon failing programs or objectives
- Document impacts



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Planning the Evaluation: When to Evaluate

The decision to evaluate should be driven by management needs, and integrated with performance monitoring.

Some points at which an evaluation may be needed are when:

- Monitoring indicates an unexpected result on a critical measure
- A key management decision must be made about strategy direction and information is needed
- Formal or informal feedback indicates problems or unmet needs
- The validity of the strategy is questioned

Preparing for the Evaluation:

- In preparing the monitoring plan and framework, use project objectives and performance measures
- Determine who will be involved
- Determine what to evaluate
- Determine documentation and reporting methods to be used

Comments and questions: Note that there are a number of questions that participants will need to consider concerning evaluation and its use: when to undertake evaluation, what to evaluate, who should do it, what is the purpose, how will the results be used. Ask participants to consider the following points:

- Why evaluation being undertaken
- What is it supposed to achieve
- What type of evaluation is most suitable
- When will it happen
- How will it be documented
- How will the results be used and by whom

In determining data requirements:

- Nature of audience and users
- How focused is the issue
- Whether there is existing data
- Need for quantitative or qualitative data
- Degree of precision needed

Data collection methods will depend on:

- The purpose of the evaluation
- Nature of information needed
- Level of confidence in data
- Time frame of evaluation
- Resource constraints
- Need for a participatory approach

Comments: It is politically beneficial to the LED strategy making process to include stakeholders in evaluations, but how they are included is a question of design. Feedback from stakeholders on what works and what does not work is important. Their observations can complement those of an external evaluator.

What to ask in an Evaluation:

There are four areas to consider in evaluation:

- Adequacy and effectiveness of activities in meeting LED goals and objectives
- Efficiency and equity in terms of use of resources, time and personnel
- Contextual review, meaning how well does the strategy practically support the vision and long term strategy
- Evaluation adjustments and recommendations



Learning Material 5: Harrogate District Local Plan Annual Monitoring Report

Comments: Distribute to participants, Learning Material 5.



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Reviewing the Strategy

A **Strategy Review** will use information from the evaluation.

Comments and questions: *Ask participants why it would be necessary to periodically undertake a strategy review. Mention changed circumstances in the city/region/country, major political changes, changes to funds available as being factors that can contribute to a change in context for local economic development strategic planning.*

Reviewing a local economic development strategy is normally undertaken on an annual basis, and usually in conjunction with the municipality's financial planning cycle. The municipal authority, LED steering committee and stakeholders should each be involved in the review process. In addition, the local community should be invited to engage. Political support and visibility of achievement are key to maintaining momentum, building trust, generating enthusiasm and widening support.

Key questions to consider in the Strategy Review:

- Is the SWOT analysis still valid or have circumstances changed
- What in the SWOT analysis has changed; does the SWOT analysis need to be updated
- Have external forces changed
- Is more current information now available that changes key strategy issues and programs
- Are changes required to the vision, goals or objectives to reflect changing circumstances
- Are projects achieving what was hoped they would achieve; if not, how should projects be modified; should such projects be terminated
- Are the performance targets being achieved; if not, why not
- What changes need to be made to the M&E system
- Should the indicators be changed
- Should the targets be changed
- Should there be more action on projects
- Do the projects need to be modified; should new projects be initiated to respond to new circumstances; should management procedures be revised/removed

Summary of Session and Module



Template 4: Planning for Task Implementation

Comments: *Use the summary to bring together the main points of the module and highlight to participants that this is the final module of the **Making Local Economic Development Strategies: A Trainer's Manual**.*

Should the trainer and participants agree, an additional session could be used to help teams create an LED work plan to be completed in the period following Module 5. Utilizing Template 4, the trainer should outline to participants the appropriate approach to the module's Planning for Implementation activities.

To complete the LED strategy planning process, the tasks that should be implemented by city teams wishing to complete their LED strategic planning training will include:

- Establishing an institutional framework for LED monitoring and evaluation
- Designing and determining a monitoring and evaluation strategy
- Determining an appropriate M&E reporting mechanism
- Selecting informed and relevant outcomes for monitoring and evaluation
- Selecting appropriate indicators and targets to measure LED outcomes
- Planning the evaluation
- Revising the LED strategy to reflect M&E results

Making Local Economic Development Strategies: A Trainer's Manual

Module 5: Power-Points

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Strategic Planning for LED A Five Stage Process

Stage 5 Strategy Review



Module 5 Day One



Stage 5 Strategy Review

- **Why Monitoring?**
 - Can identify problems and find solutions
 - Measure progress and results against scheduled outcomes
 - Support informed decisions on continued and future resource allocation
 - Help minimize costs



4



Stage 5 Strategy Review

- **Monitoring**
 - The continuous process of collecting and analyzing data to compare how well a project/program/policy is being implemented against expected results
 - Carried out permanently during implementation



2



Stage 5 Strategy Review

- **Why Evaluation?**
 - Can determine relevance of objectives
 - Ascertain project effectiveness
 - Verify project efficiency
 - Establish project impact
 - Ascertain project sustainability



5



Stage 5 Strategy Review

- **Evaluation**
 - Systematic and objective assessment of a project/program/policy
 - Carried out at particular moments during project development (during implementation, at completion, some years after)
 - Offers a deeper and larger perspective on what effects and impacts have been achieved



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Stage 5 Strategy Review

- **Reasons to Measure Performance**
 - What gets measured gets done
 - If you don't measure results, you cannot tell success from failure
 - If you cannot see success you, cannot reward it
 - If you cannot reward success, you are probably rewarding failure



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Stage 5 Strategy Review

- **Reasons to Measure Performance**
 - If you cannot see success, you cannot learn from it
 - If you cannot recognize failure, you cannot correct it
 - If you can demonstrate results, you can win public support and stakeholder commitment




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Stage 5 Strategy Review

- **Evaluation**
 - **What?** Analyze work plan goals against achievements, project effectiveness and impact
 - **Why?** Complex analysis of the overall success of project
 - **When?** Periodically
 - **Who?** Project manager, staff, participants, external consultants, agencies, donors
 - **How?** Internal evaluations; external evaluations




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Stage 5 Strategy Review

| Monitoring and Evaluation: Similarities and Differences | | |
|---|---|--|
| | Monitoring | Evaluation |
| What? | Analyze all aspects of current situation | Analyze work plan goals vs. achievements, project effectiveness and impact |
| Why? | Routine monitoring and adjustments | Complex analysis of the overall success of project |
| When? | Continuously during project implementation | Periodically |
| Who? | Project staff, participants | Project manager, staff, participants; external consultants, agencies, donors |
| How? | Field visits, review of service delivery, Management Information System | Internal evaluations, external evaluations |




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Stage 5 Strategy Review

- **Monitoring and Evaluation: A Five Step Process**
 - Getting Started
 - Outcomes for M&E
 - Select Indicators and Targets
 - Build Monitoring Systems
 - Undertake Evaluation




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Stage 5 Strategy Review

- **Monitoring**
 - **What?** Analyzes all aspects of the current situation
 - **Why?** Routine monitoring and adjustments
 - **When?** Continuously during project implementation
 - **Who?** Project staff, participants, stakeholders
 - **How?** Field visits, review of service delivery, management information systems




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Stage 5 Strategy Review

- **Step 1: Getting Started**
 - Identify roles and responsibilities: Who is in charge of M&E?
 - Identify resources to be allocated to the M&E process
 - Select outcomes for M&E




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Stage 5 Strategy Review

- **Step 2: Why Select Outcomes for M&E?**
 - Outcomes clarify objectives
 - Outcomes generate benefits
 - They are a proof of success or failure



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Stage 5 Strategy Review

- **Step 3: Selecting Indicators and Targets to Measure Outcomes**
 - An *Indicator* is a unit of measurement. Several indicators should be selected for each desired outcome
 - The *Target* is the indicator value that we want to reach



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Stage 5 Strategy Review

- **Step 2: Selecting Outcomes for M&E**
 - A participatory approach involving key stakeholders
 - Identify specific concerns and reformulate them into positive outcomes:
 - Lack of business support centers; facilitate the development of business support centers
 - Burdensome business licensing; improve business enabling environment procedures



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Stage 5 Strategy Review

- **Step 3: Possible Indicators and Targets**
 - Percentage decrease in flax pricing due to competition
 - Percentage increase in agricultural employment
 - Percentage increase in textile exports
 - Percentage increase in annual revenue



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Stage 5 Strategy Review

- **Step 2: Selecting Outcomes for M&E**
 - Outcomes for M&E should be identified based on consideration of previously identified LED objectives (*an example*)
 - *Objective*: To improve the city as a preferred location for business development
 - *Outcome*: An increase in the number of businesses establishing a presence in the city
 - To determine whether the desired outcomes have been achieved or not, establish *numerical indicators and targets* to measure outcomes



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Stage 5 Strategy Review

- **Step 3: Choosing Indicators to Measure Outcomes (*an example*)**
 - *Outcome*: Increase FDI in the city
 - *Indicators*: FDI per capita; number of new foreign start-ups; domestic-foreign joint ventures
 - *Targets*: Double FDI per capita between 2005/07; 40 percent increase in number of foreign capital start-ups (2005/07) and 5,000 more domestic-foreign joint ventures by 2008



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Stage 5 Strategy Review

- **Step 3: Choosing Indicators to Measure Outcomes** (*an example*)
 - **Outcome:** Develop the city's competitive advantage in computer peripherals production
 - **Indicators:** Computer peripherals output; computer peripherals exports
 - **Targets:** 50 percent increase in output between 2005 and 2007; 45 percent increase in computer peripherals exports at the beginning of 2007



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Stage 5 Strategy Review

- **Step 3: Data Collection**
 - How will we get the information?
 - Is it collected by someone already?
 - How often will we collect it?
 - What is baseline data?



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Stage 5 Strategy Review

- **Step 3: Choosing Indicators to Measure Outcomes:** *Indicators should be*
 - Clear, precise and unambiguous
 - Relevant: appropriate to subject at hand
 - Economic: available at reasonable cost
 - Adequate; evaluates performance efficiently
 - Monitorable



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Stage 5 Strategy Review

- **Step 4: Building a Monitoring System**
 - What will be measured?
 - With what frequency?
 - How will it be measured?
 - For what purpose will it be used?
 - Who needs which information?
 - How will it provide feedback?



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Stage 5 Strategy Review

- **Step 3: Monitoring**
 - Monitoring of Project Progress and Results
 - Monitoring of overall LED Progress



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Stage 5 Strategy Review

- **Review of Steps**
 - Select outcomes and indicators, and targets
 - Develop baseline information
 - Identify responsibilities for each task
 - Develop a monitoring program
 - Feedback information to determine progress



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Stage 5 Strategy Review

- **M&E in Stage 1: Organizing the Effort**
 - Set up institutional mechanisms such as a monitoring and evaluation committee
 - Determine the outcomes of monitoring
 - Determine the frequency of monitoring
 - Involve stakeholders in devising and agreeing the M&E process



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Stage 5 Strategy Review

- **M&E in Stage 4: Strategy Implementation**
 - Refine indicators for each project, and set benchmarks



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Stage 5 Strategy Review

- **M&E in Stage 2: The Local Economy Assessment**
 - Collect baseline information during the local economy assessment



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Stage 5 Strategy Review

- **Step 5: Undertaking Evaluation**
 - A systematic and objective assessment of a planned, ongoing or completed intervention
 - The aim is to determine:
 - Relevance of objectives
 - Efficiency, effectiveness and equity
 - Impact
 - Sustainability
 - Can inform future decision-making process



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Stage 5 Strategy Review

- **M&E in Stage 3: Strategy Formulation**
 - Include key performance indicators in strategy, and set targets
 - Formulate the institutional plan and mechanisms for data collection, and determine responsibilities



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Stage 5 Strategy Review

- **Step 5: Evaluation Provides Information On**
 - **Strategy:** Are you doing the right things? (justification for project; client satisfaction)
 - **Operations:** Are you doing things right? (effectiveness in achieving expected outcomes; efficiency in optimizing resources; equity issues)
 - **Learning:** Are there better ways of doing it? (best practices; alternatives; lessons learned)



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Stage 5 Strategy Review

- **Step 5: Planning the Evaluation**
 - Who is involved?
 - What to evaluate?
 - What should the evaluation achieve?
 - When will it happen?
 - How will the results be used, and by whom?
 - Is there data available?



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Stage 5 Strategy Review

- **Reviewing the Strategy**
 - LED circumstances should be reviewed by making reference to the area's strengths, weaknesses, opportunities and threats
 - Normally undertaken annually in conjunction with the city council's strategic planning cycle
- **An Evolving Plan**
 - A LED strategy should evolve continuously to respond to an ever changing city environment



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Making Local Economic Development Strategies: A Trainer's Manual

Module 5: Exercises

**A Knowledge Product of the World Bank and Cities of Change Initiative,
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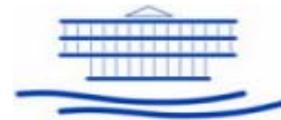
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EXERCISE 1: DEFINING OBJECTIVES AND INDICATORS

Time: 1 hour 15 minutes

Objective:

- To identify appropriate indicators for monitoring

***Comments:** This exercise will help you to refine selection of useful and practical indicators. You may not be able to provide all the information, especially the baselines. However, the exercise provides an opportunity to think about establishing targets and measuring for results. Pay attention to the difference between indicators that provide information on project implementation (outputs), and indicators that provide information on reaching the objective (outcomes and impact), and how a mix of both may be needed.*

Read the instructions and the template to make sure that you understand them before beginning to work. Make sure you understand what the indicators are meant to measure. You may want to ask for an explanation of the meaning of baseline data. You may want to refer to the learning materials on indicators and measurements.

Instructions:

- Work with your city group and carry out the following steps:
 1. As a group, chose one *objective* that you have already defined in your strategy.
 2. Review all of the projects that may contribute to achievement of this objective (this information will be found on different project worksheets you have prepared in the previous exercises). Based on this review, list the **outcomes** that may contribute to meeting your objective.
 3. Next, choose no more than four indicators that you can use to determine if the projects are meeting the outcomes;
 4. Refer to the information on good indicators. List the indicators in the indicators column in the template.
 5. For each of the indicators you selected, determine appropriate measures and units of measurement, data source and desirable frequency of collection.
 6. If you know the baseline data, add the information. If you do not know it, determine how or where you can get the information.
 7. Set targets that are reasonable to achieve for the first two time periods of monitoring you defined. Refer to the learning materials about monitoring periods. Be prepared to explain the reasoning behind the targets you establish. Determine if there are other indicators of success that are not directly related to monitoring of actions that will help to evaluate meeting your objective.
 8. Note your answers on the template provided.

Table 1: Exercise 1 Template

| Objective: | | | | | |
|------------|-----------------------------|---------------------------|----------|-------------------|-------------------|
| Indicators | Measure/Unit of Measurement | Data Source and Frequency | Baseline | Period One Target | Period Two Target |
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |

EXERCISE 2: STRUCTURING A MONITORING SYSTEM

Time: 30 minutes

Objective:

- To provide an insight into the different tasks involved in monitoring.
- To structure a monitoring system.

Instructions:

- Using the template for this exercise and the indicators that you established in previous exercises, undertake the following steps:
 1. Examine the indicators your group established in the previous exercise;
 2. Determine the usefulness of each indicator for the type of reporting listed in the template. Base your answer on the frequency with which you plan to collect data on the indicator, and on the purpose of the monitoring and evaluation event, as was discussed during the session. For example, if you only plan to collect data annually for indicator number one, then this is not useful for a monthly monitoring report.
 3. Separately identify and discuss which stakeholder group would be interested in the information of each indicator.

Table 2: Exercise 2 Template

| Monitoring Event | Indicator 1 | Indicator 2 | Indicator 3 | Indicator 4 |
|--|-------------|-------------|-------------|-------------|
| Monthly project monitoring reports | | | | |
| Quarterly progress reports | | | | |
| Annual work plans and budget allocations | | | | |
| Evaluation | | | | |

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Module 5: Templates

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TEMPLATE 1: MONITORING EVENTS

| EVENT | PURPOSE | INPUTS | PRODUCTS | STAKEHOLDERS |
|-------|---------|--------|----------|--------------|
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |

TEMPLATE 2: PROJECT MONITORING

Project Manager or Staff Responsible:

| Project Objective | Performance Measure | | Baseline Measure | Period One | | Period Two | |
|-------------------|---------------------|------|------------------|------------|--------|------------|--------|
| | Definition | Unit | | Expected | Actual | Expected | Actual |
| | | | | | | | |
| | | | | | | | |
| | | | | | | | |
| | | | | | | | |

Data sources:

Data collection frequency:

Data collection methods:

Parties involved and responsible:

Documentation format and for whom intended:

Matrix for Development of Monitoring Data

Objective Number:

| Performance Indicators | Definition and Unit of Measurement | Baseline Data | | Period 1 | | Period 2 | |
|------------------------|------------------------------------|---------------|--------------|---------------|---------------|---------------|---------------|
| | | <i>Year</i> | <i>Value</i> | <i>Target</i> | <i>Actual</i> | <i>Target</i> | <i>Actual</i> |
| 1. | | | | | | | |
| 2. | | | | | | | |
| 3. | | | | | | | |
| 4. | | | | | | | |

