

# Municipal Development Strategy Process

## A toolkit for practitioners

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Quality strategic planning and strategy delivery is increasing in importance as a process and set of tools that guide the development of a municipality. In times when resources are tight, effective and efficient resource allocation is gaining even more importance. This publication will therefore suggest a practical four-stage process to strategic planning at the municipal level, including the setting up of effective structures for managing the strategy process (1), preparing a good strategic analysis of the municipality (2), strategy formulation (3) and strategy implementation (4). A key concept throughout this process is partnership: partnerships within the municipality, as well as with others outside the municipal building, with whom these four steps are undertaken together. Partnerships help make the municipal development process more transparent and accountable, thereby increasing the likelihood of the municipal development strategy to deliver the expected results and contribute to the improved quality of life of citizens.



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## Colophon

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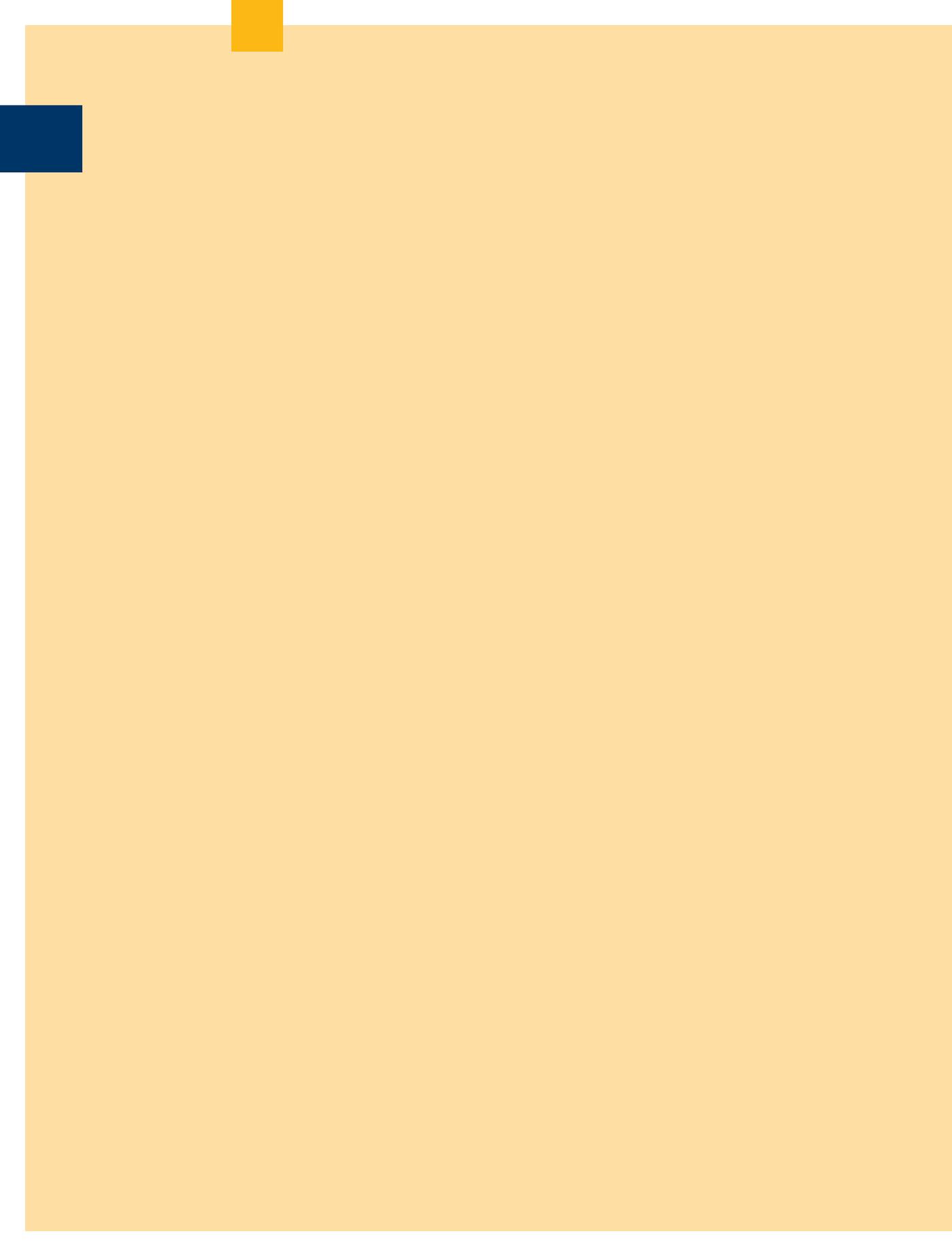
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# Introduction

## Why do municipalities need a strategy?

A strategy is a structured set of actions designed to achieve a particular goal.

General strategic questions that a municipality is faced with on a daily basis are:

Broad strategic context	Symptoms	Strategic questions
The municipality is in decline	There has been a continuous outward migration from the municipality for several years. Very high level of inactive population. Very few income generating activities. The municipality is not within commuter distance to a stable or growing economic centre.	What conditions or actions could create the basis for a turnaround? Would it be possible to connect the municipality better to other urban centres? How can we consolidate existing resources to make the municipality viable for the remaining population? How can we adapt services and cooperate with others to ensure provision of essential municipal services at lower cost?
The municipality is in transition	Some 'key' old industries have consolidated or closed down and unemployment is high. Industrial heritage is more of a burden than an asset, using up valuable land. Municipal labour skills are too much focussed on the old industries. There are real opportunities and people with ideas, and some new businesses are springing up.	How can we assist the transformation? How can we transform old industrial locations into new spaces for modern living, working, art and culture? How can we widen and adapt the local skill base to meet modern requirements of a modern economy? How can we encourage new ideas and new business? How can we position ourselves, and communicate our transformation?
The municipality is growing	The municipality is successful and growing. There is inward migration. Existing infrastructure was not designed for a larger population and is increasingly becoming inadequate. Physical development brings environmental and aesthetic challenges (urban sprawl).	How can we provide adequate services and infrastructure for a growing number of people? How can we maintain and ensure adequate quality of life and environmental standards for a growing population? How can we ensure social integration and cohesion?
Municipal resources are tight	This situation might occur in any of the above mentioned contexts. The municipality does not have the ways and means to generate sufficient income, and / or the municipality is not using its resources efficiently enough.	How can we generate more income? How can we make tax collection more effective? How can we deliver more with less? Where are the big money wasters in our municipality? How can we invest to be safe in the future? How can we cooperate and share service provision in order to become more efficient?

**Box 1:** Strategic issues relevant for your municipality

A strategy is effectively an overarching project (meta-project), which contains a collection of projects. A strategy should provide a realistic guidance to the effective allocation of municipal resources, be they human, physical, or financial. In times when resources are tight, effective and efficient resource allocation is gaining even more importance. Municipalities need to learn how to compete and position themselves in order to provide the quality of life, jobs and services that attract businesses and people. The effective delivery of a good strategy might be a deciding factor between a municipality's (continued) prosperity or eventual decline. Moreover, a strategy is often a prerequisite for the funding of municipal projects via banks, national funding or EU funding.

Municipalities everywhere are beginning to realise the importance of having a quality strategy (or plan) to achieve their development goals. There are few municipalities today that have not started deliberating about their strategy, and many have at least their first, or even second or third generation of development strategy. A municipality which has not yet learned to work effectively with its strategy is likely to lose out to the ones that have.

Some municipalities see the strategy as a piece of paper, or at best as a political promotion tool. In order to make your strategy effective, you need to understand that it is a new institutional framework. It is both a dynamic process and a tool for mobilising municipal resources – human, physical and financial – towards a desired outcome. During this process, the municipality creates (new) social collaborative networks, both within and outside the municipality. The stronger these networks are, the higher the chance for the municipality to prosper in the future. These networks are often called 'partnerships'. Partnerships help make the municipal development process more transparent and accountable. Municipalities that work in a more transparent and accountable manner are likely to be more successful in the long term.

### **The contribution of this toolkit**

Municipal plans and strategies tend to have too broad and unspecific goals. They tend to focus on 'what' the municipality wishes to achieve, but at the same time provide little detail on 'how' to achieve this. In fact, many strategies are never being implemented at all. This toolkit will therefore pay special attention to practical aspects of strategy delivery.

Besides, this toolkit will outline some project management issues, and highlight the need for self-reflection and capacity building, starting within the municipal organisation, and extending to all stakeholders. This is important since municipalities often get disappointed with the outcomes of the municipal strategy because they lack experience and knowledge in project management.

Moreover, this toolkit emphasises the significance of an integrated approach and the importance of partnership building. The integrated approach means that the strategy needs to consider the coordination and cooperation of all sectors and related institutions, departments, and other relevant organisations, often beyond

the municipality itself. Partnership building concerns creating effective networks and trust among different interest groups within the municipality and is essential for dealing with the complex challenges local governments face.

This toolkit is structured in four chapters according to four broad stages of the municipal development strategy process: *Getting organised*, *situation analysis*, *strategy formulation* and *strategy implementation*. For each stage, we propose to follow a number of practical steps and for each step, whenever appropriate, we highlight common pitfalls and how to avoid them. Moreover, each chapter presents examples of good practice and provides practical suggestions.

# 1 Municipal Development Strategy Process – An Integrated Approach

## **Plan versus strategy – some definitions**

The terms 'plan' and 'strategy' are often used interchangeably. The meanings of the words are quite similar - a method for achieving an end. However, there are differences between these words as well. A plan is an arrangement, a pattern, a programme, or a scheme for a definite purpose. A plan is very concrete in nature and does not allow for deviation. If 'Plan A' does not work, you do not alter 'Plan A' and try again. Rather, you move to 'Plan B'; something totally different. A strategy, on the other hand, is a blueprint, layout, design, or idea used to accomplish a specific goal. A strategy is very flexible and open for adaptation and change when needed. The review of the strategy becomes part of the process.

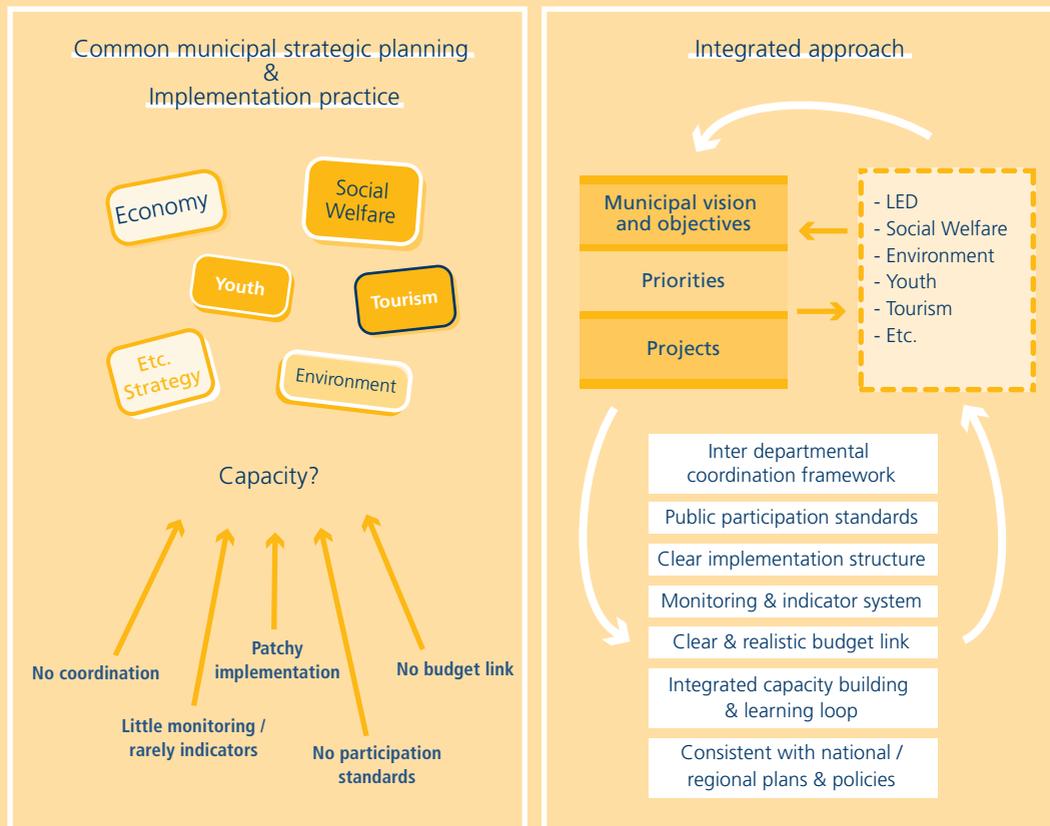
When planning for the future, which is unknown, it helps to strategize and consider the various scenarios you might be faced with and be prepared to modify your strategy so you can keep moving forward, rather than starting over at the beginning. A development strategy which shows how a municipality positions itself to face the future in an adaptive way is likely to be complemented by a concrete municipal master plan for zoning and physical development.

Other terms are possible for describing essentially the same. In Serbia, for example, all municipalities will have *Integrated Sustainable Development Strategies*, according to some recent guidance by the Standing Conference of Towns and Municipalities. For the purpose of this toolkit we will use the term *Municipal Development Strategy*. The approach to this strategy should be both sustainable, and integrated, as explained below.

## **What do we mean by an integrated approach?**

An integrated municipal development strategy brings together all sectors for which the local government has a mandate, and all corresponding actors and stakeholders, in a coordinated manner. An integrated strategy combines sector issues in a structured way. Traditionally, municipal departments, for example for environment, infrastructure, economy, social affairs, etcetera, tend to work in parallel to each other rather than collaborative. Addressing all issues that a municipal government is dealing with in a single overarching strategy opens up opportunities for creating synergies, adding value, and innovation through cross-sectoral cooperation. For example, restoring a part of a municipality as a nature protected area might not only improve the environment, but might have recreational value and open up tourism potential, and might be used for youth education programmes. Integrated strategic planning is moreover a process that follows a structured

system for both the elaboration and delivery of the strategy. Such a system includes standards for public participation (see more details below), and clear roles and mechanisms for managing and monitoring the strategy. The illustration below compares a commonly practiced conventional approach to municipal strategy on the left hand side with an integrated approach on the right. With the conventional approach, the municipal strategy is likely to remain a collection of wishes that might not be supported by the broader public and that have little positive impact on the development of the municipality. If an integrated approach is followed systematically, there is a good chance that the strategy will deliver real outcomes that are fully supported by municipal stakeholders. Moreover, the integrated monitoring system will detect whenever things are not going the right way, and can make necessary adjustments to improve in the future.



**Figure 1:** Comparison of a commonly practiced conventional approach to municipal strategy and an integrated approach to municipal strategy

Last but not least, it needs to be recognised that successful municipal development strategy formulation and delivery is a learning process. There are no quick fixes to the development of a municipality. But the systematic application of the integrated approach in an open, consultative, and transparent manner will make a significant contribution to the future prosperity and quality of life of a municipality in any country.

## 2 Think Partnership Throughout the Process

### **Better partnership means better development**

The better the partnership, the better the strategy. However, successful partnership is not easy, and it requires an appropriate frame of mind. The basic premise behind a partnership based municipal strategy process is that traditional top-down decision making and delivery mechanisms without the involvement of relevant stakeholders are inadequate in the face of the complex challenges faced by local governments.

### **WHO IS A MUNICIPAL DEVELOPMENT STRATEGY STAKEHOLDER?**

**A stakeholder can be defined as a person, group, organisation, or system, who has the capacity to influence, and whose interests may be positively or negatively affected by the decisions taken, action or inaction, performance or completion of any project as part of the preparation and delivery of the strategy.**

It is now widely recognised that stakeholder participation is a key ingredient for successful local development. Benefits of stakeholder participation include:

- Greater effectiveness in strategy development through providing information, insights, and knowledge.
- Better strategy delivery through more transparent monitoring.
- More effective project selection.
- Greater legitimacy and transparency in decisions and decision making processes.
- Greater commitment and ownership of strategy outputs.
- Opportunities for reinforcing innovation and learning across organisational boundaries.
- Development of institutional capacity at sector and territorial level.

### **Partnership builds social capital**

The European Union has long recognised the importance of building social capital through collaboration, cooperation, mutual trust and shared values. Social capital is regarded a key factor for building sustainable municipal development. Partnership working creates the norms, networks, skills and development culture that allow social capital to flourish. Social capital, just like physical infrastructure, needs to be

built, and as such, is part of the responsibility of the policy maker and government. Public participation however is often still seen as a necessary add-on by municipal decision makers knowing that only a municipal strategy process that is based on a partnership culture can lead to long term sustainable development. This toolkit advocates placing partnership at the centre throughout the municipal strategy cycle. Therefore, municipal strategic practitioners should ‘think partnership’ at all times.

### Dimensions of partnership

In line with the integrated approach outlined above, we propose to take the notion of partnership beyond mere public participation. A municipality’s partnership in a modern networked society has many dimensions. The municipality with stronger networks and alliances, both within and outside the municipality, is likely to be more successful in the long run. Municipal strategy practitioners thus need to think along at least seven dimensions of partnership:

<b>Think beyond politics</b>	Municipal strategic planning is at the heart of municipal resource allocation, it is thus always also a political process. Before engaging in the strategy process, the strategy coordinator should broker the support of the political opposition, as well as the governing parties. There are plenty of examples of failed municipal strategies, because an existing strategy was abandoned, and restarted as soon as the municipal government changed. The municipal development strategy thus needs to be supported by the entire municipality.
<b>Think inter-departmental and inter-sectoral coordination</b>	A municipal government that is organised along traditional sector departments (economy, environment, etc.) is ill equipped to tackle the increasingly complex problems a municipality is facing in a globalised society. Ways and means of promoting cross-departmental cooperation need to be encouraged as part of the strategy process.
<b>Think cross-cutting issues</b>	Cross-cutting issues are issues that touch on general principles such as democracy and human rights, good governance, children’s rights and the rights of indigenous people, gender equality, a sustainable environment and HIV/AIDS. They should be considered at every stage of the strategy process.
<b>Think public – private – non-governmental &amp; citizen cooperation</b>	The local government needs to seek good collaboration with the business sector and non-governmental organisations in order to be able to provide suitable services for the 21st century.
<b>Think inter-municipal cooperation</b>	A single municipality might not make a viable economic area. Potential investors might seek a larger pool of resources, or more sophisticated services than can be provided by a single municipality. Moreover, sharing resources might save money and allow better service provision (e.g. regional waste management centres, high quality education). Effective inter-ministerial coordination is thus a vital issue.
<b>Think cross-border and international cooperation</b>	Learning and capacity building is vital for any municipality in order to be successful. International partnerships, for example through town twinning, can assist with this. For municipalities in border regions, participating in cross-border cooperation might help the municipality tackle specific problems the border situation creates.

**Think vertical coordination**

Municipalities (with the exception of some city states) tend to be on a local territorial level, with regional and national governments above them. Mostly, the mandates and governmental responsibilities between the national, regional and municipal level are quite clear, sometimes less so. The municipality which learns to cooperate well with the national ministerial levels is likely to attract more resources, and more effectively implement government policies.

*Box 2: Dimensions of partnership*

**EXAMPLE: INTER-MUNICIPAL COOPERATION IN KOCELJEVA (SERBIA)**

The municipality of Koceljeva is a small municipality in Western Serbia with 16,000 habitants. Every small municipality is facing a lot of problems such as: No possibility for balanced regional development, insufficient number of qualified people to use EU and other donor funds, and the inability to generate its own funds for stimulating development. Municipal officials decided to launch a unique inter-municipal cooperation by creating an Association of Small Municipalities in Western Serbia. This association has 11 municipalities who signed partnership agreements and decided to have one body representing all their interests. Significant help was received from the Standing Conference of Towns and Municipalities in Serbia, who had to adapt their own regulations, to facilitate the creation of such an initiative. Since all the involved municipalities approved the Protocol of Cooperation, they started cooperating to exchange experiences (exchange visits by Chiefs of Departments), to help organizing festivals (exchange of stalls for exhibitions etc), to jointly prepare projects to be submitted under the National Investment Plan and to submit joint initiatives to the Government. At the moment the association is planning to create a joint Regional Agency for development of the region.

## 3 Stages in Strategy Preparation and Delivery

In strategic planning, the process is often more important than the end product. Everyone can write a strategy, but if the strategy is not supported by those affected by it, it will not deliver results. For the purpose of this toolkit, we break down the strategy process into four broad stages: Getting organised, conducting situation analysis, strategy formulation, and strategy implementation.

For each stage, we outline a number of steps to be followed in order to complete the stage. The table below provides an overview of the stages, its steps and the estimated timing:

Stage	Steps	Timeframe
Get organised	<ul style="list-style-type: none"> <li>Ensure political commitment &amp; leadership</li> <li>Appoint strategy coordinator</li> <li>Consider engaging technical assistance</li> <li>Engage the partnership</li> <li>Set up the organisational structure</li> <li>Agree operational rules &amp; work-plan</li> <li>Kick off with a publicity campaign</li> </ul>	months 1-3
Situation analysis	<ul style="list-style-type: none"> <li>Assess the strategic context</li> <li>Prepare municipal profile</li> <li>Carry out municipal capacity &amp; resource assessment</li> <li>Prepare a SWOT analysis</li> <li>Obtain broad consensus</li> <li>Continue improving your knowledge base</li> </ul>	months 3-6
Strategy formulation	<ul style="list-style-type: none"> <li>Create a municipal vision</li> <li>Develop objectives &amp; priorities</li> <li>Create a budget</li> <li>Develop indicators to measure performance</li> <li>Describe delivery mechanism</li> <li>Draw up the strategy</li> <li>Obtain political endorsement</li> </ul>	months 5-10
Implement strategy	<ul style="list-style-type: none"> <li>Identify and select priority projects</li> <li>Focussing and sequencing</li> <li>Prepare a project pipeline</li> <li>Project funding and delivery</li> <li>Monitor progress</li> <li>Proactive implementation management</li> <li>Review strategy</li> </ul>	Continuously after month 12-18

**Box 3:** *Stages in strategy preparation and delivery*

The subsequent chapters will explain each stage and corresponding steps in more detail, and will highlight common problems and how to avoid them at each stage. As appropriate, each chapter will illustrate good practice with real life examples and practical suggestions.

## 4 Stage One Get Organised

Preparing a strategy is always a team effort. The better the team works together, the more effective the strategy is likely to be. Hereafter, we outline the main actors, and their roles and responsibilities.

### Step 1 | Ensure political commitment and leadership

Successful creation and implementation of municipal strategies implies several prerequisites:

- Formal involvement and commitment of municipal leaders to the process.
- Actual allocation of municipal resources, both monetary and human.
- Dedication to strategy implementation by municipal leaders and the administration.

Political commitment and leadership is essential for successful strategic planning. Ideally, all political fractions should support the elaboration of the strategy in the first place. Further, the more consensus of all parties and stakeholders can be found, the more successful the strategy is likely to be. In order to ensure political commitment, we suggest the following:

#### Brief the mayor

The mayor initiates the process, appoints the *coordinator*, the *municipal development team* and possibly a *strategic steering committee*, communicates the process and reports to the municipal assembly. (S)he needs to provide the full political support to the process. The mayor will:

- Give credibility and emphasize openness of the process.
- Ensure commitment of the municipal administration to the process.
- Ensure linkage and involvement of the political representatives in the process.
- Give encouragement and recognition to all the participants who will, together with municipal officials, work on the strategy development.

The mayor should be well briefed about the process, so that (s)he understands the partnership principle that s(he) has a role in brokering political consensus.

#### Brief the municipal assembly

The municipal assembly legitimises the beginning of the process, gives comments on the draft strategy, and adopts the final document. The assembly or their subordinate committee members are invited to join the strategy process and they will give the strategy democratic legitimacy via a municipal resolution or decree to order the start of the process, and to ensure its full support.

It is good practice to involve and brief the assembly regularly about the progress of the strategy, and make sure that the strategy is fully supported. You do not want to get to a situation that you work on the strategy for a year and it is then rejected by the assembly, because it is not familiar with it and does not agree on its contents.

#### **Ownership of the process**

The municipal development strategy process implies active participation of various stakeholders. *But the municipal administration has to play the key role in the leadership of municipal planning*, on behalf of the municipal government. Municipalities and their populations are the final beneficiaries of the investments that will derive from the municipal strategies. Therefore, municipal staff has to be the backbone of the whole process.

#### **Step 2 | Appoint strategy coordinator**

The strategy coordinator has a central role throughout the process. (S)he leads the process, reports to the mayor and coordinates work and activities of working groups. We recommend that the strategy coordinator is proposed by the mayor, and endorsed by the municipal assembly. The coordinator might subsequently also be in charge of leading a team responsible for implementation of the municipal development strategy.

The coordinator should be an experienced and well respected senior member of the administration with a high degree of authority, who also has good facilitation skills. However, (s)he also needs to be able to dedicate considerable time to the process. If possible, the coordinator should be backed up by a secretariat to organise meetings, take minutes, etcetera.

#### **Step 3 | Consider engaging technical assistance**

While not entirely essential, it would be advisable to involve technical assistance support throughout the process. Involving technical assistance has several advantages. First of all, an outside agent often finds it easier to act as honest broker. Second, external experts might provide experience and expertise that is lacking in the municipality and build capacity in the process. Finally, they ease the work load of preparing the strategy.

However, the municipal administration should always retain ownership of the process and not delegate responsibility for the strategy to technical assistance. Technical assistance may assist with some or all of the following:

- Setting up the organisational structure and partnership.
- Identifying the proper mix of people to be appointed to different bodies, based on needs of the municipality, their talents, and the groups they represent.
- Conduct an introduction session at the beginning of the process.
- Developing the information database for the situation analysis.
- Guide local coordinators through the process.
- Provide a methodological framework from beginning to end.
- Moderating of workshops.

- Writing the final version of the strategy.
- Identifying opportunities for positive media exposure, help to plan public meetings and encourage maximum attendance and community awareness of what the planning process is about.
- Strategy implementation.

Ask any international donors, your association of municipalities, a development agency, or your government, if they know any programmes that provide municipal development experts that could assist you with the preparation or implementation of the strategy. But keep in mind to retain ownership of the process. An expert should only assist, while the municipality leads.

#### **Step 4 | Engage the partnership**

Effective public participation is two-way communication. If the members of the public are to have the opportunity to influence the content of a decision, they need to be able to have input into the process and to respond to proposed actions.

As mentioned in the previous chapter, partnership can have many dimensions. There is not one single best way of organising it. Here we would like to suggest three levels of partnership:

- *Operational partnership* – stakeholders outside the municipality, who actively participate in preparing the strategy.
- *Stakeholder consultation & monitoring* – relevant stakeholders provide information and are consulted during the process.
- *Networks* – the strategy actively engages with relevant potential partners outside the municipality (networking with other municipalities, cooperation with ministries, donors and international partners, etcetera).

The partnership should include representatives from all political orientations in order to provide support by a wide community and assure overall consensus. It provides advice and reports to the assembly.

#### **Perform a stakeholder analysis**

The partnership is formed on the basis of a stakeholder analysis. This means that the members of the partnership should be selected in a transparent manner according to their possible contribution to the process, and not according to any political considerations. Types of representatives, who might be included in the development partnership process, are:

- Elected and senior appointed public officials.
- Directors of large industries and businesses.
- Entrepreneurs and business owners and managers.
- Bank managers.
- Directors of public utilities.
- Director of the local Chamber of Commerce and other business associations.

- Representatives of local schools and universities.
- Representatives of social care institutions.
- Newspaper and other media representatives.
- Local representatives of central/regional government offices.
- NGO and citizen initiative representatives.
- Representatives of local churches.
- Youth groups.

You can use a template like this for a stakeholder analysis:

Stakeholder	Stake / Mandate	Potential role in strategy	Capacity
Name: President of the business chamber	Represents the business community.	Could lead a working group on economy.	Strong capacity, key actors.
Name: Roma community leader	Was elected to represent both Roma and other ethnic minorities.	Involvement in the social development working groups, organises surveys in the community.	Marginalized, need to ensure active participation and capacity building.
Etcetera...	...	...	...

**Box 4:** Stakeholder analysis

#### **EXAMPLE: PARTNERSHIP FOR MUNICIPALITY PETROVO (BOSNIA AND HERZEGOVINA)**

In Petrovo, with a population of about 10,000, a local development partnership was formed for the purpose of preparing a Local Development Strategy. The partnership was composed of 70 representatives from the public, private and non-governmental sectors and they all signed a memorandum of partnership. At the first meeting, the chairman (from the private sector) was elected unanimously, as well as two deputy-chairmen (from the public and non-governmental sector respectively). The involvement of the chairman, a prominent and highly respected local businessman, greatly motivated other businessmen to become involved in the organized focus groups and workshops, while the deputy chairman, from the non-governmental sector, facilitated the proactive participation of non-governmental youth, cultural and sports organisations, in the overall strategic planning process. This gave a wide base of involvement of the relevant persons and groupings in the community in the preparation of the Local Development strategy.

### Clarify your expectations

You should talk to all potential stakeholders in order to determine their specific knowledge, interests and needs. For potential candidates to participate in the strategy working groups, make them aware that they need to actively engage and commit considerable time to the process. In order to keep the partnership operational, in case of a larger number of small NGOs, these should elect one or two people to represent their broad interests. Also, every stakeholder should have a replacement in case (s)he cannot attend an essential meeting.

### Step 5 | Set up the operational structure

An organisational set up for the strategy elaboration could look like this organisational chart:

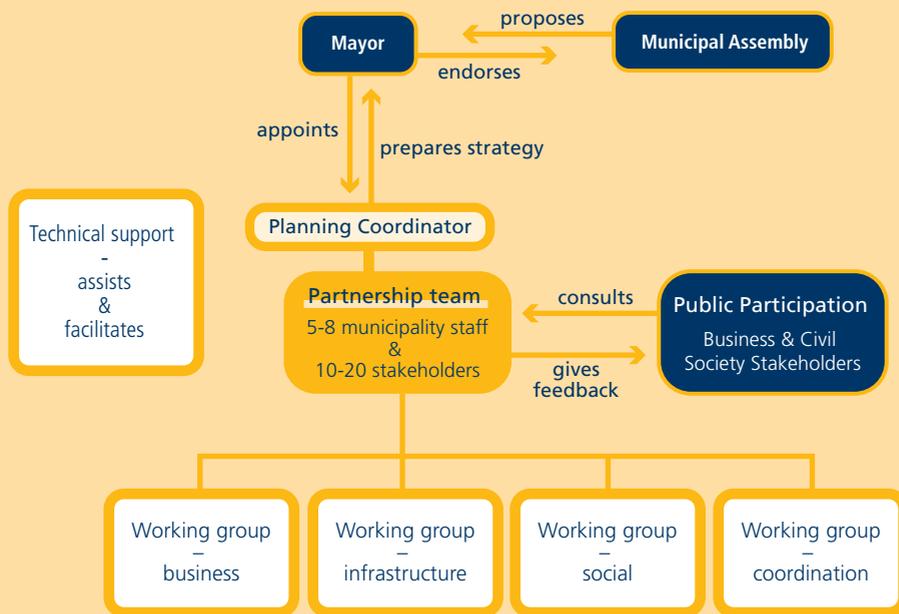


Figure 2: Organisational chart for municipal strategy elaboration

What you might call the *partnership team* is the core operational body responsible for carrying out the activities within the municipal development strategy process. Activities of the partnership team include: Collecting data on existing resources in the municipality, assessment of the current situation, active participation in the process of visioning, identification of priorities, drafting of the strategy, and development of project proposals.

The partnership is likely to split in smaller *technical working groups*, for example to discuss infrastructure, business or social issues, as required and agreed within a particular municipality. There is not a single preferred way of how to assemble the partnership. However, it has proven to be good practice to form the working groups as a combination of municipal administrators and outside stakeholders with relevant expertise.

In *smaller municipalities*, the partnership team is likely to include already most relevant stakeholders so there will be limited additional public consultation.

In *larger municipalities*, where there are likely to be more interest groups, the partnership will be the core working team with a limited number of people. But the progress of the strategy should in addition be discussed with a *wider public audience*.

The partnership will be maintained after the completion of the municipal development strategy. During the implementation of the strategy, it will function as a *monitoring committee*.

### **Step 6 | Prepare and agree operational rules & work plan**

In order to ensure clear understanding of roles and responsibilities, it is advisable to lay down some operational rules for the entire process. These rules should be endorsed by the municipal assembly. The rules could contain the following:

- Explanation of the role of the partnership as an advisory body, which supports the work of the assembly and does not replace any formal institutions or positions.
- Transparent selection of the partnership team (on basis of stakeholder analysis).
- Membership of the partnership team (including appointment of deputies).
- Regular meetings (prior written invitation, documentation of meetings).
- Equal treatment of all participants.
- Responsibilities of team members.

Moreover, it would be good to prepare a work plan at this stage, which outlines who should do what by when.

### **Step 7 | Kick off with a publicity campaign**

Once you got organised and are ready to go, it would be good to let the entire municipality know that you are engaging in something big: The preparation of a strategy to determine the future of the municipality. In order to ensure that the process is as transparent as possible, we recommend using the occasion to have a publicity campaign, and give citizens the opportunity to participate.



### EXAMPLE: MUNICIPALITY OF KIKINDA (SERBIA)

The municipality of Kikinda in Serbia prepared a little feature film to advertise the start of the process and the placement of a giant Rubik's cube as a mailbox outside the municipality building where all citizens were encouraged to submit their suggestions for future improvements to the municipality.

### Stage one | Common difficulties and how to avoid them

The following table shows common difficulties you may encounter at stage one, and gives suggestions how to avoid them.

Common difficulties	Suggested ways forward
<p><b>Political capture</b> – Municipal politicians might not have experience with the transparency &amp; openness required for the engagement of stakeholders. They are often not used to discussing policy with people outside their political affiliation. The strategy process that was started by one municipal government stops as soon as the government changes.</p>	<p><i>Design</i> the strategy for a period that goes well beyond any electoral cycle.  <i>Involve</i> the political opposition early on, and work and inform the municipal actively.  <i>Publicise</i> the strategy widely.  <i>Work</i> in an open and transparent manner, and actively involve citizens.  <i>Mobilise</i> the entire municipality behind the strategy.</p>
<p><b>Public participation as paying lip service</b> – Public consultations are done in a rigid manner without real consultation. Many stakeholders do not speak their mind in public hearings because they feel that they cannot influence the policy process anyway.</p>	<p><i>Involve</i> stakeholders from the beginning. Give people time to get to know each other.  <i>Arrange</i> some informal and more social gatherings where people become more relaxed.  <i>Allow</i> people to express their opinions confidentially (letter boxes) if they wish.</p>
<p><b>Limited capacity of the partners</b> – On occasions, active stakeholder participation is not the politicians fault, but the stakeholders do not have the capacity to provide competent analysis or make constructive suggestions. A constructive dialogue with NGOs is often not possible, if NGOs just accuse the government.</p>	<p><i>Encourage</i> the more marginalised groups, in separate focus groups if necessary.  <i>Organise</i> a workshop on communication techniques and standards.  <i>Agree</i> rules of procedure and conduct during debates. (discussions should be kept technical and suggestions should be formulated without accusing groups or individuals)</p>

Common difficulties	Suggested ways forward
<p><b>Confusing participation with government</b> – The assembly rejects the partnership because it sees it as a competition to the elected assembly.</p>	<p><i>Explain</i> the specific role of the partnership as an advisory body to help the assembly make better decisions on the basis of citizens' real needs.  <i>Ensure</i> that the assembly feels active ownership of the process.</p>
<p><b>Time availability</b> – The partnership team does not work effectively, because its members are too busy with their regular jobs.</p>	<p><i>Keep</i> meetings short and focused.  <i>Use</i> other communications means (newsletters, website, online opinion survey) in addition to formal gatherings.  <i>Ask</i> each member of the partnership to appoint a replacement.</p>
<p><b>Dominant actors</b> – The partnership is captured by some strong and dominant actors/interests, and the weaker stakeholders do not get a say.</p>	<p><i>Moderate/facilitate</i> all working meetings and public discussions.  <i>Agree</i> rules of conduct for equal rights and time limits for individual contributions.</p>

**Box 5:** *Get organised – common difficulties and how to avoid them*

# 5 Stage Two Situation Analysis

## Overview

The situation analysis for the municipal development strategy covers essentially four types of analysis that form the basis for developing the strategy, as outlined in the table below:

Type of Analysis	Purpose
PESTL Analysis	Assesses the external environment which influences the municipality, looking at political, economic, social technological, and legal factors
Socio-economic profile	Analyses socio-economic data and information of the municipality
Municipal capacity and resource assessment	Assesses the capacity of the municipality to effectively plan and implement development actions and provide quality services
SWOT Analysis	The three types of analysis mentioned above build the basis for the analysis of the strength and weaknesses, as well as the opportunities and threats of the municipality. The SWOT analysis is an important guidance for the vision and objectives of the strategy later on

**Box 6:** *Types of situation analysis*

## Step 1 | Assess the strategic context

### General trends

The future of your municipality not only depends on your organisation and actions, but is significantly determined by outside factors and trends. In strategic planning, one performs a so called PESTL analysis in order to assess the wider political, economic, socio-cultural, technological, and legal environment beyond your municipality's direct control. For example, a PESTL analysis should consider the influence of the following on your municipality:

Political	Economic	Socio-cultural	Technological	Legal
National reform processes, EU cooperation, association, or accession	Market liberalisation, Global financial crisis	Urbanisation trends, Ageing population	Use of mobile internet, Social networking, Energy efficiency	Higher environmental standards, Property restitution

**Box 7:** *PESTL analysis*

### National/regional plans & strategies

Most countries have a system of multi-level governance. The *national government* sets out policies and strategies for the entire national territory. On the basis of this, the regional government often designs a development strategy for its region. On the level of the *municipality*, the municipal development strategy sets out objectives and priorities within the mandate and resource base of the municipality. There has to be *full consistency* within this *hierarchy of strategies*. Make a list of all relevant national policies and strategies that affect your municipality and state how they affect you, and how you react to this. For example: Fiscal decentralisation allows you to collect taxes but you are not prepared for this.

### Existing local strategies

On local level, the municipal development strategy also has to be fully *consistent* with other plans, such as the local *spatial development plan*, the *social protection strategy*, and learn from and build on any earlier municipal strategies that might exist.

### Beware your spheres of influence

The strategy process also has to recognise that while certain factors that have an influence on development are within the municipality's control, others are not. The strategy should help the municipality to make the most of the areas it can control. But the strategy can also identify how it can support effective lobbying to create a more favourable policy environment for municipalities. But we also need to recognise and manage in a realistic manner, the strategy's limits due to external factors on a national level that we can hardly influence. See the table below for an explanation:

<b>Direct control</b>	What we can do ourselves?	Example: Make local government more transparent and accountable, enhance stakeholder involvement, identify clever local projects
<b>Indirect control</b>	What we can do to influence others?	Example: Lobby (via your association of municipalities) for faster fiscal decentralisation
<b>External Realities</b>	Difficult to influence?	Example: Political instability; decentralisation politically not acceptable, effects of globalisation

**Box 8:** *Municipal development & spheres of influence*

## Step 2 | Gather information for socio-economic municipal profile

The socio-economic profile of the municipality consists of an assessment and description, quantified where it lends itself to quantification, of the current situation/position of the area, including:

- Geography (location, surface, borders, territorial breakdown, topography, etc).
- Environment and natural resources.
- Demography and human resources (including labour market, employment, formation).
- Global economic aspects (productive sectors).
- Enterprise development, resources and capabilities.
- Communication and information technologies.
- Territory and economic activity: The geo-economic spaces/areas within the municipality.
- Transport infrastructure.
- Water and hydraulic infrastructure.
- Energy sector.
- Social cohesion infrastructure: Education and health (position, trends and needs).
- Administrative capacity of the municipality to provide quality services, and to effectively deliver the strategy (including budgetary resources & budget management).

Undertaking the basic analysis will consist of collecting relevant data (i.e. statistics, existing publications/documentation, and existing studies/evaluation reports) *and undertaking a first consultation with relevant organisations, partnerships and authorities at national, regional and local level* in order to obtain additional relevant materials and information.

### EXAMPLE: ADDRESSING BUSINESS NEEDS IN KIKINDA (SERBIA)

One of the biggest problems in municipal development of Kikinda is a lack of cooperation between the public and private sectors. That problem was manifested during the preparation of the Kikinda Municipal Development Strategy. The coordinating team organized individual meetings with managements of private companies in Kikinda to ensure that their needs, business objectives and development strategies would be incorporated in the Municipal Strategy. In the course of the interviews, various problems encountered by the companies were outlined. In the case of Kikinda Foundry for example, the company mentioned that they have great need for people with special qualifications who can work in the Foundry. That need was directly addressed and, as a result, one of the measures for sustainable development included in the strategy, is the provision of scholarships for staff requiring special qualifications.

### How to collect data

This first round of consultation should also be used to promote and prepare for the involvement of the different bodies in the comprehensive consultation process (Partnership Committee), that will also participate at a later stage in the context of the definition of the overall development strategy and priorities, and later on in the implementation of the strategy.

In the context of the collection of statistics and other data, attention should be paid to limiting the quantity of data gathered to resources available in the process and to the adequacy and relevance of indicators to be analysed. *Research should be based, where appropriate, on existing materials/studies/reports:* Research should not be extended to areas, which seem interesting but which are obviously not relevant for the definition of the plan/programme. Some *primary research* in the form of *business or citizen surveys* might be required to improve the evidence base, especially in cases where limited statistics are available.

Most important is the *analysis and awareness of the quality, accuracy and reliability of statistics and data collected*. Stand alone statistics are often not relevant, but there should be an evident trend, and comparative data (e.g. the number of cows in an area is not very meaningful, unless we know how many cows comparative regions have, and we see whether the number of cows has been increasing or decreasing). Overall, it will need to be ensured that the research materials used and the research outputs produced are of a high quality as they will be the basis for the development of the SWOT (strengths, weaknesses, opportunities and threats) analysis, and subsequently of the development strategy and priorities.

### **EXAMPLE: A GOOD APPROACH TO GATHERING MUNICIPAL DATA IN ČOKA (SERBIA)**

While a development strategy for sustainable development of the Municipality of Čoka was being prepared, it was found that there was a lack of accurate information and statistics which was proving to be one of the key obstacles to the drafting of a development strategy for the city. Such statistics were necessary to enable a definition of the main long term economic development trends. In order to overcome this problem, a meeting with former and current company managers, who had worked in Čoka over a 50 year period, was held. As a result of holding this meeting, the Strategy Coordination Team obtained extremely accurate data which had not been recorded prior to this meeting. This data was taken into account when preparing the socio-economic analysis.

### Step 3 | Carry out municipal capacity & resource assessment

The assessment of the *municipal administrative capacity* is very important. Successful municipal development will in part depend on the quality of municipal services, and the institutional capacity to effectively deliver the strategy.

There are a number of tools and methods available to test your municipality's capacity. The methodology developed by the *Council of Europe* has proven to be useful. Another tool is the so called Common Assessment Framework of the EU. Both tools can be found on the internet.

In both cases, the municipality can assess its capacity by answering a series of questions, for which it scores a number of points, depending on the strength of present capacity. The questions and quality standard benchmarks provide good guidance for future improvements.

#### EXAMPLE: ASSESSING MUNICIPAL CAPACITY FOR LOCAL ECONOMIC DEVELOPMENT (LED) (SERBIA)

A German development project carried out an *Assessment of Municipal Capacities for Local Economic Development* using a benchmarking approach. The exercise tested a number of municipalities in the project area along 20 capacity indicators, according to six 'capacity groups', see below:

	Golubac	Majdanpek	Sokobanja	Zajecar	Average program	Boljevac	Bor	Knjazevac	Kladovo	Average control
Total Score (out of 100)	14	29	22	36	25.3%	29	16	45	0	30.0%
I - LED Strategy and Action Plans	0	0	0	0	0%	4	0	0		13%
II - Municipal LED Organisational Capacity	4	6	6	6	37%	6	3	6		33%
III - LED Information Provision, Functionality and Services	4	14	9	17	24%	6	6	22		25%
IV - Partnerships and Cooperation	0	1	2	4	18%	3	2	7		40%
V - Project Cycle Management	4	5	3	6	45%	9	2	7		60%
VI - Policy, Gender and other initiatives	2	3	2	3	25%	1	3	3		23%

On the basis of the results of the analysis, recommendations were prepared and specific capacity improvement measures designed. By repeating the exercise a year later, specific capacity improvements can be tested.

#### Step 4 | Prepare a SWOT analysis

The SWOT analysis (strengths, weaknesses, opportunities, threats) is a fundamental step in the development of the municipal development plan. It is the basis for the development of the *long-term development strategy*. Its development is based and builds on the information obtained in the basic analysis, and aims to undertake an analysis of:

- *Strengths* (e.g. favourable geographical location, growth industrial sectors, rich variety of culture and heritage, good transport infrastructure, etc.)
- *Weaknesses* (e.g. lack of business start ups, shortage of management / key labour skills, gaps and issues within education training to meet labour market demand, equal opportunities issues such as access to education etc.)
- *Main opportunities* (e.g. new forms of tourism for the region, environmental developments, regeneration of key regional towns or cities, programmes to tackle unemployment etc.)
- *Main threats* (e.g. decline or migration of population, lack of inward investment, environmental pollution, lack of adequate transport infrastructure etc.)

The SWOT analysis is the most commonly used methodology to *paint a picture of where the municipality is now and where it wants to head to* and may end up. It is based essentially on the analysis and materials collected in this context. In the absence of statistics or in the case of insufficient reliability and accuracy of quantitative data, it may be completed by qualitative data collected through survey and/or consultation. The SWOT analysis should always be based on an objective and realistic appraisal of the data/materials collected and not on the opinions or views of people.

The SWOT analysis will list the strengths, which can be built on; the weaknesses, which need to be taken into account and, where possible, overcome; the opportunities, which can be acted on; and the threats, that need to be minimised. In the process of drawing up a SWOT analysis, *strengths and weaknesses will always be determined before identifying opportunities and threats*. This will allow relating opportunities to strengths and possible threats to weaknesses. Opportunities and threats cannot stand alone as unrelated items; they always have to be justified and explained. During the definition of opportunities, care should be taken not to set unattainable targets, which will not be met.

It is appropriate to rank the different items of the four categories of the SWOT analysis by order of importance and significance. This will facilitate the process of deriving an explicit and clearly structured list of development needs and potentials and to point out the policy implications. The SWOT analysis can be prepared for the whole municipality.

SWOT analyses are often drawn up as a list of issues. We recommend providing more information than just a list in order to be able to easier use the analysis for the strategy later on, such as:

- Rank the SWOT by priority, if possible (which is the most important strength? The good location or the number of young people?).
- Say why something is considered a strength, weakness, opportunity, or threat.
- Say who could benefit most because of a certain strength and how.
- Say who is affected by a weakness or threat, and how. And who could help to mitigate/ overcome the weakness/threat in each case.

#### **Step 5 | Obtain broad consensus**

A municipality's situation analysis is never entirely rational. Many different interests are at stake. People have different views, hopes, fears, and biases. However, the more stakeholders and interest groups agree to the broad messages of the analysis, the stronger a basis you have for formulating the strategy.

Therefore, ensure wide and open consultation right from the start of the analysis. Also, document all expressed opinions, even if they were not included into the analysis. But explain openly which views were included and which others were not, and why. We recommend publishing the documentation of all public discussions on the internet for everyone to see.

In the end the municipal assembly should endorse the situation analysis as the final outcome of this stage before proceeding to the next stage. The results of the analysis should not come as a surprise to the assembly members, but they should have been made aware beforehand, so that the actual endorsement becomes a formality.

#### **Step 6 | Continue improving your knowledge base**

The situation analysis is a picture of the strategic context at a certain point in time. However, the socio-economic situation within and outside the municipality is constantly evolving. Therefore, a municipality should build the capacity to gather data, and the ability to analyse that data in order to turn it into useful information. By sharing the information and interpreting it, it will turn into knowledge. The strategically thinking municipality should make the improvement of knowledge a permanent occupation, beyond the analysis at one point in time.

### **EXAMPLE: TERRITORIAL KNOWLEDGE MANAGEMENT (SERBIA)**

The municipalities of Valjevo, Kraljevo, Pancevo, Cacak, Kragujevac and Nis have started the development of Municipal Integrated Territorial Information Systems (TIS). This implies the development of integrated information systems as tools for reading and managing the territory.

Each municipality has defined an inter-sectoral pilot project specifically focusing on issues relevant to the development of the local systems and as identified by local strategic documents and policies. Municipalities identified the implementation of Municipal Territorial Information Systems as an important tool to inform decisions and monitor development strategies and projects.

In each municipality a coordination body was formed to support the development of the TIS project, and to initialize and facilitate institutional collaborations for the implementation, evaluation and assessment of achieved results. An important step of the process is the institutionalization of protocols for the exchange of information and data among different departments and organisations, facilitating access to data, and thus allowing more transparency and participation among local actors of urban development.

Technical working groups have been appointed, comprising of members from different municipal institutions, public companies and different sectors, in order to ensure the integrated approach to the setting up and developing of TIS. Mostly, the municipal working groups are composed of representatives of information technologies, planning and economic departments, public companies for planning and construction, tourist organisations, cadastre offices, chamber of commerce, and public companies for utilities and services.

### Stage two | Common difficulties and how to avoid them

The following table shows common difficulties you may encounter at stage two, and gives suggestions how to avoid them.

Common difficulties	Suggested ways forward
<b>Limited data</b> – Limited accurate data / statistics make an analysis difficult.	<i>Complement</i> formal data with small survey and opinion polls. <i>Ask</i> leading businesses what are the main challenges for them. <i>Organise</i> discussions with stakeholders and ask them for the assessment of the official statistics. <i>Include</i> quotes and anecdotes from the interviews and discussions in the analysis.
<b>Too lengthy analysis</b> – The analysis is too long and provides irrelevant excessively descriptive information without enough analysis or interprets data incorrectly.	<i>Summarise</i> key issues and key conclusions at the beginning or the end of each chapter. <i>Keep</i> the entire analysis to a maximum of 20 pages. <i>Use</i> annexes to the main analysis part in order to provide additional data. <i>Compare</i> the information from your municipality with neighbouring municipalities, average data from your region, your country and the EU.
<b>Inconsistency</b> – The SWOT analysis is (partly) inconsistent with the situation analysis.	<i>Check</i> how the SWOT relates to the situation analysis and adapt the analysis are necessary. <i>Build</i> the SWOT on the basis of the key issues identified in the analysis.
<b>Unrealistic</b> – The analysis does not reflect on the organisation and administrative capacity of the municipality.	<i>Conduct</i> the municipal capacity review and add it to the analysis. <i>Identify</i> the role of the municipality to build on strength or to mitigate weaknesses.

**Box 9:** Situation analysis – common difficulties and how to avoid them

## 6 Stage Three Strategy Formulation

### Step 1 | Create a municipal vision

The vision is a realistic dream, indicating what the stakeholders representing the municipality would like the municipality to look like in the future. The vision takes account of the current situation of the area (strongly linked to the situation analysis and SWOT), builds on achievements (e.g. past successful policies and development programmes), and establishes the main strategic objectives and the expected results of the development strategy. Defining a vision is an important task of the partnership. A realistic and coherent vision is used by nearly all of the most successful regions in Europe to guide their development strategy and enthuse their citizens.

### EXAMPLE: TIMISOARA'S IDENTITY (ROMANIA)

In the course of the preparation of the Master Plan for City of Timisoara out to 2025, the drafting team asked the citizens of Timisoara what descriptive words came to their mind when thinking of their own city. Of all the words suggested, the four most common were: *Business Gateway*, *High-Tech Science Hub*, *Multicultural City* and *Tourist Attraction*

These descriptive words, having come from the local population of Timisoara themselves, and which were adopted by the Drafting Team as a guide in setting the direction of the Master Plan, mean that the people themselves have set the direction of the plan and should therefore have a greater involvement and commitment to the implementation of the proposals of the plan.

The vision goes to the heart of the municipal identity and uniqueness. Developing the municipality's vision is another great opportunity for stakeholder and citizen engagement. The following approaches could be considered:

- *Stakeholder workshops with visioning exercises* – For example a facilitator asks participants to close their eyes and imagine they are walking through their neighbourhood as it should be fifteen years into the future. What do they see? What do the buildings look like? Where do people gather? How do they make decisions? What are they eating? Where are they working? How are they travelling? What is happening on

the street? Where is the centre of the neighbourhood? How does green space and water fit into the picture? – participants are asked to draw what they see, and only describe it with words afterwards.

- *Encourage citizens suggestions* – Select and award the best proposal.
- *A school competition* – Where pupils draw their vision of the municipality, and the best drawing can be awarded a prize.

### EXAMPLE: VISIONING EXERCISE IN THE CITY OF NIŠ (SERBIA)

In order to help create a vision of Niš, citizens got heavily involved. First, schools were asked to 'paint the future of Niš'. 54 drawings were collected and a jury awarded the best ones. Among over 120 collected citizen questionnaires asking 'What is Niš when it is at its best?', the most interesting answer was: *'I see the City of Niš in the future as a place where I can be adequately rewarded for my work and knowledge, not only with money, but also with a healthy and clean environment, good quality cultural and sport events, good health protection, and safety, as a city with less corruption, where knowledge, work and honesty will be appreciated. It is necessary to change the value system, and in order to achieve that we have to pay attention to education and assist educational institutions in improving their performance. Serbia and Niš need more working people, and then everything is possible, even to reach quality of life of an average European city. My opinion is that money is essential, and it is acquired through work, so the solution is intensive and quality work'.*

Creating a strong vision is not easy. Many visions end up just being a list of wishes, such as: 'a nice place to work and live'. Such visions do not provide strong enough a motto to guide the development of a municipality. It is good if the vision can be a guide and give orientation to specific actions in the future.

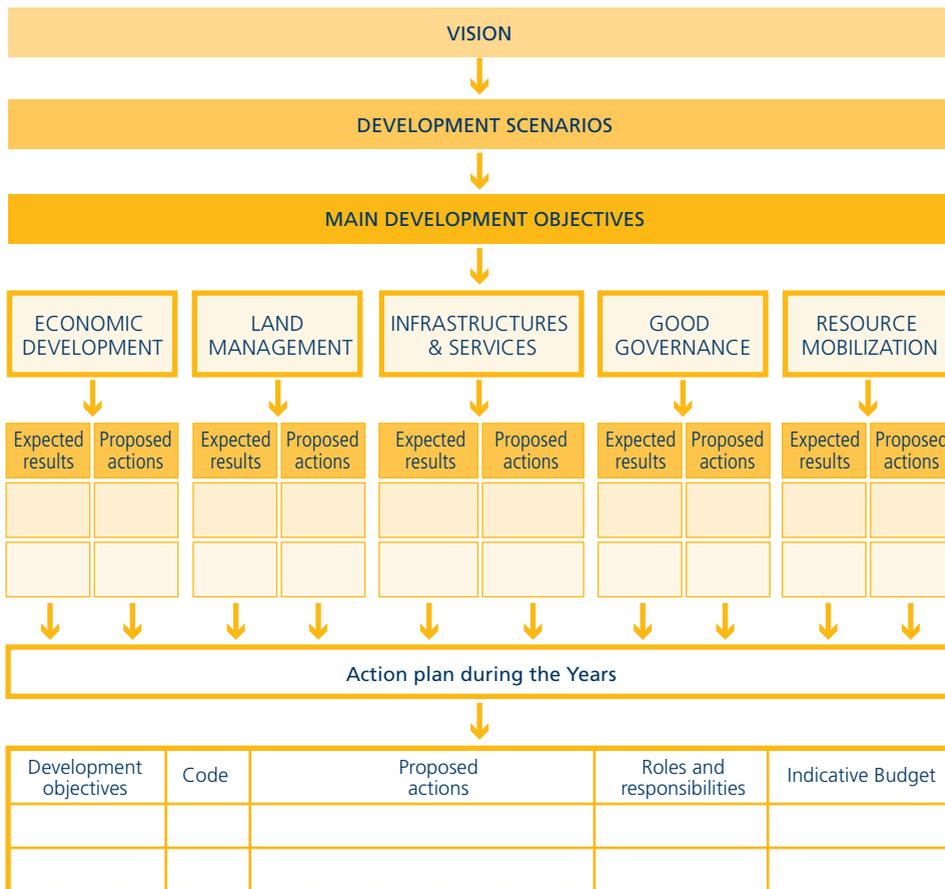
#### Step 2 | Develop objectives & priorities

This is a crucial step in the elaboration of the development strategy. Priorities have to evolve logically from the *vision* and the long-term *strategic objectives*. Prioritisation has to take into account the scope of support and limited resources. It is appropriate to strike a balance between priorities aiming at developing economic infrastructure (e.g. road and energy infrastructure) and those developing human resources/capacity building. Furthermore, account must be taken of prevailing policies and development programmes and planned projects.

The number of priorities should be limited and well focused. If you have a priority for everything, then it becomes nothing but a wish list. In order to help you stay focused, it might be good to also mention what kind of actions would be desirable, but were not included in the list of priorities (e.g. wishes in case resources increase). Developing the individual Municipal Priorities will include defining the:

- Aim (describe the aim of the priority).
- Objectives (decide the overall objective and the methodology to achieve these).
- Rationale (why is this needed).
- Beneficiaries (who does this priority benefit e.g. SME's, Tourism, farmers, etc).
- Implementation bodies / partnerships (who is involved, who is responsible).
- Criteria (mainly aimed at addressing eligibility setting down a bench mark).
- Indicators of achievement.

**EXAMPLE: OUTLINE OF A STRUCTURE FOR A MUNICIPAL STRATEGY BY THE MUNICIPALITY OF FUSHË-ARRËZ (ALBANIA)**



While most priorities are likely to refer to a specific sector (e.g. social security or environment), we recommend making specific provisions for cross-sector issues. You might call cross-sector initiatives 'clusters'. Such clusters are likely to bring some of the most innovative contributions to the strategy. Cluster examples might include:

- Cooperation between education and business sectors.
- Involvement of unemployed people in community initiatives.
- A youth initiative for environmental protection.

#### How to achieve prioritisation?

Often municipalities have so many development needs that it is difficult to decide what to tackle first. At the same time, if there is no clear prioritisation, it is likely that nothing gets done at all. The following tool might help a municipality in deciding how to prioritise.

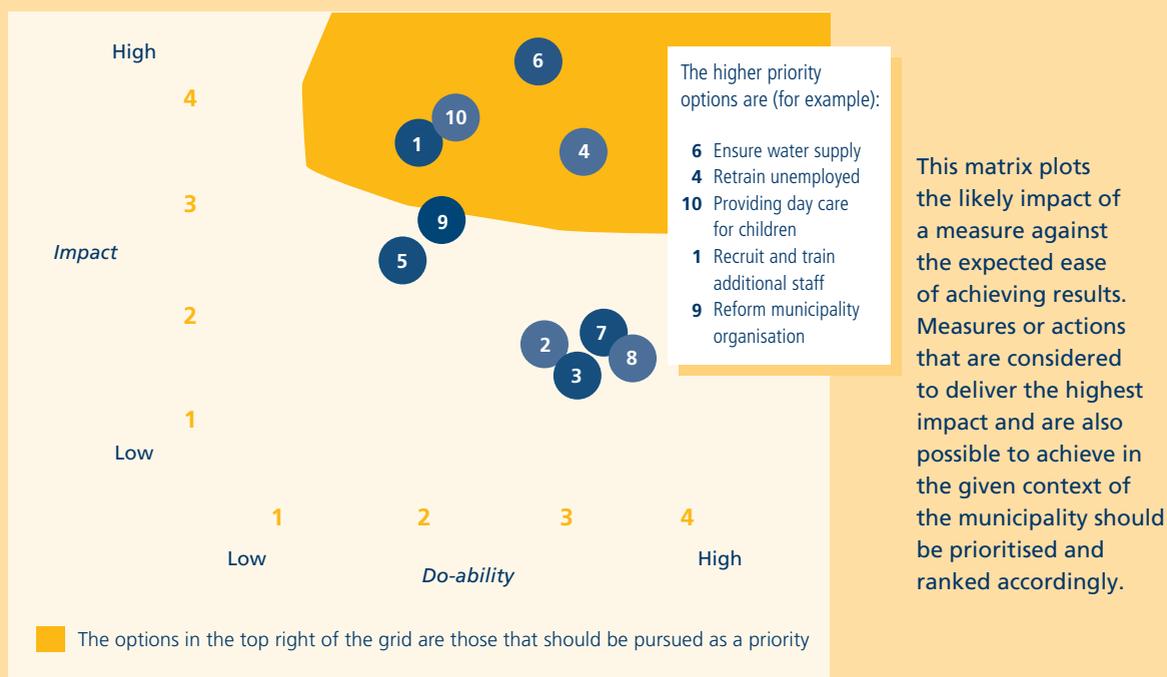


Figure 3: Prioritisation matrix

### Step 3 | Develop indicators of achievement

In order to be able to measure the success and the impact of individual priorities, these need to be quantified. This will include defining appropriate and quantified targets, and whenever possible, a baseline. Indicators should be: Specific, measurable, achievable, realistic and time-bound (SMART).

Keep indicators simple, and focus on things that you can control. If you design an indicator, such as economic growth or reduction in unemployment, then you have to ask yourself to what extent the strategy was actually able to influence any change. It is better to have practical indicators, such as '*number of people that were employed after re-skilling*' or '*number of active businesses in the incubator after three years*'. Link the indicators closely to your actions, rather than the wider economy.

### Step 4 | Create a budget

For each priority of intervention, and for the whole strategy, a detailed multi-year budget has to be prepared. The indicative financial plan should be in line with the financial perspectives, i.e. the distribution of the amounts over the years covered by the strategy (e.g. in % terms). The financial plan will clearly indicate the expected financial contribution from donors as well as from other national and local financial sources (including regional, municipal and community funds). The financial plan has to be effectively linked to the *municipal budgeting process*. The box below shows how for each priority, a list of possible sources of funding can be set up to calculate the expected budget available.

	Possible Sources of Funding			
	Municipal Budget	National Sources	Donor 1,2,3	Loans
Priority 1				
Priority 2				
Priority n				

Box 10: Budget per priority

#### What to do when there is little money?

Funding is often a serious constraint to achieving strategy objectives. However, a lack of funds is all too often used as an excuse for lack of progress. Successful municipalities today are those that have stronger capacity and manage to engage their citizens in constructive ways. There are a number of things one can do, even with little money.

Proactively seek funding opportunities	A proactive fund-raising attitude can make a real difference. You need to study the funding possibilities and requirements of various donors active in your area. Often, the problem is not the lack of money, but a lack of ready-to-go projects. Therefore, make sure you have a good pipeline of projects that meets the preparation format of the respective donor. Some projects might also be bankable. Learn to draw up good business plans and do feasibility studies.
Improve efficiency	The strategy should encourage assessment of public utility companies and municipal service companies in order to improve their work. The strategy should also show that much can be achieved through better organisation and coordination, and should not only rely on investment projects alone. For example, improvements in energy efficiency might save money in the medium term.
Community initiatives	The aim of the strategy is also to increase capacity among people in the community to become local community activists. The strategy facilitates a process of mobilizing the community through citizen actions, which can be achieved even without external funds. For example, you might mobilise youth groups to clean up the bank of a river, and award the group which collected the most waste. Or you might organise elderly citizens to look after children.
Participate in projects as a partner	Many European programmes might not target your municipality directly, but you might still be allowed to participate as a partner or associate. That kind of partnership could be cost free for the municipality. It is possible to either get some experience or to provide the own experience to other municipalities. For example, the Serbian city of Niš near the Bulgarian border, participates as a partner in an EU programme for cross-border cooperation targeting the Serbian – Bosnian border region. This is allowed, even though Niš is actually not located in the target area.

**Box 11: Ways to increase capacity**

The partnership based approach implies active engagement of citizens and organised interests. The municipality should act as motivator, initiator and facilitator, but then it is good to let the beneficiaries actively engage and even take over, as in the example below:

**EXAMPLE: MUNICIPAL STRATEGY AS APPROACH TO SOCIAL INCLUSION IN CENTAR (BOSNIA AND HERZEGOVINA)**

An outstanding example of an approach to the solution of the problem of social exclusion of demobilized soldiers was recorded in the municipality of Centar. They encouraged and assisted a veterans organisation to start a company for the purpose of building apartments for demobilized soldiers, and later on, for other categories of the population. Here are the words of the then-mayor (from 2000 to 2004) regarding the impact of this solution, *'From threats of holding rallies, as threatened by veterans when we started to introduce some principles, we came to the position where the municipality provided the initial 10,000 KM of capital for the establishment of the company of war veterans. Now, that same company is the largest investor in the Municipality of Centar, investing around 20 million KM and employing 80 people. This is what I consider the greatest achievement; from distrust we came to a situation where people today live a good life.'*

### Step 5 | Describe delivery mechanism

In order to ensure that the strategy will be implemented you need to allocate clear roles and responsibilities. The organisation of the delivery is likely to be similar to the organisation of the strategy elaboration, as outlined in stage one. One clearly identifiable person should be responsible for the implementation of the overall strategy.

<b>Define structure</b>	An implementation plan can take a number of different forms. The product may depend to a significant extent on what other stakeholders need or want. The more specific a plan can be, the better. As a minimum, an implementation plan should be clear about who is responsible for delivering what by when.
<b>Define the outputs / recommendations and the tasks required for implementation</b>	Clarify what is required and break this down into specific actions. For example, any single conclusion from a project may lead to a range of outcomes, a number of specified outputs, and many clear activities and deliverables. The aim should be to define specific, measurable, achievable, realistic and timed (SMART) tasks.
<b>Define the milestones</b>	Be clear about the critical outputs and outcomes, and the key milestones to achieving them.
<b>Define the sequence</b>	Some tasks and outputs may be inter-dependent. It is important to map out the inter-dependencies and ensure that tasks and events are properly sequenced.
<b>Clarify and agree responsibilities</b>	The process of designing and agreeing an implementation plan can form a key component of the overall objective of securing stakeholder buy-in to a project's conclusions. Ultimately the responsibilities for delivering tasks should be clear and agreed upon by all key stakeholders.
<b>Identify potential risks to delivery</b>	There are likely to be risks to the delivery of the strategy. By conducting a risk mapping exercise, to identify the likelihood and impact of potential risks, plans can be put in place to mitigate any high probability, high impact risks.
<b>Be clear about the monitoring and evaluation arrangements</b>	Part of the implementation planning process should consider what success might look like. A plan might specify success criteria and key issues and mechanisms for monitoring and measuring progress. Alternatively, a plan could be clear about the need for the lead department to design a monitoring and evaluation framework within a specified timetable.
<b>Document agreements</b>	The process of putting together an implementation plan and securing agreement from key stakeholders, will be critical in ensuring that conclusions are put into practice. The outcome of this process should be written up and shared with stakeholders as a document through which further progress can be monitored and chased.

Box 12: *Delivery mechanism*

### Step 6 | Draw up the strategy

Now you have all the elements of the strategy in place, you just need to bring them together into a coherent document. We suggest a table of contents similar to the following:

<b>Note from the mayor</b>	Introducing the Municipal Development Process
<b>Strategy purpose</b>	Explaining the role of the strategy
<b>The partnership</b>	An overview of the partners involved and their contribution to the strategy development
<b>Achievements</b>	An account of what the municipality has already achieved in the past
<b>Vision</b>	A detailed description of the municipality's vision
<b>Key issues &amp; SWOT analysis</b>	Socio-economic analysis and description of the strengths, weaknesses, opportunities, and threats
<b>The strategy</b>	An account on the objectives, development themes (priorities), and a description of 'what will change' through the delivery of the strategy
<b>Cross-cutting issues</b>	An explanation on how cross-cutting issues will be incorporated into the strategy delivery. Equal Opportunities, Information Technologies and Environment are three aspects of the analysis considered to be very important by the EU, and must be reflected in the strategy. These are horizontal issues to be considered right across the strategy. One of the most important goals of sustainable development is reducing poverty and unemployment level, reducing gender and other inequalities, facilitation of employment of youth, inclusion of marginalized communities and individuals with special needs
<b>Coordination with other policies &amp; initiatives</b>	An account of how the strategy coordinates with prevailing national policies, on-going national level development programmes with relevance to your municipality, and on-going development programmes and projects in your Municipality (funded by the national government, the EU and/or other donors, and the like). Your strategy should complement and enhance ongoing programmes and projects; the strategy most certainly should not duplicate ongoing actions, or compromise or ignore such actions. The strategy has to be justified in terms of relevance, pertinence and coherence
<b>Inter-municipal cooperation</b>	Describe how you will cooperate with other municipalities in order to better achieve (some of) the objectives of the strategy
<b>Municipal capacity building</b>	The more effective the municipal organisation, and the more skilled and experienced municipal staff, the more likely the strategy will become a success. On the basis of the organisational audit (during analysis stage), design an organisational capacity building programme as part of the strategy. Start participating regularly in 'good governance' benchmarking exercises and publish the results (see stage 2, step 4)
<b>Financial plan</b>	Overview of the budget and funding
<b>Delivering the strategy</b>	An account of the implementation and monitoring arrangements, with a clear description of who is responsible for what by when
<b>Appendices</b>	Detailed situation analysis, implementation arrangement, action plan for 1-3 years, risks & mitigation measures, copy of any business survey/questionnaire used

**Box 13:** *Municipal development strategy – indicative table of contents*

### Step 7 | Endorse strategy

Finally, the draft strategy should be subject to public consultation once more. Once it is agreed with all stakeholders, the mayor presents the strategy to the municipal assembly for official endorsement. Once the strategy is endorsed, we recommend to publish and distribute it widely.

### Stage three | Common difficulties and how to avoid them

The following table shows common difficulties you may encounter at stage three, and gives suggestions how to avoid them.

Common difficulties	Suggested ways forward
<b>Unrealistic vision</b> – The municipal vision is too generic and unrealistic because it is not really based on existing identities and potentials.	<i>Focus</i> on the real identity of your municipality. What are people proud of? What are you good at? <i>Involve</i> the public in the process as much as possible.
<b>Too general</b> – The strategy wants to please everyone and thus has too many and too general objectives and priorities. It is more of a wish list than a strategy.	<i>Set</i> clear priorities using the suggested analysis. Ask yourself, if you only had a limited amount of money, or if you could only change one thing, what would that be?
<b>Too ambitious</b> – The strategy is not realistic in the sense that it includes ambitions that go beyond the mandate of the municipality.	<i>Make</i> clear what the responsibilities are. <i>Identify</i> who is responsible for policies outside your mandate and offer cooperation. <i>Network</i> with other municipalities in order to create a stronger lobby.
<b>Difficult to evaluate</b> – The strategy provides no indicators of achievement, so the benefit of the strategy is difficult to assess.	<i>Ask</i> yourself for every objective, priority and measure of the strategy: How do I know if I have improved? What will things be like /look like if I have achieved the objective? <i>Develop</i> the indicator on that basis.
<b>Lack of implementation arrangements</b> – The strategy does not provide any implementation and monitoring arrangements.	<i>Describe</i> clearly who is responsible for delivering the strategy and in which timeframe. <i>Promote</i> the strategy widely, and tell partners and citizens to hold you accountable for the delivery.
<b>Too expensive</b> – The strategy is overambitious, with no realistic means of financing.	<i>Keep</i> the strategy simple. It is better to have only a few measures that get implemented, rather than many planned actions that never happen at all.

**Box 14:** Strategy formulation – common difficulties and how to avoid them

## 7 Stage Four Implement Strategy

### Step 1 | Identify and select priority projects

The Municipal Strategy is implemented through projects. Once the key priorities have been defined, the strategy will generate project ideas to achieve the above priorities. Therefore, projects should logically flow from their respective priorities. Projects have to integrate logically into the strategy and the framework of priorities.

Project ideas can be generated through group exercises by the partnership (both the working group and a wider forum of stakeholders). Alternatively, you can launch an open call for project ideas. In any case, in order to get selected, all projects should meet the following criteria:

- The project clearly meets the strategy priorities and contributes to achieving the objectives.
- The project is fully prepared, or can be prepared in a reasonable timeframe (including an assessment of feasibility).
- The project is acceptable (the majority of the partners agrees to it).
- The project can be financed (sufficient funds are available).

Beware that a project needs to be prepared according to its expected source of funding. A project for funding by the European Union might need different documentation than a project funded by national sources.

This project identification sheet will provide the information you need to assess projects:

<b>Project proposed by</b>	<b>Local Agricultural Association</b>
<b>1 Strategy</b>	<b>Local Sustainable Development Strategy – One Municipality</b>
<b>2 Objective: 1</b>	Competitive Restructuring of Key Economic Sectors
<b>3 Priority: 3</b>	Restructuring Agriculture
<b>4 Project: 8</b>	Support demand based agricultural training and instruction
<b>5 Rationale</b>	Education and training will play a major role in the Municipality agriculture sector responding to new market demands. Education and training support is required at all levels of the agricultural cycle.

<b>6 Activities</b>	Identify and assess education and training demands of agriculture sector based on market demand; develop training partnerships between Agricultural stakeholders and educational/training institutions; develop appropriate educational and training modules; supply new training equipment; upgrade education/training institutions.			
<b>7 Type of support</b>	Services, Supply, Works			
<b>8 Final Beneficiaries</b>	Agricultural Cooperatives/producers, Municipalities, SMEs, Retailers, Chambers of Commerce and Crafts			
<b>9 Ultimate Beneficiaries</b>	Agricultural producers, farmers, farming communities, agricultural cooperatives			
<b>10 Financial plan 2009 -2012</b>	EU (M€)	National/Local (M€)	Other (M€)	Total (M€)
<b>11 Monitoring &amp; evaluation indicators</b>				
Intervention Level	Indicator	Source of data	Study baseline	Target
Output (Monitoring)	Evidence of Training Demand	PMU, Agricultural associations, Chambers of Crafts and Commerce, Municipalities	2007 statistics of agricultural training provision	% increase in number of sector personnel receiving training
Result (Monitoring)	Agricultural sector personnel receiving training	PMU, Agricultural associations, Chambers of Crafts and Commerce Municipalities	2004 statistics of agricultural training provision	% increase in employment and agricultural market share by training participants
Impact (evaluation)	Increase in contribution by agricultural sector to economy	PMU, Agricultural associations, Chambers of Crafts and Commerce Municipalities	2012 agricultural production and domestic/export sales statistics, employment	Expansion of agriculture sector, increase in employment and income
<b>12 Horizontal Themes</b>				
Partnerships	Municipality, agricultural associations/cooperatives, Chambers of Crafts and Commerce, retailers, agricultural producers			
Equal Opportunities	Agricultural Producers, processors and retailers in peripheral rural communities, female or ethnic groups have equal access to training			
Information Society	ICT used for training and to support competitiveness in the sector			
<b>13 Readiness</b>				
Level of preparation	<input type="checkbox"/> Project idea <input type="checkbox"/> Pre-feasibility stage <input type="checkbox"/> Feasibility stage <input type="checkbox"/> Feasibility study completed <input type="checkbox"/> All project documentation complete			

Box 14: Project identification sheet

In real life, it often happens that there are many ideas, but only few are well thought through and prepared. So, readiness of a project is an important factor to help selection. Once the project is selected and funding is assured, it usually will need to be tendered. Ensure that you follow the appropriate procurement procedures, either national or EU procedures.

### Step 2 | Focussing and sequencing

It is more than likely that the demand for projects defined via the strategy process will exceed the available financial resources (from all sources including the EU, the municipality, the national government and other donors). Besides, it is likely that the municipality is characterised by limited technical capability and absorption capacity. Hence, it is important to *prioritise* and *sequence* the projects.

The strategy is like a menu of priorities and projects that the municipality would like to implement in the next five or more years; but it is imperative to decide *what to do first* and *by when*: In other words, to focus and plan time wise. The partnership committee and the municipality authorities should decide together on these issues.

Focusing can be done in two ways: (a) By sector or sub-sector (for example SME related priorities and infrastructure) or (b) geographically (development of a river basin with different kind of interlinked projects: Agriculture, environment, water management, rural tourism, basic infrastructure). Sequencing will be done by time (year); the sequencing plan will indicate which projects are to be implemented during which months / years(s).

### Step 3 | Create a pipeline of projects

We recommend creating a database of project ideas and to invite stakeholders to provide new project ideas or to update existing ones on a regular basis. Each project idea that has been previously identified can be translated into one or more concrete project proposals. The objective is here to prepare *ready to implement projects* for sustainable economic and social development. Three steps have to be followed:

- 1 *Development of project selection criteria* – For all the respective municipal development strategy priorities. On which basis shall a project be selected and be given priority?
- 2 *Identification of priority development projects* – The teams will identify an appropriate number or mix of priority projects (e.g. for EU or national funding) through a process of wide consultation with all stakeholders, and under strict consideration of the selection criteria mentioned above.
- 3 *Preparation of a full Project Pipeline of mature projects* – Possible technical assistance will need to assist the municipality authorities in the preparation of priority projects, which were identified as indicated above.

Each project should provide the following information:

- *Description of the project* – The nature of the investment and a description of it and its objectives, its financial volume and location.
- *A timetable* for implementing the project.
- *A cost-benefit analysis* – Including financial costs and benefits and a risk assessment and information on the economic viability of the project.
- *For investments in infrastructure* – An analysis of the costs and the socio-economic benefits of the project, including an indication of the likely rate of use, the foreseeable impact on the development or conversion of the area concerned.
- *For investments in production facilities* – An analysis of the market prospects in the sector concerned and the anticipated return on the project and the direct and indirect effects on the employment situation as far as possible in the community.
- *An assessment of the feasibility* of obtaining full or partial private financing for the project.
- If necessary or relevant, information allowing an evaluation to be made of the *environmental impact* (including in particular the potential effect on sensitive zones and the implementation of the precautionary principle and the principle that preventive action should be taken, that environmental damage should be rectified at source and that the polluter should comply with environmental regulations).
- If necessary or relevant, information needed to *access compliance* with competition rules, inter alia rules on state aids.
- An account of *implementation provisions* in line with relevant procurement rules.
- *Financial information* – Justification of the rate of assistance foreseen from the budget of the plan.

#### **EXAMPLE: SURDULICA TAKES PROJECT PREPARATION SERIOUSLY (SERBIA)**

In 2007, Surdulica Municipality prepared a municipal strategy. One of the priorities was development of the road infrastructure. Within that priority, one prioritised activity was the preparation of the main design and feasibility study for 132 km of local roads. Municipal officials knew that it is a very serious project and decided to apply with this project to the EU funded Neighbourhood programme Bulgaria-Serbia. This project was successfully completed with a partnership Municipality of Tran (Bulgaria). Surdulica municipality, despite the fact that it is one of the poorest in Serbia, is the only municipality in Serbia that has completed design documents for all local roads in municipality.

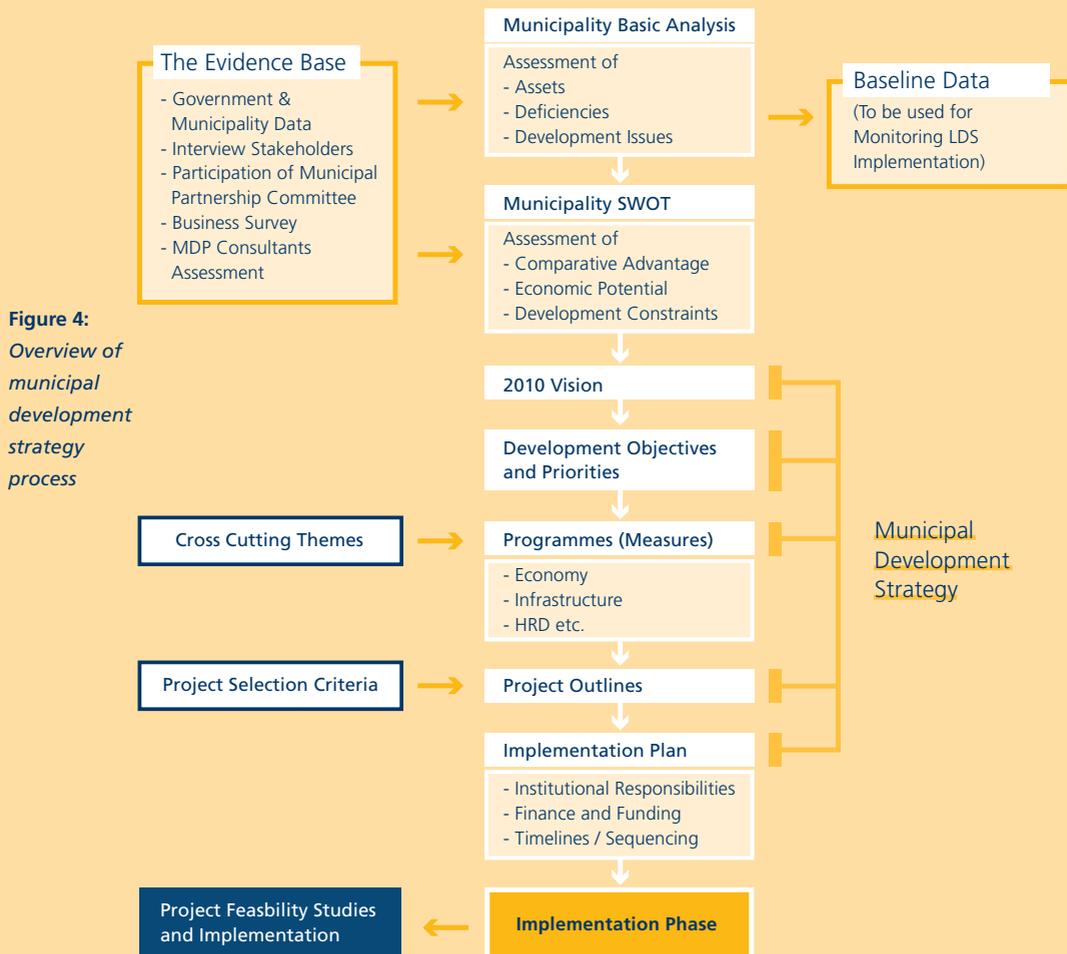
## Step 4 | Project funding and delivery

Now the municipality's selected and ready prepared project(s) need to be implemented. A project is likely to take one of four different forms:

Type of project	When to use it?	What needs to be done?
Service project	For technical support, training or capacity building, studies and research, technical supervision, monitoring.	Should be tendered in line with national procurement rules, or procurement rules of the donor, such as the European Union. In case of EU funding, the European Union or your Ministry of Finance might do the tendering for you.
Supply project	For equipment purchases.	
Construction (Works) project	For building infrastructure or renovation of buildings.	
Grant project	For a mix of the above or to fund an operation of an organisation, including the payment of staff salaries and running costs.	Unless you have a specific project already identified and selected, you can launch a call for projects, and make a selection in line with predefined criteria.

### Box 15: Types of projects

For an overview of the entire municipal development planning process, see the figure below:



## Step 5 | Monitor progress

### Set up a monitoring committee

In order to follow up progress with project implementation in a transparent way, there should be regular monitoring activities. The previously established development partnership can now fulfil the function of a monitoring committee.

During the monitoring committee meetings, the strategy coordinator presents any progress on implementation focussing on whether the implementation so far has been efficient, effective and sustainable. Problems and suggested solutions or adjustments to the implementation plan are discussed and documented. We suggest that the monitoring committee meets every three to six months, and that all meeting documentation is published on the municipal strategy website.

### Collect monitoring data

In order to be able to monitor effectively, the strategy coordinator needs to establish good relations with any ongoing projects and needs to request data and information about progress of projects. (S)he should ask projects to submit regular progress reports, a summary of which will be presented to the monitoring committee.

### Report progress

We recommend reporting on progress of strategy delivery on an annual basis. The reporting should happen on the basis of indicators, as outlined under stage 3, step 2. We suggest a simple template like the following for the annual progress report. Moreover, any problems, and suggested solutions should be reported.

Indicators		2010	2011	2012	2013	Total
Indicator 1: Number of unemployed in education programmes	Achievement	57				
	Target	60	80	100		
	Baseline	20	57			
Indicator n: Households connected to water supply	Achievement	66%				
	Target	65%	75%	85%		
	Baseline	60%	66%			

Box 16: Annual progress report (this year's achievement becomes next year's baseline)

**EXAMPLE: FORMULATION AND MONITORING OF THE CITY DEVELOPMENT STRATEGY IN FIER (ALBANIA)**

Since its adoption in 2006, the City Development Strategy has been linked to the annual budgeting process, according to the strategic priorities articulated in the Strategy. It soon became apparent that a monitoring and evaluation system was needed to measure the effectiveness of activities designed and budgeted to achieve the stated objectives.

Fier therefore designed and started applying a monitoring plan for the strategy. A monitoring team was designated and made use of the institutional structure established during strategy formulation, for revitalizing the stakeholder groups during the monitoring phase as well. As a result, the definition of the indicators measuring the successful implementation of the strategy was made through participation, thus ensuring transparency, a high degree of credibility, and the continuity of the Municipality's accountability.

**Step 6 | Proactive implementation management**

Having some projects running does not mean you can lean back. Successful strategy implementation needs moreover an active coordinator, who engages in the following on a daily basis:

**Public relations & lobbying**

Be the ambassador of your strategy. Inform people within and outside your municipality about the progress you are making, and that it is worth working with or investing in your municipality. Be pro-active in your communication with donors or national institutions. Ask for help and assistance. Prepare information material, and show off good practice.

**Scan funding opportunities**

There are normally many funding opportunities for a municipality. There might be calls for proposals, or other competitions, regional or international projects that you can participate in. Participate in as many funding competitions as possible. This will also give you experience with project preparation.

Useful tip: When you don't have enough internal capacity for funding preparations, you may engage some external people that you pay on a success basis, or you hire them as project managers, paid from the (donor) funded project.

**Networking**

Build, maintain or extend your collaborative network and compare notes with other municipalities in order to learn from each other's experience. Explore future cooperation opportunities on a regular basis.

**EXAMPLE: EFFECTIVE STRATEGY IMPLEMENTATION IN INDJIJA (SERBIA)**

One of the main priorities in the development strategy of Indjija was the improvement of the business related infrastructure. 'Development of a technology park' was identified as a key project. The Municipality commenced the implementation of that project by determining the location of the park and by providing the services to the location - adequate water, sewage system and electricity connections. Through its proactive, service oriented and business friendly attitude (and maybe its appropriate name), the Municipality of Indjija managed to attract and sign a contract with the Indian company 'Embassy group' in 2008, to invest 600 mil Euro over a period of five years, in the construction of the Technology Park. The construction is expected to attract a number of investors from around the world. This project has significance not just for Indjija Municipality, but for the wider area, as it is estimated to lead to the creation of several thousands of jobs.

**Step 7 | Review the strategy**

At the beginning of this toolkit, we explained that a strategy is different from a plan in that it is more flexible, and that it can be more readily adjusted to changing circumstances. The strategic objectives, which are probably related to enhancing the quality of life and creating business opportunities, are likely to remain quite stable. But the means of achieving them might change. Changes are most likely going to occur in the SWOT environment. For example, a financial or political crisis creates new threats that you need to react to, or a new law on decentralisation creates an opportunity. Other occasions when the strategy needs to be reviewed is if the strategy does not seem to work, or indeed when you have already achieved your goals. Then you can move to the next level. We recommend that you include a strategy review as part of your annual implementation report, and in addition call on the partnership for an ad hoc review, whenever the strategic context changes.

**How can we test the quality of our municipal development strategy?**

In order to assess the quality of your current municipal development strategy, you can use the checklist below. Assess the Municipal Development Strategy in relation to each question, and provide examples for evidence of your findings. You can use this tool to reflect on your strategy, and improve as required, at every stage of the process.

<b>Analysis</b>	<i>Organisation</i>	Is there a clear allocation of responsibilities, cross-departmental cooperation, capacity and resources?
	<i>Background analysis</i>	Does the analysis focus on key issues, or does it widely cover less relevant areas?  Does the analysis consider a wider context (e.g. inter municipal cooperation or the effect of national policies)? Does it consider capacity issues?  Does the analysis provide comparative data + a real evidence base (e.g. company surveys in the area)?
	<i>SWOT</i>	Is the SWOT well focused and does it highlight dominant factors?  Does the SWOT have a clear consistency with issues and evidence in the background analysis?
<b>Objectives and Priorities</b>	<i>Objectives</i> <i>Rationale</i> <i>Targeting</i> <i>Realistic</i>	Does the strategy (objectives, priorities) form a logical strategic framework in relation to the analysis?  Are the priorities clear, narrowly focused and specific?  Are the measures (projects) clearly targeted in order to achieve the priorities?
<b>Estimated results and impact</b>	<i>Set the monitoring indicators</i>	Is there a set of indicators which is SMART?  Are cross cutting issues (e.g. gender, environment, impact) being considered?
<b>Management</b>	<i>Consultation</i>	Is there an account of the level of participation and how the community was informed about the plan?
	<i>Partnership</i>	Is there a description of the partnership set up and process (was there a stakeholder analysis)?
<b>Implementation</b>	<i>Monitoring &amp; Evaluation mechanism</i>	Is there a clear account of the implementation mechanism, including the arrangements for monitoring & evaluation? Are there regular monitoring reports that were discussed and agreed with the partnership?
	<i>Budget</i>	Is there a budget and is it realistic in terms of: - Strategy delivery (is the budget sufficient to implement the measures)? - Available financial resources?
<b>Publicity</b>		Is there a publicity plan? Are publicity activities implemented? Does the strategy have an inter-active website, where feedback can be received, published and acted upon?

**Box 17:** Review of the municipal development strategy

### Stage four | Common difficulties and how to avoid them

The following table shows common difficulties you may encounter at stage four, and gives suggestions how to avoid them.

Common difficulties	Suggested ways forward
<p><b>Unimplemented strategy</b> – Often, the strategy is not being implemented at all. This happens on occasions when a municipality received free technical assistance, which ends with the drafting of the strategy, but does not support implementation.</p>	<p><i>Ask</i> technical assistance providers to also coach you during implementation.</p> <p><i>Build up</i> pressure for implementation from below, by working in a transparent manner, and commit to regular progress reporting.</p>
<p><b>Lack of monitoring</b> – There is no regular monitoring of the strategy, and the partnership is not maintained.</p>	<p><i>Inform</i> partners early on in the strategy process that strategy formulation is only a tool, and that the real action happens during implementation. The partnership is set up for the long term and the entire strategy cycle, not just preparation.</p>
<p><b>Lack of capacity</b> – For project development, and lack of project pipeline.</p>	<p>This is often a real problem, and capacity building might take a long time. We suggest to request technical assistance, and to invest in training staff regarding project preparation. If you engage in city partnerships, your twin might be able to provide some expertise. Also, for donor funded activities, you might be able to hire someone for project preparation, who you will pay on the basis of having successfully obtained funding.</p>

**Box 18:** *Implement strategy – common difficulties and how to avoid them*

# Conclusion

Quality strategic planning & strategy delivery is ever increasing in importance as a process and set of tools that guide the development of a municipality. This toolkit leads municipalities through the four main stages of the strategic planning cycle in a practical way.

In stage one, *getting organised* means setting up effective structures for managing the strategy process. These structures should be based on a partnership with relevant stakeholders, and at the same time achieve a high level of political support. In stage two, preparing a good *strategic analysis*, involves gathering and analyzing relevant data, but also requires surveys and consultations with all stakeholders. People's views usually give more insight into the key issues facing a municipality than statistics alone can provide. For stage three, *strategy formulation* should be based on a broad consensus of what stakeholders consider as priorities, and should be both realistic and opportunistic in terms of what be achieved within existing funding limits. Finally, stage four highlighted the importance of emphasizing *strategy implementation*. Only when viable priority projects are identified, prepared, selected, implemented and monitored in a transparent, efficient and effective manner is the strategy likely to deliver the expected results, and contribute to the improved quality of life of citizens.

Partnership is a crucial cross-cutting theme throughout these four stages of the strategy cycle. Partnership means building effective networks and trust among different interest groups within the municipality. But it also means seeking allies, such as other municipalities, ministries and agencies outside the municipality. Such networks are the essential 'software' for the future success and prosperity of your municipality. Optimizing resource use and service provision is likely to depend on the quality of cooperation with, and good ideas of your partners in the future.

Strategic planning is not hard science. This toolkit provides a method that has been tested in practice, but it should not be seen as too prescriptive. The practitioner has to explore and test the best way of doing things in his/her specific context. Strategic management is essentially a learning process. Just like you cannot become a good tennis player by reading a book about the game, you will not become a seasoned strategic planning expert just by reading a toolkit. Only by regular practice and application of the process will you develop the necessary experience and expertise. However, you will find this little toolkit useful on your journey.

VNG International supports decentralisation processes and facilitates decentralised cooperation. The organisation strengthens local governments, their associations, training institutes and decentralisation task forces both in developing countries and in countries in transition. In addition, our Service Bureau Europe assists municipalities from the Netherlands and other EU countries in accessing European subsidies and in creating knowledge networks.

Our home office employs some 50 staff and there are project offices in various countries. VNG International works with a large group of local government experts with broad international experience. In close cooperation with the national associations of municipalities in these countries four daughter companies have been established in the Czech Republic, South Africa, Ukraine and Mexico.

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