Ukraine

Local sustainable development planning

Manual for a local sustainable development strategy formulation

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Introduction

The Draft Manual for Local Sustainable Development Strategies (LSDS) has been prepared at the request of UNDP CO in Ukraine and within the framework of UKR/03/001 – Urban Environmental Governance project. It provides policy guidance on good practice in developing and implementing LSDS and should be of value to policy makers, planners and development practitioners at local, regional and national levels. In preparing this manual international and UNDP experience in promoting participatory and strategic local planning through Local Agenda 21 process over the past decade has been drawn on. This experience and the lessons derived from it have been validated and built on through dialogues and consultations in selected developing countries and economies in transition.

What is the purpose of the Manual?

In 1992, world leaders at the UNCED adopted *Agenda 21*, the global blueprint for action towards sustainable development. *Agenda 21* included a call to local governments to develop their own "Local Agenda 21"defining local vision and development priorities. Over the past two decades there has been increasing awareness of the fundamental importance of local governments and their commitments in responding to sustainable development challenge. *As the level of governance closest to the people, they play a vital role in educating, mobilising and responding to the public to promote sustainable development.* (Agenda 21, 28.1.)

A global survey undertaken by ICLEI from November 2000 to December 2001 demonstrates that 6,416 local authorities in 113 countries have either made a formal commitment to Local Agenda 21 or are actively pursuing this process. While many Local Agenda 21s have led to practical results and impacts, some may be little more than documents setting out priorities and objectives of government agencies developed with little consultation. Others have failed to apply a holistic approach to development and to address the deep economic, social and institutional changes needed for sustainable development.

This document aims to provide guidance on how to develop, implement and assess LSDS. It is based on the analysis of past and current practices and UNDP experience in Europe and the CIS, to undertake comprehensive approaches to sustainable development. It seeks to clarify the purposes and principles underlying effective and participatory LSDS. The principles emphasise local ownership and leadership of the strategy process, effective and meaningful participation from all stakeholders and levels, and high-level of commitment. They point to the importance of convergence and alignment between different planning frameworks (e.g. Local Environmental Action Plan- LEAP, Local Environment and Health Action Plan –LEHAP, Local Agenda 21, etc.), integrated analysis and capacity development.

Particularly, the manual aims to:

- focus on the essential elements of a results-based LSDS;

- introduce the participatory, integrated and strategic planning process;

- present an integrated and holistic approach to LSDS formulation;

- outline the complex set of conditions that have to be put in place for the formulation and implementation of holistic local development strategies;

- develop and strengthen local capacity for integrated and strategic planning;

- reinforce the linkages between the different levels – central, regional and local governments in the country.

Target audience

This manual is intended for a wide range of organisations and individuals concerned with sustainable development at national, sub-national and local levels. These are likely to include the stakeholders in making strategy decisions- for example people in government (central and local), citizens, NGOs and community based organisations, business.

Layout

The manual is intended to be informative and not prescriptive. It sets out principles and ideas on process and methods, and suggests how this can be used.

Following this Introduction, **Chapter One** offers background on the nature and the rational for LSDS and discusses the challenges of sustainable development and the need for strategic responses to them.

Chapter Two presents the LSDS *planning and preparatory* process as a series of consecutive phases and steps. A very important characteristic of this process is the introduction of a participatory and partnerships-based approach.

Chapter Tree outlines the process of LSDS *formulation,* which consists of 4 distinct though, interrelated phases:

- Situation analysis;

- SWOT analysis;

- Defining vision, setting objectives and priorities, targets and indicators

- Preparing an Action plan as a framework for achieving strategic objectives and targets.

Chapter Four is focused on the LSDS implementation including management, monitoring, and evaluation and reviewing of LSDS. It has been worked out with due consideration of the concept of "continuous" planning. For this reason LSDS should be viewed as an open-ended, flexible and subject to continuous improvement document.

CHAPTER ONE

SUSTAINABLE DEVELOPMENT AND THE NEED FOR STRAEGIC RESPONSES

1.1. Why a strategic approach to sustainable development is needed

The WSSD has widely recognized that despite many successes and impressive achievements as a result of technical cooperation and support to development, the humanity has witnessed a progressive deterioration of environment and social tends in developing and transition countries. Therefore, the Summit called for an urgent and genuine political commitment for taking action: to establish in each country the environment in which stakeholders can engage effectively in debate and action; to develop real partnerships between government, the private sector and civil society; to agree roles and responsibilities for sustainable development; to establish effective coordination mechanisms; and to work together on the agreed priorities. Now is the time to a new systematic and strategic approach to sustainable development.

A strategic approach to sustainable development therefore implies new ways of thinking and working so as to[1]:

- Move from developing and implementing a fix plan, which gets increasingly out of date, towards operating an adaptive system that can continuously improve;
- Move from the view that it is the state/municipality alone that is responsible for development, towards one that sees responsibility with society as a whole;
- Move from centralized and controlled decision-making, towards decentralized development planning, sharing results and opportunities, transparent negotiations, cooperation and concerted action;
- Move from a focus on outputs (projects and laws), towards a focus on outcomes (impact) and the quality of participation and management processes;
- Move from sectoral planning to holistic and integrated planning;
- Move from a costly projects and dependence on external assistance towards domestically driven and financed development.

Achieving SD requires deep structural and governance changes on many fronts. At the local level a strategic framework, namely LSDS, can help to organize this.

The need for LSDS results from several reasons, including:
- A complex and multi-facet characteristics of local development;
- Legal requirements???????;
- Effective and efficient management of local affairs and resources;
- Promotion of democracy, decentralization and good local governance;
- Development of a long term shared vision and its alignment with regional and national priorities;
- Establishment of dynamic partnerships;

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[1] OECD/UNDP Resource book on sustainable development strategies, London, 2002

The challenges that municipalities are currently facing are daunting and complex: acute economic hardship, deepening poverty, rising unemployment and inequity, poor infrastructure; human insecurity and regional disparities, loss of self-respect and social exclusion, loss of biodiversity; growing water scarcity; soil degradation, air pollution, poor solid waste management, hazardous and toxic wastes, noise pollution, water contamination; access to save and affordable energy; etc.

There are extensive interactions between many of those challenges, which make it necessary to take a strategic and integrated approach to local development.

1.2. What is a Sustainable Development Strategy

Sustainable Development Strategy (SDS) comprises a set of coordinated mechanisms and processes that, together, offer a participatory system to develop vision, goals and targets for sustainable local development, and to coordinate implementation and review. SDS offers a results-based framework with vision, goals, objectives, specific targets and indicators to measure, and a methodology for integrating social, economic and environmental pillars of development. The strategy cannot be a one-off initiative but needs to be ongoing participatory process, with monitoring, learning and continuous improvement.

DAC OECD defines a strategy for sustainable development as: *A coordinated set of participatory and continuously improving processes of analysis, debate, capacity strengthening, planning and investment, which integrates the economic, social and environmental objectives of society, seeking trade-offs where this is not possible.*[2]

An effective strategy for sustainable development[3] brings together the aspirations and capacities of government, civil society and the private sector to create a vision for the future, and to work tactically and progressively towards it. It identifies and builds on 'what works', improves integration between approaches, and provides a framework for making choices where integration is not possible.

Focusing on what is realistically achievable, an effective strategy will benefit from comprehensive understanding and in-depth situation analysis, but will not be paralysed by planning overly comprehensive actions on many fronts at once. As a process of practical institutional change aimed primarily at mainstreaming sustainability concerns, the strategy is likely to be focused on only a few priority objectives.

A strategy for sustainable development will rarely imply initiating a completely new or stand-alone strategic planning project. Rather, a number of initiatives, taken together, could meet the definition and the principles. Bringing existing initiatives closer to an effective strategy for sustainable development might involve complementing them with a broad 'umbrella': a vision and set of co-ordinated mechanisms and processes to improve their complementarity, smooth out inconsistencies, and fill gaps when needed.

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[2] OECD/DAC Guidelines: Strategies for Sustainable Development

[3] OECD/DAC Guidelines: Strategies for Sustainable Development

Depending on circumstances, a sustainable development strategy may be viewed as a system comprising the following components:

- Regular multi-stakeholder fora and means for negotiation at national and decentralised levels, with links between them.

- A shared vision and set of broad strategic objectives.

- A set of mechanisms to pursue those objectives in ways that can adapt to change (notably an information system; communication capabilities; analytical processes; international engagement; and co-ordinated means for policy integration, budgeting, monitoring, and accountability).

- Principles and standards to be adopted by sectors and stakeholders, through legislation, voluntary action, market-based instruments, etc.

- Pilot activities, to generate learning, capacity development and ownership.

- A secretariat or other facility with authority for co-ordinating these mechanisms.

- A mandate for all the above from a high-level, government authority and, to the extent possible, from citizens' and business organisations.

1.3. What are the key principles that strategies for sustainable development should aspire to[4]:

- **People-centered.** An effective strategy requires a people centered approach, ensuring long-term beneficial impacts on disadvantaged and marginalized groups, such as the poor.
- **Consensus on long-term vision.** Strategic planning frameworks are more likely to be successful when they have a long-term vision with a clear timeframe upon which stakeholders agree. The vision needs to have the commitment of all political parties so that an incoming government will not view a particular strategy as representing only the views or policies of its predecessor.
- **Comprehensive and integrated.** Strategies should seek to integrate where possible, economic, social and environmental objectives. But where negotiations cannot be achieved, trade-offs need to be negotiated.
- **Targeted with clear budgetary priorities.** The strategy needs to be fully integrated into the budget mechanism to ensure that plans have the financial resources to achieve their objectives, and do not only represent "wish list". Capacity constraints and time limitations will have an impact on the extent to which the intended outcomes are achieved.
- **Based on comprehensive and reliable analysis.** Priorities need to be based on a comprehensive analysis of the present situation and of forecasted trends and risks, examining links between local, national and global challenges.
- **Incorporate monitoring, learning and improvement.** M & E need to be based on clear indicators and build into strategies to steer processes, track progress, distill and capture lessons, and signal when a change of direction is necessary.

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[4] OECD/UNDP Resource book on sustainable development strategies, London, 2002

- **Local ownership and leadership.** Many strategies in the past have often resulted from external pressure and development agencies requirements. It is essential that countries take the lead and initiative in developing their own national or local strategies if they are to be enduring.
- **High-level government commitment and influential lead institutions**. Such commitment – on a long term basis is essential if policy and institutional changes are to occur, financial resources are to be committed and for there to be clear responsibility for implementation.
- **Building on existing mechanisms and strategies**. Sustainable Development strategy should not be thought off as a new planning mechanism, but instead build in what already exists in the country at national, regional or local levels, thus enabling convergence, complementarily and coherence between different planning frameworks and policies. This requires good management to ensure coordination of mechanisms and processes, and to identify and resolve potential conflicts. The roles and responsibilities and relationships between the different key participants in strategy process must be clarified early on.
- **Effective participation**. Broad participation helps to open debate to new ideas and sources of information. Central government must be involved (providing leadership, shaping incentive structures and allocating financial resources) but multi-stakeholder processes are also required involving decentralized authorities, the private sector and civil society, as well as marginalized groups. This requires good communication and information mechanisms.
- **Link national and local levels**. Strategies should be two way iterative processes within and between national and decentralized levels. The main strategic principles and directions must be set at the central level (here, economic, fiscal and trade policy, legislative changes, international affairs and external relations, etc. are key responsibilities). But detailed planning, implementation and monitoring would be undertaken at a decentralized level with appropriate transfer of resources and authority.
- **Develop and build on existing capacity**. At the outset of a strategy process, it is important to assess the political, institutional, human, scientific and financial capacity available. Where needed, provisions should be made to develop and enhance the necessary capacity as part of the strategy process.

1.4. Local Agenda 21 (LSDS) is defined as the action plan for a sustainable development of a municipality, set up by local authority together with the local stakeholders and citizens[5]. The mandate for setting up a Local Agenda 21 was given to local communities world-wide at the UN conference on the Environment and Development (UNCED) in Rio de Janeiro in 1992. ICLEI, acting on behalf of municipalities, had brought in this mandate which was incorporated into chapter 28 of *Agenda 21*, the final document of UNCED.

Each Local Authority should enter into a dialogue with its citizens, local organisations and private enterprises and adopt "a local Agenda 21". Through consultation and consensus-building, local authorities would learn from citizens and from local, civic, community, business and industrial organisations and acquire the information needed for

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[5] Source: ICLEI

formulating the best strategies. The process of consultation would increase household awareness of sustainable development issues. Local authority programmes, policies, laws and regulations to achieve Agenda 21 objectives would be assessed and modified, based on local programmes adopted. Strategies could also be used in supporting proposals for local, regional and international funding. (Agenda 21, 28.3)

Local Agenda 21s represent a major innovation in local planning for sustainable development. They have international identity and an international network, but ought to be locally driven and implemented. At their best Local Agenda 21s:

- are grounded in a broad inclusive process of consultation, coordinated by a local authority and drawing in all key stakeholders;
- are based on good understanding of the current state of the development factors; and comprehensive and reliable analysis;
- ensure that environmental concerns from the very localized to the global, enter the mainstream of urban planning and management;
- provide and efficient and equitable means of identifying common goals, reconciling conflicting interests and creating working partnerships between local government, private sector and civil society groups;
- are comprehensive and concise, results-based and long-term strategic document.

Being a long-term strategic document LSDS should be integrated in the overall system of strategic policy documents in the country and should provide the harmonising umbrella for localizing the MDGs[6]

Experience has shown that local leadership and commitment are critical for successful LSDS. The effectiveness of Local Agenda 21s depends on the accountability, transparency and capacity of local government. Thus most examples of successful and influential Local Agenda 21s come from cities where there have been major improvements in the quality of local government. Similarly, the capacity and incentives for Local Agenda 21s to integrate environmental objectives (global, national and local) into local plans depends on supportive national and international networks, and legal and policy framework. In many countries innovations have been set out in areas as, for example, public participation, cross sector co-operation, public-private-partnerships, sustainability criteria for procurement and commissioning, or implementing environmental management systems such as *eco*Budget®.

1.5. What are the conditions needed for development and implementation of holistic LSDS

It is widely recognized that a minimum level of indigenous and local capacity and basic physical and economic infrastructure are key conditions to the preparation and implementation of successful LSDS.[7] However, there are other important conditions, which have to be accorded a high priority and attention. These include, in particular:

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[6] Interesting and innovative experience in localizing the MDGs has already been accumulated in Albania, which will be shared across the region through RBEC regional program on Localizing Sustainable Development, from which among other countries Ukraine will also benefit.

[7] UNDP Policy Paper: How to make local development work. Selected practices from Europe and the CIS, UNDP, Bratislava, September 2002

- The presence of human and social capital fostering participatory approaches to local policy and decision making;
- The development of adequate administrative capacity at the local level enabling effective devolution of power and provision of a high quality public services;
- The creation of enabling legal and regulatory framework for effective and decentralized local development and good local governance;
- The promotion of partnership-based and rights-based approach to local development;
- The creation of the necessary economic instruments and incentives that forge and support viable local economies and sustainable local development;
- The establishment of an effective coordination mechanism for working together on the agreed priorities.

1.6. What are the key factors for for successful LSDS

- Multi-sectoral engagement in the planning process, through a local stakeholder group which serves as the coordination and policy body for preparing a local sustainable development action plan;
- Consultation with community groups, NGOs, business, churches, government agencies, professional groups and unions, in order to create a shared vision and to identify proposals and priorities for action;
- Participatory assessment of local social, economic and environmental conditions and needs;
- Participatory target setting through negotiations among key stakeholders to achieve the vison and goals set forth in the action plan;
- Monitoring and reporting procedures, including local indicators, to track progress and to allow participants to hold each other accountable to the action plan.

1.7. What are the key steps in LSDS process

Since 1992 more and more European municipalities have started Local Agenda processes that usually are carried out in three distinct phases and through a serious of steps[8]:

- *Preparatory and planning phase*. Setting up a *Local Agenda 21 multi-stakeholder forum,* management structure and/or *working groups*, ideally consisting of the administrative, political and business representatives, plus societies and private households. Seek political commitment to the strategy preparation; identify the stakeholders that will participate; map out strategy process and taking stock of existing strategies and other planning processes; establishing a schedule and calendar for the Local Agenda 21 process; promoting the strategy;

- *Strategy formulation phase*. Collection of data and reliable and accurate situation analysis including identifying and applying relevant existing knowledge to the challenges of sustainable development, identifying gaps in knowledge, and fulfilling them through research. Based on the situation and SWOT analysis

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[8] Source: ICLEI

discuss and take major **strategy decisions**: *vision*, *priority objectives, targets* and *ideas for action* for the sustainable development of the municipality. Formulate Action Plan with indicators, financial resources and institutional roles clearly defined.

Figure 1
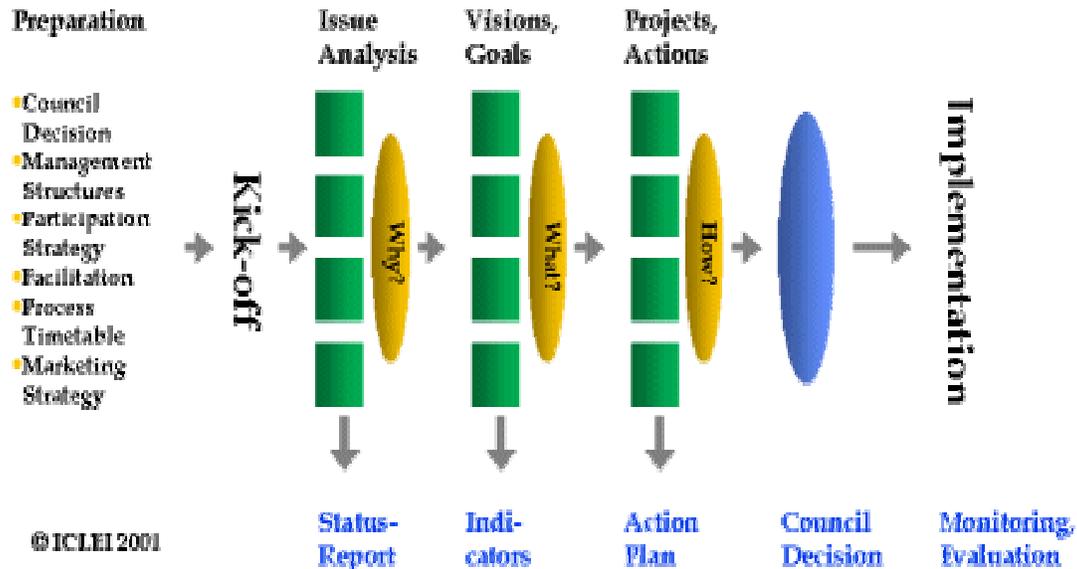
- *Implementation, monitoring and evaluation* of the action plan, again including all representatives.

To achieve a useful result in this process, a competent facilitation of the working groups, a professional process management through the municipal administration as well as the continued involvement of the municipal leaders are of outstanding importance.

The LSDS represents a dynamic and open document. It will be updated on a regular basis to reflect the changes in municipal priorities, national legislation and any other factors of strategic importance.

CHAPTER TWO

LSDS PLANNING AND PREPARATORY PROCESS

2.1. LSDS planning and preparatory process

Strategic planning has two main aspects: (1) the strategy as a policy document and (2) the planning and preparatory process, which encompasses a series of specific steps for its elaboration. Both aspects should comply with specific requirements to ensure that the planning shall achieve its real objectives.

The planning phase of the strategy "cycle" is of critical importance for preparing effective and successful LSDS. The objective of this phase is to establish a system for developing and implementing LSDS. The system should encourage and facilitate the building of consensus in community about a vision, goals and objectives for sustainable development. It should provide a coordinated set of participatory, information and institutional mechanisms to deliver this. Figure 2, illustrates the types of mechanisms that can help towards balancing the economic, social and environmental concerns of multiple stakeholders:

2.1.1. Scoping exercise

The LSDS preparatory process usually starts with a scoping exercise. This is aimed at testing and capturing the interests of multiple stakeholders. It would entail an initial assessment of the need for, and approach to sustainable development at the local level, looking at which actors might be affected by a strategy process and its possible outcomes. The scoping exercise is needed to achieve the required commitment and support to the whole strategic planning process.

2.1.2. Establishing LSDS multi-stakeholders forum and management structure (secretariat or coordinating body).

The **process** of LSDS formulation and implementation should be **led** by a ***Local Agenda 21 multi-stakeholder forum*** that has integrity and is not politicized and has a clear mandate to drive/steer the process. This forum should be composed of respected individuals from a cross-section of community and local government, civil society groups, and the private business.

Figure 2

Communication and awareness raising mechanisms

Change management mechanisms including pilot activities

Monitoring and accountability mechanisms

Financial resources mobilization and allocation

Information system:
- Tracking trends, issues, need
- Research and analysis

Vision Goals Objectives

Prioritization, planning and decision-making

Strategic assessment:
- Environmental
- Social
- economic

Negotiation and conflict management

Participation mechanisms

Source: OECD/UNDP Resource book on sustainable development strategies, London, 2002

This body should be able to exercise the powers required to formulate LSDS, achieve consensus on its scope and content, and monitor its development, implementation and impacts. Its key tasks include:

- Promoting acceptance (in local authorities) of the need for, and benefits of the participation of stakeholders in the strategy process;

- Encouraging the sustained participation of key stakeholder groups in the strategy process;

- Providing general oversight of the strategy process;

- Making policy decisions on vision, strategic goals and objectives, based on the analysis, public consultations , discussions and hearings;

- Advocating and lobbying for the strategy process among respective constituencies (local government, private sector, civil society, etc.) to engender confidence, respect and trust.

The work of the Forum will be supported and facilitated by a **Secretariat or coordinating body.**

The main tasks and responsibilities of the Secretariat are the following[9]:

- Organizing and coordinating the overall strategy process;

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[9] OECD/UNDP Resource book on sustainable development strategies, London, 2002

- Gaining confidence and support for the process from local government and municipal council; civil society groups , private sector, and regional and central level authorities;

- Planning specific activities, meetings and events;

- Facilitating the setting of agendas at all stages of the LSDS process, and follow up of decisions/agreements;

- Budgeting for and procuring expertise and resources;

- Ensuring that the roles of participants in the strategy process are clearly established;

- Supporting working groups and other committees;

- Acting as a communications focal point for information and enquiries;

- Ensuring adherence to timetables

2.1.3. Securing political commitment for the LSDS and broad ownership.

Political commitment and support to sustainable development at the decentralized levels (e.g. municipal council, regional governance bodies, etc.), as well as at higher levels (e.g. parliament and/or central government) is critical and essential for effective and successful LSDS. Sustainable development is about making key decisions for social transformation. Hence, this process is anchored in the realm of politics. A lack of political will may jeopardize the implementation of LSDS and put at risk the realization of a shared vision that has been developed in highly participatory and consultative way. In reality, political commitment is generated by social forces and dynamic balancing of interests- and LSDS process is designed to help this materialize in a positive way. Political commitment for the LSDS will:

- Ensure that priority sustainable development issues can be addressed from multi-sectoral dimensions rather than narrow sector standpoints;

- Enable the strategy coordination system to work;

- Make decisions on recommended policy and institutional changes;

- Ensure that changes are introduced and followed through;

- Commit municipal budget funds;

- Keep the strategy process open and inclusive, and not confidential and closed – encouraging participation in the strategy, giving participants ready access to information.

LSDS needs the broad support of community and the private sector as well as local government. The process of localising sustainable development will not be successful

unless all relevant stakeholders fully understand and realize the need for change, make decisions about change, and then go through the process themselves. Local ownership of the strategy will ensure its relevance to local needs and development opportunities.

Effective **mechanisms** for ensuring ownership and support are:

- organization of public disputes, consultations;
- "mail boxes" for comments and opinions;
- public opinion poll;
- dissemination of information through media and other means.

2.1.4. Mobilizing the required resources

A strategy process requires a range of resources for participation, coordination and project management, information and analysis. These include: the necessary capacity and skills, the support of various stakeholders; the financial means to undertake the process and coordinate the resulting policies and plans. The capacity needs for effective LSDS are manifested at the individual, institutional and systemic levels and the strategy process is an efficient way to develop and further enhance local and indigenous capacity for localising sustainability.

2.1.5. Mapping out the LSDS process, taking stock of existing strategies and other planning processes at the local level.

It is strongly recommended that LSDS should not be a completely new or stand –alone initiative, but should be build on existing strategic planning processes (e.g. LEAP, LEHAP, municipal development strategy or local action plans, etc.) at the local level and seek convergence between them. In designing the process and coordination system that will be required to develop LSDS, a key task will be to map out existing strategic planning processes, as well as any past ones, which can provide important lessons. This will help to suggest which processes and mechanisms can be built upon, which approaches might best be avoided, where there are synergies to be forged and where there are gaps that need filling

2.1.6. Identifying stakeholders, defining their roles in the strategy and ensuring their meaningful and active involvement in the strategy process

Important step in the planning phase is stakeholders' analysis. The objective of this analysis is threefold:

- to identify the key participants from among the relevant stakeholders;
- to define the respective roles of key participants;
- to develop a strategy for involvement of the stakeholders.

Identification of stakeholders

The first task, identifying the participants consists of two steps:

➢ identifying the interests;

➢ identifying the appropriate representatives of those interests

While identifying stakeholders' interests using an issues-based typology (e.g. grouping all stakeholders with interests in nature protection, or tourism development, or farming, etc.) it is necessary to understand:

➢ stakeholders motivation and interest in relation to the issue;

➢ the rights, resources and other means and powers that are available to them (or that are missing) to pursue their motivations and interests;

➢ the external pressure on them to change;

➢ their agree of acceptance of need for change – or resistance against it;

➢ the constraints to making changes, such as regulatory, bureaucratic and resource constrains.

The interests can be identified based on the following criteria:

➢ the likelihood of a group to be affected by the strategy;

➢ the possession of power to implement or jeopardise potential outcomes.

Useful methodologies for identifying stakeholders' interests include (Mayers, 2001a)

• brainstorming, to generate analysis and ideas within stakeholder group. Focus groups can then be convened with particular stakeholders to discuss particular topics;

• semi-structured interviews, in which an informal checklist of issues is used to guide an interview with a stakeholder group;

• digging up existing data – a variety of recorded materials may shed light on stakeholders' interests, characteristics and circumstances.

Not all stakeholders need or want to be involved in all tasks associated with LSDS. One purpose of stakeholder analysis is to ensure that the Local Agenda 21 Forum and the secretariat adequately understand the stakes of different interest groups, where they wish to participate, and what their expectations and skills are. This is so that the principle of participation is not watered down by an unrealistic and unnecessary pressure to get all stakeholders to participate at every stage.

Box 1: Relevant partners for stakeholders and working groups in LSDS process

1. National Government:

- Line ministries;

- Sub-national authorities at all levels;

- Planning Commission;

- Utilities;

- Service Agencies;

- Financial Agencies

2. Regional (oblast) Government and Administration:

- Regional (oblast) councils;

- Regional administrations;

3. Local self-government bodies:

- Elected officials (Mayors and Municipal and Communal councils);
- Management staff and administration of municipalities and communes;

4. Private sector:

- Business associations, business chambers, etc.;
- SMEs , major companies, informal enterprises, etc.

5. Public services enterprises:

- Service providers;

- Regional financing institutions:
- Banks, etc.

6. Civil society:

- under-represented groups;
- service-users- those people who use and are affected by services;
- NGOs and NGOs coalitions, Community groups and Women's groups
- Churches and religions organizations
- Academic and research institutions;
- Community based organizations;
- Resource users associations (farmers, hunters, fishers, tourism operators);
 - Schools, teachers and parent-teachers associations;

7. The media

Defining stakeholders' roles

It is important to clarify early on the roles of the key participants in strategic planning process and relationships between them. The various interest groups that need to be engaged in a strategy process each have their own interests that they will seek to promote and defend. They can become involved in the process in different ways and contribute at

different levels: for example, to identify and find solutions to problems, to build a vision and goals for the future, and to debate policy options and possible actions. Involvement in the strategy process is a right, but it also carries with it certain responsibilities, and it is therefore important to establish and agree roles as early in the process as is agreed to be appropriate. Defining stakeholders' roles could be done by answering the following questions:

- Who has the right to do what, and how?

- Who has the required skills, resources and capacity to deliver the agreed outcomes?

- Who does what and when?

- Who is committed and willing?

- Who pays for particular action or services?

- What are the means and capacity of different stakeholders?

Typical roles of the main actors in strategy process are summarised in Table 1.

Table 1

Politicians and leaders	National ministries and local Public authorities and councils	The private sector	Civil society, including the poor and marginalised groups, especially women	Donor agencies
Providing leadership, legal and institutional framework	Providing resources, shaping regulations and setting standards	Provide investment for the implementation of LSDS	The public put sustainable development into practice by making choices	Donors can provide technical and financial support to the strategy process
	Establishing frameworks and mechanisms		Citizens' groups can communicate with the public. CBOs should be made true partners, not just target beneficiaries	
	Acting as a broker between national policy and local demands			
	Responsibility for reporting, monitoring and quality assurance			
	Getting citizens involved			
	Coordinating resource use			

2.1.7. Strategy for mobilising stakeholders and ensuring active participation in the LSDS process

The formulation and implementation of holistic local sustainable development strategy requires mobilization and active participation of local stakeholders in the process of improving their social and economic situation, which is highly complicated process in the CIS where sense of community and mutual trust was often destroyed under previous regimes. The reluctance of certain stakeholders to get involved reflects their distrust in of the process and perhaps in the local authorities. This phenomenon could be explained with peoples' perception that their voice will not be heart, their participation will not have impact on the decision taken and their involvement will not lead to any improvement in the living standards.

To overcome this reluctance it is important that municipal authorities and local administration launch a constructive and open a dialogue with the public, provide solid arguments for the common long-term benefit, and demonstrate a real commitment and readiness to listen to peoples' concerns and proposals for addressing local problems.

The strategy for motivating and involving stakeholders in the LSDS process should be anchored in the premise of community's **common benefits and development impact** that the LSDS will achieve. In this aspect it is necessary to resolve two basic tasks:

- To identify the benefit, which the respective group or organization might obtain from its involvement in the LSDS elaboration.

- To present this benefit in a clear and understandable manner to the respective groups.

Table 2 below shows tools explicitly designed for stakeholder participation

Table 2

Tool/approach	Description/purpose	Advantages	Disadvantages
Community based analysis	Uses a series of exercises to help community stakeholders to share knowledge, review and participate in technical assessments, set priority and jointly develop options for action	Fundamental to a truly participatory planning effort. Takes the process to the local level where action will need to take place. Serves to engage local inhabitants, focuses on planning on their needs and gather local information and views	May not provide a sufficiently rigorous/comprehensive analysis and should preferably combined with technical assessment
Participatory appraisal	Communities actively engaged in analysis of local conditions, share knowledge and plan activities, using visual	Serves to engage local inhabitants a enables them to "own" the results and hence assume responsibilities for actions	May not work in every situation. Requires a facilitator who understands the approach and is trusted

	tools such as mapping, matrices, etc. with outsiders acting as facilitators	identified; seeks out the voices of the poorest people. Speedy and cost effective	by the local people
Key informant interviews	Usually conducted one-to-one and structured around a set of questions to get insights on a particular issue of policy. Semi-structured interviews are used in participatory appraisal alongside visual tools to improve the level of information and understanding	People are not constrained by the presence of others and can put forward information in their own way.	Does not allow for group debate. Very sensitive to respondents selected
Focus groups	Usually conducted with small groups representing particular neighbourhood/interests groups to gain insights about people's perceptions and values	Useful information gathering tool. Good for obtaining qualitative rather than statistical information, and refining preliminary ideas	Setting up a focus group process, including selection of the sample group and facilitation of sessions, requires trained facilitators. Problems associated with nomination/access to that group. Subject to bias if group small or dominated.

The many ways in which the term "participation" is interpreted and used can be resolved into seven clear types that range from manipulative and passive participation, where people are told what is to happen and implement pre-determined tasks, to the stage where communities take initiatives on their own. (Table 3).

Table 3

Type	Characteristics
1. Manipulative participation	Participation is simply pretence.
2. Passive participation	People participate by being told what has been decided or has already happened. Information shared belongs only to external professionals.
3. Participation by consultation	People participate by being consulted or by answering questions. No share in decision-making is conceded and professionals are

	under no obligation to take on board people's views.
4. Participation for material incentives	People participate in return for food, cash or other material incentives. Local people have no stake in prolonging practices when the incentives end.
5. Functional participation	Participation is seen by external agencies as a means to achieving project goals, especially reduced costs. People may participate by forming groups to meet predetermined project objectives.
6. Interactive participation	People participate in joint analysis, which leads to action plans and the formation or strengthening of local groups or institutions that determine how available resources are used. Learning methods are used to seek multiple viewpoints.
7. Self-mobilization	People participate by taking initiatives independently of external institutions. They develop contacts with external institutions for resources and technical advice but retain control over how resources are used.

Source: OECD/UNDP Resource book on sustainable development strategies, London, 2002 (Adapted from Pretty (1997)

2.1.8. Establishment of working groups and strategy team[10]

Important task, which has to be accomplished during the preparatory process, is defining the role and functions of local authorities in the LSDS formulation. There are three possible approaches in this respect, namely:

1) The experts of the local authority elaborate the strategy without technical assistance and consultancy support, using their own capacity.

The main strengths (S) and weaknesses (W) of this approach are:

- Experts know the local conditions "from the inside" (S);

- The costs, time and efforts will rest predominantly on the shoulders of the administration; (S) and (W)

- The process of elaboration may take much longer; (W)

- The conclusions might not seem sufficiently objective and authoritative; (W)

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[10] Main source for this section : UNDP 2003

- The proposals might not be supported by adequate arguments for lack of experience and/or information. (W)

2) The experts from the local authority are not involved in the elaboration of the strategy; it is worked out by a team of consultants

There are several **basic arguments** in favour of attracting **consultants** in the planning of local and regional development:

- regional and local authorities perform other functions as well and cannot focus entirely on this activity alone;

- the planning process is a new one, its scope is complex, and local/regional actors do not possess the necessary information, skills, knowledge and experience to perform it;

- the use of the services of consultants usually guarantees a higher objectivity of the analyses and development proposals and imparts a bigger "weight" to the planning exercise, particularly for the financing institutions; they may often also render direct assistance in getting in contact with such institutions.

The advantages and disadvantages (risks) of using the services of consultants can be systematized in the following manner (Table 3):

Table 4. Advantages and disadvantage of using the services of external consultants

ADVANTAGES	DISADVANTAGES
They have systematized scientific knowledge about the methods of collection, processing and analysis of information	They require additional financial resources for implementation of planning
They are familiar with the methodology of regional/local planning	They are opt to proposing "template" solutions, which have proved efficient somewhere else.
They know the format for presentation of concrete projects for soliciting funding	They require time to get acquainted with the local circumstances
They are be acquainted with the external environment (national, international) and can collect additional information about them	They do not feel personally engaged and bear no responsibility for the product, and especially for its implementation.
They guarantee an external, objective and comparative opinion	They do not have the instruments and power to realize coordination and obtain endorsement.
They can afford to state things, which the "insiders" prefer to pretend not to notice or to keep silent about.	It is possible to have the mishap to come across a "poorly qualified" consultant.

Source: *Strengthening of local and regional capacity, DFID, ITS , 2003*

3) Combined approach, which enables the convergence of advantages of the two options into one.

The combined approach is recommended to be applied in the strategy process.

Basic principles for setting up the working team and steps in organising the process

To be effective the LSDS working team should be based on the following principles:

- Good working team consist not only of "planning experts". It should comprise also those, involved in the implementation of LSDS, those, responsible for the LSDS, and those, affected by the LSDS;

- Set up *working groups* (thematic groups) to be covering all problems of local development. They should be composed of representatives of the consultants' team, the regional and local authorities, and the relevant stakeholders. The number and the scope of groups depend to a large extent on the specific peculiarities of the locality and the preliminary development concept (e.g. human resources and social development; infrastructure; environment, economic development, priority areas for local development, etc.).

- Establish rules and procedures for the work and the coordination among the working groups;

- Formulate clear tasks and setting of implementation deadlines;

- Select the appropriate methods and forms of involvement of all relevant stakeholders. Different methods are available for performing the consultations with the stakeholders:

    - Information through the media;

    - Collection of information about existing problems, comments, preferences, possible solutions through surveys and focus groups (group discussions);

    - Consultations on important issues of the strategy (objective, action plan, etc.) through working groups and group discussions with key stakeholders (for instance businesses), or public meetings (forums) with the participation of broader circles of the population.

2.1.9. Establishing a schedule and calendar for the strategy process

The secretariat will need to determine activities to be undertaken in developing and operating the strategy, as well as identify responsibilities, capabilities and resources needed, and their timing. A generic strategy calendar can be scheduled based around for example, government budgetary process and other key strategies. Clear and reasonable limits for working towards a conclusion of the process and reporting on progress of results should be established. Such milestones bring a focus to the process, mobilise key resources and mark progress towards consensus. Sufficient flexibility however is necessary to accommodate unexpected developments and changes in timing.

2.1. 10. The role of experiments and pilot projects

Many outcomes of strategies take time to be achieved, and delays can lead to an apparent vacuum of on-the ground activity and consequent loss of interest, trust and support. It has been found helpful to undertake pilot/demonstration projects during the strategy process as a "shop window" to show how the strategy might be implemented in practice, and to demonstrate some tangible and practical benefits and results early on (e.g. efficient solid waste management, improved energy efficiency and public transportation, nature conservation, improved provision of potable water, etc.). Demonstration projects are instrumental for making the concept of sustainable development operational and translating it into concrete actions.

CHAPTER THREE

LSDS FORMULATION PROCESS

3.1 Local Sustainable Development Strategy formulation

The LSDS formulation process consists of 4 distinct though, interrelated phases:

1. Situation analysis[11]

2. SWOT analysis

3. Strategy decision-making: defining vision, setting objectives and priorities, targets and indicators

4. Preparing an Action plan as a framework for achieving strategic objectives and targets

3.1.1. Situation Analysis

The main purpose of situation analysis is to assess social, economical and environmental conditions, identify local facts and trends in development over the past 5-10 years, define main development problems and their root causes. It involves information gathering and creation of data base. The information is then analysed in order to identify the major local facts and trends, and define their root causes. This is a critical step in the overall strategic planning process, which determines and sets the diagnosis of the local development. The findings made under this section serve the needs of the SWOT analysis conducted later.

Expected results from the analysis of the current situation:

- Creation of a data base about the development trends and current situation;

- Qualitative and quantitative assessment of the development trends and local system parameters;

- Identification of key development problems and their root causes;

- Identification of processes that have an adverse effect on the sustainability of the local system, and those which promote sustainable local development and have to be further encourage;

- Conclusions concerning the current state of the locality and recommendations for a change towards localizing sustainability.

General requirements with respect to the analysis of the current situation

- Should be **complete,** to cover all the important issues and aspects in comply with the scope and the possible objectives of the strategy;

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[11] Source: UNDP 1999

- At the same time should be **selective**: it should not encompass everything and should not go in too much detail in order to remain focus and concise;

- Should be **integrated**, it should highlight the links and interdependence between the different themes and aspects of development;

- Should be **profound and revealing the substance**, i.e. it should not be a mere listing of facts, but should rather explain these facts and the links between them, to allow formulation of conclusions;

- Should **not be limited to the past and the present alone**, but rather forward oriented. Should take account of the **major current and future trends** of local development;

- Should be build on **correct use of appropriate analysis methods;**

- Should be presented in **optimum scope and format** (brief, easy-to-interpret and attractive).

The main steps and activities under this stage are:

⇒ **Determining the scope of the analysis,** i.e. decide what to measure and which are the major processes to be studied and analyzed, to what extent of detail; design the necessary forms for data collection, identify stakeholders and participants;

⇒ **Data collection and data base establishment**;

⇒ **Identification of the key aspects of development,** i.e. the strategy must reflect only the key issues of the development, identified by the analysis;

⇒ **Assessment of the current activities.** It studies the efficiency of the currently implemented activities, the role of the local organizations, the management of the local-level activities and the interactions in this process. An assessment is made also of the contribution of the organizations to the development of the region.

⇒ **Identification of resources availability**. The available local, regional and national resources that can be tapped for the implementation of LSDS are identified. Resources gaps and needs are also defined, as well as possible funding sources.

⇒ Analysing the **strengths and weaknesses, the opportunities and threats** for regional development (SWOT analysis). The strengths and weaknesses shall be deducted from the characteristics and dynamics of the local community (the region), and the opportunities and threats – from the influence of the external circumstances (the externalities).

Scope of the analysis

The analysis of the current situation and the trends of local development cover the following major spheres: local development context; local conditions and culture; human resources and social development; economic development; infrastructure and public services; environment; current activities; financial opportunities for development.

Data collection and data base establishment

Different types of information are needed at different phases of the LSDS formulation process:

- **In the inception phase** the information is needed to get people interested, raise their awareness of the local development issues and problems, and convince them of the necessity to launch highly participatory and consultative LSDS process.

- **In the LSDS development and decision-making phase** information is needed for the purposes of the analysis, decision-making and action plan preparation;

- **In the implementation phase** information provides a sound basis for strategy implementation, monitoring and evaluation.

Main requirements with respect to the information and date collection

- Review of important and available information (for instance available scientific researches of the region, statistics, reports, financial reports, local budgets and local programmes, in which a certain strategy is laid down in a more or less explicit way, information about national-level policies and strategies, etc.) at the very start of the process;

- Use of selective approach in the information assembly (see box 6).

- Before undertaking information assembly and analysis efforts, an initial overview of key issues, major problems and opportunities should be done, in order to focus data collection and analysis.

- Assignment of the collection of information to the working thematic groups with clear deadlines for completion of the first stage of this activity and setting up of criteria with respect to the indicators used. (Box 2) and (Box 3).

The main problems to be encountered in the process of selection of criteria and indicators may be combined in two groups (to a certain extent antipodes):

1. The participants in the regional planning process usually stumble over the **problem of lack of information** ("data not available"). This problem might be aggravated by the practical inability to perform certain quantitative analyses for lack of compatible data at the regional level. In some cases this can be overcome by using a well experienced team of consultants as well as through discussions in the thematic groups, which are characterized with wide stakeholders' representation.

2. Need of **critical selection of the available data**. The orientation to maximum completeness of the data, leads to the risk of excessive bent towards quantitative values instead of qualitative characteristics and takes a lot of time.

Box 2: What is an indicator?

An indicator is something that represents a particular attribute, characteristics or property of a system (Gallopin, 1997). More narrowly, an indicator is a measurable part of a system. For example, health is not an indicator, because it can not be measured directly, but life expectancy at birth, the child mortality rate and the incidence of specific diseases can be measured and therefore can be indicators.

An indicator that combines or aggregates several parts is called an index. An index may be a compound indicator combining several lower-level indicators. Examples are the Human Development index, the Well-being index, etc. Or an index may be a composite indicator made up of many components that are not indicators in themselves. Examples are the gross domestic product, the consumer price index, etc.

Box 3: Important criteria for the selection and formulation of the indicators

- Availability of data;

- Territorial and time-frame comparability in order to allow construction of time-series for comparisons and analyses of the trends inside the region;

- Reliability of data;

- Applicability with respect to the selected development concept;

- Consistency of the contents, which indicates whether the indicator reflects really significant aspects;

- Balanced approach and avoidance duplication within the framework of one group of indicators;

- Expressiveness of the indicators with respect to the interpretation of the indicators and the possibility to lead to formulation of conclusions;

- Compatibility on an European level (as a wish)

Source: Guidelines for measuring the regional disparities, NCRD, Sofia, 2002

There are numerous methods (techniques) for collecting information (Box 4). It is important to evaluate them from the point of view of the **amount of information and its usefulness,** on one hand, and **the costs** for collecting it, on the other hand.

Sources of information

The main sources of information for the LSDS formulation are as follows:

1. **Statistical data**, provided by the official statistical reporting practice, respectively by the Institute of Statistics and its territorial structures.

The advantages of this source of information comprise its accessibility for part of the information, reliability within the framework of the approved methodology for reporting of the indicators and the periodical data collection.

Among the shortcomings, it is worth noting the following:

- the relatively limited range of indicators followed at the regional level, especially at the level of municipalities and communes;

- the large delay in publication of the official statistical data (about 2 years) with respect to the period for which the regional analyses are made, which results in diminishing of the reliability of the conclusions made.

2. **Data obtained from institutional information systems**, like the one of the Ministry of Labour and Social Policy and the territorial units on employment, Ministry of Environment, Ministry of agriculture, other ministries and their databases, etc.

The access opportunities to this type of information are very limited, since there is no clarity neither with respect to all those systems, nor with respect to the indicators they use. Another point is that they are not always apt to provide this information. In addition, the information that might be obtained from the majority of these systems is not officially recognized, it is seldom collected at identical time periods, the methodological approaches applied to obtain the indicators may vary.

3. **Data by direct survey or opinion poll**

Under certain circumstances (when solutions should be found to grave situations or topical problems and when there are no relevant data in the information data banks of the official

statistics) it is possible to resort to procuring data by direct survey or opinion poll.

Organization of information

For the LSDS elaboration a considerable volume of information is collected, originating from different sources and in a varying format and on different carriers (for instance on computer files or on paper). It can hardly be used to its full value if it is not well organized.

It has to be pointed out that information is not used only one single time. Some of the data will be used in the analysis immediately, others may turn out to be useful at a later stage (for instance for making the analysis more profound on some issues, for working out of development alternatives, etc.).

The main **recommendations** with respect to the creation of a simple **database** are as follows:

1. all information and data should be collected in one place.

2. all information and data should be registered in a manner, which would allow their easy identification:

a) a full list of the available information and data has to be worked out, which should be updated on a current basis;

b) suitable names have to be created of the computer files.

3. With respect to the statistical information, presented in electronic version, wherever possible the format of presentation of the data should be unified (for instance conversion of all tables in Excel, so that it can be possible to perform mathematical operations with data from different sources).

4. Use of Appropriate Information Management Technology:

- To organize data

- To link data and software to generate information through modelling, analysis and synthesis

- To diffuse information in a variety of credible formats, including maps, graphs and tables.

Box 5: Turning Data into Information

Useful information depends both on the existence of appropriate raw data and on the correct analysis and the transformation of these data has to make them understandable for planners and decision-makers.

Starting from appropriate data, the production of useful information implies:

- Using appropriate aggregation, analysis or transformation techniques

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Analysis of data and information collected

Guiding principles and approaches of data analysis[12]

- Stick to the comparative approach and relative values (relative share, density. indexes, levels etc.) in the processing of data and comments on figures, rather than to absolute indicators (alone) in order to be able to provide answers to questions like "Is the situation favourable or not? Is the reviewed aspect a strength or a weakness, a threat or an opportunity, and why, except in the cases when there are clearly defined norms or **norms and standards** (whether set up by regulations or not). Usually comparisons are made with the national average or with other regions. If it is appropriate and if there are data that may be easily obtained international comparisons can also be made.

- In conducting the assessment of the individual parameters of the analysis one should obligatory outline the **inter-regional, and especially the intra-regional disparities,** for instance between the different municipalities and communes, between rural and urban areas, between the coastal area and the inland.

- Depicting the **dynamics of development and the changes emerging over the time.** In many cases it is more important to understand the dynamics and the direction of changes, rather than to simply produce a "snapshot" of the current situation. The main issues in this respect are as follows:

  - **Whether the situation** (in a certain field) **is deteriorating or improving?** What is the assessment in a short-term aspect (as compared to the last year or the last 2-3 years) and in a long-term aspect (the last 5-10 years)?

  - **What are the possible and probable tendencies?** What might possibly happen with and without intervention in the development? Is this a possibility or a threat?

Content-related principles and approaches in the analysis of information

- An important requirement of the analysis is to establish an inter-sectoral relationships, i.e. the analysis should be **integrated**, not sectoral. This requires a **co-ordination and linkages between the (sectoral) sections**. An appropriate place to draw the attention towards these issues and to present them in a clear form is the **section on summary conclusions**. The separate working groups should currently exchange information and at certain point of time should work together for correction of contradictions and integration of the sectoral aspects.

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[12] *Strengthening of local and regional capacity, DFID, ITS , 2003*

- The analysis should **clearly differentiate local/regional issues from national ones and should focus on local/regional development problems.** The issues of supra-regional nature (national and even global) should be considered only as part of the environment, respectively as threats or possibilities.

- The analysis should end with **recommendations/guidelines for action.** This is a widespread and useful practice. It has to be pointed out that these are only recommendations resulting from the analysis and not the finally formulated objectives and actions. Usually a large number of recommendations can be made, however only few of them will later be translated into objectives and actions (either due to the limited resources or because of the conflicting nature of some of the recommendations).

Recommendations to the presentation of the information

- It is recommended that the data collected is presented in the form of tables or diagrams (sometimes maps may be used as well) and the attention is focused on the general picture in a given field, referring in the text only to the most important indicators (i.e. those that may provide a general outline of the overall picture).

- Wherever possible (or appropriate) the sources of information should be quoted (this would allow to assess whether and to what extent the information is reliable, whether it is statistical data, or facts established in some other way, or personal opinions).

Local /regional development context analysis[13]

Local development does not take place in isolation. It cannot be understood and realized outside the general context of regional, national and international development. Each development strategy should take due account of the broader context, in which the local economy and local communities operate.

The influence of the internal and external environment on the local development should be assessed by focusing on:

- external factors influencing the development of the municipality/region – such as:
    - geopolitical place of the municipality;
    - the municipality's relation to the major roads, railways, airports and sea ports;
    - the projects for construction of the European transport corridors;
    - the new communication technologies;

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[13] Main source for this section : Local Development Strategy guidelines, UNDP 1999 and Regional Development Strategy Manual, UNDP 2003

- the change in the localization factors (the factors related to the selection of the location of the mobile investments);

- the long-term prospects for the country's accession to the European Union.

- domestic factors, such as macro-economic framework, political context, national development priorities (including ongoing and forthcoming projects, which affect the region), linkage to the objectives and priorities of the National Development Strategy, MDGs, sectoral strategies, etc.

It is useful to prepare maps, illustrating the locality/district/region in a geographic, national and sub-continental aspect, as well as the transport connections of the region – by road, rail, airports and sea ports.

General characteristics, location and administrative structure

This section provides a general description of the municipality. It is necessary to indicate and evaluate:

- location of the municipality, frontiers, accessibility;
- general geographic and demographic features (including the distribution of population by settlements), peculiarities of the natural environment, surface area, structure and land use, population density, evolutionary changes, cultural heritage, unique characteristics, etc.
- administrative division and human settlements network: administrative setup of the municipality (incorporated cities, regions ,communes, settlements), rural-urban population ratio, specific characteristics of the human settlements network, etc.).
- rural/urban development characteristics.

Analysis of trends and processes in the social sphere

A) Demographic features

The following trends should be identified:
- Population size and density;
- Birth rate, mortality rate and the dynamics (changes) of the population;
- Natural population growth;
- Age and sex structure of the population, balance of the age groups;
- Ethnic composition of population;
- Economically active population trends;
- Emigrations, immigrations;

- Structure of the population according to the size and type of the human settlements, rural and urban characteristics and distribution;

- Educational level and qualification level.

B) Social Welfare income and poverty level

- Incomes – general dynamics;

- Structure and dynamics of incomes by sectors; social groups; vulnerable groups (e.g pensioners, minorities, women, youth);

- Structure of incomes by sources: industry; agriculture; tourism; pensions; social assistance; etc.;

- Expenditures- general dynamic

- Structure and dynamic of expenditures by groups of commodities and services (food, cloths and other commodities, utilities, administrative services, etc.).

- Poverty level and regional disparities;

- Concentration of the problems of poverty and social exclusion of certain groups of the population by districts and communes, urban/rural areas.

C) Labour market

The analysis should be based on:

- Structure and sustainability of employment;

- Level, dynamics and structure of unemployment;

- Distribution of employment among social groups;

- Qualification characteristics of the employed and the unemployed and correspondence with the employers' requirements;

- Characteristics of demand and supply of jobs;

- Measures to combat unemployment (active and passive);

- Adaptability to the labour market;

- Adaptive capacity and inclination to entrepreneurship.

D) Education

It is particularly important to analyze to what extent the education in the municipality corresponds in terms of grades and profile to the new requirements for labour force quality. To this end it is necessary to assess:

- The characteristics of the educational services by degree of educational level;

- The territorial organization and optimal distribution of schools;

- The availability of teaching staff;

- Main indicators of primary education;

- Attainment of educational standards;

- Level and scope in the secondary and higher education;

- School drop out rates;

- Basic skills (basic literacy, computer skills, etc.);

- Existing types of education and analysis of demand;

- Attitude to education of the employed persons and the unemployed.

E) Health care

The analysis of the health care should focus on the main problems in this sphere, namely:

- Territorial organization of health care;

- Personnel;

- Maternal and child health care;

- Child mortality;

- Maternal mortality;

- Access to basic health care services.

F) Social integration and gender equity

An assessment should be made of the equal rights and opportunities for development (e.g. income generation, employment, salary scales, access to education and political power, representation in the municipal administration and local councils, etc.) of men and women Constrains and impediments for ensuring gender equality should be analysed with a specific emphasis on:

- degree of educational coverage by educational levels, etc.

- employment, unemployment, degree of economic activity;

- barriers to integration of women in the labour market, occupation related to child care, dependent family members and other reasons, hindering women's participation in the labour market, incl. the structure and trends of the economy, problems related to travel, etc.

Analysis of the processes and trends in the economy

Economic development should be subject to multi-aspect diagnosis in the LSDS in terms of:

- a driving force for economic growth in the municipality;

- a combination of sectors, branches and activities featuring different requirements and conditions for their location and leading to conflicts with respect to the use of certain natural resources;

- a range of spatial concentrations and relationships, opportunities to form clusters and their impact on the development of the region;

- its requirements with respect to regulation mechanisms and policies providing for the achievement of the planned development.

The sequence and contents of the economic assessment are as follows:

A) <u>Main trends and characteristics of the local economy</u>

- Level of economic development of the region and economic growth;
- Sectoral structure of the local economy,
- Private sectors development;
- Dynamics by sectors and sub-sectors;
- Investment activity, local and foreign investments;
- Diversification or mono structure of the local economy;
- Economic relations between the sectors and the human settlements;
- Competitive capacity;
- Research and development (R&D) and innovation activities.

B) <u>Development of business, small and medium-sized enterprises</u>

- Structure of business entities by sectors (relative share of the total, of the number of employed persons, of the capital assets, of the total production output, etc.);
- Structure of the business entities by size – micro, small, medium-sized, large enterprises (relative share of the total, of the number of employed persons, of the capital assets, of the total production output, etc.);
- Number of just starting companies and their structure by sectors;
- Density, degree of survival and growth of the companies (enterprises);
- Evaluation of the business climate in the region;
- Major requirements for implementation of the economic strategy of the municipality – What do the companies in the region consider appropriate? What support do they expect from the local authorities, the employment offices, the regional and central authorities? (this information could be collected through survey studies).

C) Profile of industrial production

- Industrial structure and specialization;

- Territorial distribution and concentration;

- Size of the companies (turnover, number of employees);

- Level and investments structure;

- Major trends in the industrial restructuring;

- Specific reasons for the obtained assessments, incl. infrastructure problems or problems related to drop in demand, import/export orientation, privatization process, trends in employment and unemployment, impact of restructuring on the labour force, etc.;

- Comparative and competitive advantages of the regional production, assessments of the different productions in the region from the point of view of their prospects for survival and development.

D) Development of agriculture and rural areas

- Regional potentials for development of the sector and its sub-sectors – plant-growing and stock-breeding;

- Land-use, size of lots, ownership and allotment;

- Territorial structure of the sector and achieved regional results with respect to production output, employment, farm revenue level;

- Correspondence between the regional potentials and the achieved results;

- Causes for the various disparities, which the analysis should reveal;

- Problems of the rural communities (depopulation, characteristics by age/sex, reasons for underdevelopment, etc.).

E) Development of tourism (provided the municipality has a potential for the development of this sector)

- Eco-tourism or village tourisms;

- Sea or mountains resort.

F) Development of financial and business support infrastructure

Special attention should be paid to the parameters of the information and business support infrastructure, its quality and the range of services offered:

- Information infrastructure – business information systems, number of serviced customers;

- Business support infrastructure – consultancy services, regional development agencies, business centres, trade chambers, business chambers, business associations, etc.;

- Banking and financial services.

G) <u>Municipal financial performance</u>

- Structure of the municipal budget (revenues-expenditures);

- Ratio in the budget between municipal own revenues (e.g. income tax revenues, local taxes and charges, shared taxes, etc.) and government transfers and subsidies;

- Revenues breakdown;

- Expenditures breakdown (e.g. social assistance, public works, public services, education, health care, investment and physical maintenance)

Analysis of the state of the basic infrastructure

The analysis should identify the state of the facilities on the territory of municipality in terms of build-up and current maintenance and provided services as a characteristic of the degree of saturation.

It would be desirable to make a comparison between the infrastructure parameters on local/regional and on a national scale and in some cases also international comparisons.

It is necessary to define the compliance with the requirements concerning the level and quality of saturation. The analysis should be based on the understanding that infrastructure is one of the most important general conditions for the development and for the creation of a favourable business climate. It is a well known fact that the good road connections, modern communications and good services are a prerequisite for activation of local and foreign business interest.

The infrastructure analysis comprises evaluation of the construction level and degree of saturation with services by the following systems and facilities:

Water supply

- Water supply systems – sites and facilities for drinking water and industrial water supply, irrigation and regulation systems, degree of construction and state of repair, treatment plants, water supply networks, human settlements with water supply and sewerage systems, share of the population having access to centralized water supply and sewerage, human settlements and share of the population living under water rationing regime, drinking water treatment plants (capacity, size of the serviced population);

- Wastewater networks and systems (share of the total length of the street network), treatment plants for household and industrial wastewater (capacity, size of the serviced population);

- Transport infrastructure: roads (length, structure by classes, maintenance); railway (length, share of double and electrified railways); airports (types, capacity, passenger and cargo turnover); water transport (ports – types, capacity, passenger and cargo turnover);

- Communications networks – air-borne, cable and relay types, coverage, radio and TV, density of telephone posts, etc.);

- Irrigation (capacity, share of irrigated areas);

- Landfills for solid urban waste;

- Energy systems and networks – energy sources by types, capacity – degree of construction and operating characteristics, specific electricity consumption – total, incl. by the residential sector.

Environmental status of the region

The analysis should outline the major environmental issues and their root causes. It also should address the causes of unsustainable development, which lie in government macro-economic policies, investment, trade and development programs, energy and transport plans that are being implemented on the territory of the municipality.

The analysis should cover the following:

WATER

    I.   Volume of water resources in the municipality:

         ➢ Surface water;

         ➢ Ground water;

         ➢ Total water resources;

    II.   Water use in the municipality:

         ➢ Drinking water use;

         ➢ Water used for industrial purposes;

         ➢ Water used for irrigation;

         ➢ Hydraulic equipment

    III.   Drinking water qualities

    IV.   Quality of the surface and ground water

V.   Main pollutants of the water

AIR

   I.   Analysis of the climate and meteorological factors

         ➤ Total sun radiation;

         ➤ Air temperature;

         ➤ Precipitation;

         ➤ Relative humidity;

         ➤ Wind direction and velocity

   II.   Air quality at ground level

   III.   Main sources of air pollution:

         ➤ Pollution resulting from energy generation;

         ➤ Pollution resulting from stationary sources (industrial pollution);

         ➤ Stationary sources of pollution (domestic heating)

         ➤ Mobile source of pollution;

         ➤ Unpleasant odours

GEOLOGY

SOILS

   ➤ Prevalent local sol types;

   ➤ Agricultural land;

   ➤ Soil pollution by heavy metals;

   ➤ Soil pollution by pesticides;

   ➤ Soil erosion, acidity and salinity;

   ➤ Terrain damage inflicted by ore mining and extrication works

BIODIVERSITY

PROTECTED AREAS, NATURAL AND NATIONAL PARKS

➢ Daily recreation. City and village parks, gardens and green area between apartment blocks in the residential areas;

➢ Weakly recreation. Parks and forest outside the settlements.

WASTE

➢ Solid household waste;

➢ Hazardous waste;

➢ Landfills;

➢ Organisation of waste collection and disposal activities;

➢ Municipal waste management administration.

NOISE

Land use and Urbanization

In this section it is important to take account of the land use, urbanization and **urban planning**, as well as of the formation of important economic zones – concentrations (clusters) of industries, forestry, fishing, tourism, commercial centres.

Analysis of development-related activities

Clarification and evaluation of the effectiveness of the current development-related activities is an important part of the assessment process.

It is necessary to analyze (evaluate) also earlier strategic visions and projects proposals and to make use of the lessons learned.

One should be in a position to list the individuals, organizations and structures who have been involved in the current activities on this matter to a specific point of time, as well as to indicate their sphere of activity. In certain spheres there might exist a broad network of people involved in the provision of training, consultations, rental of real estate property and investments through specialized agencies on these issues, while in other spheres this activity might be performed on an informal basis and hardly developed at all.

This part of the analysis may provide also assessment of the initiatives put forward so far with respect to **trans-frontier (cross-border) cooperation**.

Municipality's capacity to implement the LSDS and Financial opportunities and resources for development

It is necessary to evaluate the administrative and human capacity of the municipality so that capacity gaps/needs are identified and strategy to bridge these gaps is defined.

The analysis should also assess the possible sources of funds and resources for the local development. These sources could be:

1. National sources of funds:

   ➢ State budged;

   ➢ National funds (e.g. National Environmental Fund)

2. External sources:

   ➢ ODA;

   ➢ FDI;

   ➢ Local business investments

3. 2. SWOT Analysis[14]

The analytical part of the LSDS ends with a SWOT analysis. It is a strategic planning tool for analysing the **strengths (S)** (i.e. capacities, contacts, resources, etc.) **and weaknesses (W)** (i.e. diminishing ability to provide quality services; assessing the major general characteristics and shortcomings/needs of development), the **opportunities (O)** (a combination of circumstances which, if accompanied by a certain course of action on the part of the community, is likely to produce benefits) **and threats (T)** (probable events which ,if they were to occur, would produce significant damage to community) for local development. Strengths and weaknesses refer to internal factors, while opportunities and threats refer to outside influences.

The SWOT analysis is a method, which originates from strategic planning in business. Since the 1980's it has found quite broad application in planning at the regional and local level as well. This is related to three major advantages it offers[15]:

- The SWOT analysis is exclusively convenient as a tool for synthesizing of the results from the detailed analysis of the current state, leading directly to the formulation of a development strategy;

- The SWOT analysis is a tool, which is particularly suitable for participatory planning. The cases when it has been prepared by one expert only are rare. It is evident from the practice that the best (and the fastest) results are obtained when working in a team;

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[14] Source: Regional Development Strategy Manual, UNDP 2003
[15] *Strengthening of local and regional capacity, DFID, ITS , 2003*

- The SWOT analysis is internationally recognized analytical tool and its importance is enhanced by the fact that it is considered to be a mandatory element of the plans related to the use of the EU structural funds and pre-accession instruments.

The SWOT analysis requires **presentation in a synthesized form of:**

a) **the strengths (advantages) of the object of planning** (a country, region, district, municipality) (for instance, favourable geographic situation, developed transport infrastructure, skilled human resources, growing economic sectors, etc.);

b) **the weaknesses (disadvantages) of the object of planning** (for instance, incompatibility of the qualification level of the labour force to the market requirements, lack of market and information infrastructure, obsolete technology level of production, etc.);

c) **the opportunities, provided mainly by an external to the object of planning environment** (for instance, growth of the market for the sectors developed in the region, increased investment interest of foreign investors in investing in the country, development of new forms of organization, etc.);

d) **the threats, ensuing mainly from the external to object environment** (for instance, political and economic destabilization, drop in demand or barriers to the sales of traditional products, sharp competition, etc.)

The standard matrix of the SWOT analysis might be considered from another angle as well, which shall reveal the links between the different fields, respectively shall outline the importance of the categories "development levels", "limitations", "risks" and "problems"[16]:

- The link between the "opportunities" and "strengths" gives an idea about the **development levels.** This is an important relationship, which is made ample use of in the design of strategies. It is on this basis that an evaluation is made which opportunities might be used, so that within the time horizon of the strategy new strengths may be developed.

- The link between the weaknesses and threats serves to formulate the main problems to be addressed by the development.

- The link between the strengths and threats defines the development risks.

- The link between the weaknesses and opportunities identifies the limitations to the development process.

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[16] ibid

Box 6: Standard (principal) matrix of the SWOT analysis	
STRENGTHS *Internal factors* ▪ *The positive features of a given situation, project or activity, which operate well* ▪ *Resource or capacity, which the organization (region) may use efficiently for attainment of its objectives* ▪ *Resource, skill or any other advantage, which the organization (region) possesses as compared to other municipalities or the national average* ▪ *An outstanding characteristic, which creates relative advantage for the organization (region)* ▪ *Efficiently utilized resources of the circumstantial environment*	**WEAKNESSES** *Internal factors* ▪ *Things that do not function well or which might be done better* ▪ *Limitation or a deficiency of the organization, which hinders it from achieving its objectives* ▪ *Limitations or shortage of resources, skills and capacities, which seriously hinder the development of the municipality* ▪ *The characteristic underdevelopment of the municipality as compared to the other municipalities or the national average*
OPPORTUNITIES *External factors* ▪ *Opportunities for building on the strengths or overcoming of the weaknesses* ▪ *Every favourable situation in the organization's milieu* ▪ *Situations, in which the external benefits are crystal clear and there are good chances for being realized, provided certain actions are undertaken* ▪ *The most favourable elements of the external environment* ▪ *Not fully utilized resources of the circumstantial environment*	**THREATS** *External factors* ▪ *Restrictions, which diminish the opportunities for growth and change* ▪ *Every unfavourable situation in the organization's milieu, which potentially threatens its strategy. Situations, which lead to potentially harmful for the organization external events and results, provided not adequate actions are undertaken by the organization: the organization should actively counteract in order to prevent emergence of problems* ▪ *The most unfavourable elements of the external environment* ▪ *Elements, which are beyond the organization's capacity for impact*

Source: Strengthening of local and regional capacity, DFID, ITS , 2003

Basic requirements with respect to the performing of the SWOT analysis

- **Correct identification of the internal (strengths and weaknesses) and the external (opportunities and threats) factors**

Strengths and weaknesses deal with issues, which are internal for the community, institution or initiative, they are the internal resources. The opportunities and threats refer to issues, which are external to the community, institution or initiative. These are factors, trends and events, which are beyond the scope of the analysis, however feature a significant importance and impact on the community's, institution's or initiative's development and functioning. On the other hand, the strengths and weaknesses are issues, which may be resolved (since the development actors have to a higher or to a lesser extent some kind of control on them), while the opportunities and threats are issues, which are beyond the possibility for direct control, however should be taken account of.

Some typical errors that might be made are to identify strengths with opportunities, weaknesses with threats, threats with problems, and from time to time opportunities with wishes or objectives of development.

On the other hand, it should be kept in mind that the SWOT analysis is not an "accurate method", which presents unequivocal results. Its development is a creative activity and depends strongly on the subjective ideas and estimates.

- **Need of generalization**

The synthesized and brief presentation of the results is one of the most important advantages of the SWOT analysis and should not be "destroyed". This means that the matrix should cover not all the factors, but only the **most important ones**. Some guidebooks recommend restricting the input to not more than 7-8 items, however the figure is not important. What is important is the strife for generalization and the focus on the main substance.

- **Need of comparative approach**

Strengths and weaknesses exist only in comparison with other areas, sectors or organizations (be the best choice would one that is similar in some respect to the analyzed object).

The comments accompanying the SWOT analysis should not be a simple listing of the factors (even if in some more detail) under the four titles (strengths, weaknesses, opportunities and threats). This is the most appropriate point to make the linkage between the individual quadrants and provide answers to questions like:

- How to prevent the transformation of the identified weaknesses into future threats?
- How to transform opportunities into future strengths?
- Need of thorough interpretation of the factors.

One and the same element might contain simultaneously advantages and disadvantages, opportunities and threats. For instance, the geographic situation might be favourable from a transport and geographic point of view, however unfavourable from a geopolitical and geographic point of view. Low income level is a weakness (or even a threat), however it is closely linked to the advantage "cheap labour force". The low prices of tourist services might be a strength from the point of view of attracting tourist flows, however if they are too low they become a threat for the future of the tourism (limited opportunities for maintenance and renewal if the product).

There is no unified approach for **presenting of the results from the SWOT analysis.** It is possible to outline several more common approaches, each of which has its advantages and disadvantages:

  1. Summary SWOT analysis, which highlights only the best manifested advantages, disadvantages, opportunities and threats.

  2. Detailed SWOT analysis, in which the strengths, weaknesses, opportunities and threats are sought for each of the elements of the studied object and its environment (the

most significant ones, of course). In many cases a detailed SWOT analysis may be considered as the first step towards the preparation of a more summary analysis. In the event of elaboration of a LSDS it is possible to work out not only a general SWOT analysis, but also SWOT analyses by specific problem directions.

3. Quantified SWOT analysis, in which a quantitative evaluation is provided for the strengths and weaknesses, opportunities and threats, or they are ranked by significance. Such analysis might be presented also in a graphic form.

Finally, it is worth noting that irrespective of its broad application, the SWOT analysis should not be overestimated. It is above all a method for summarized and synthesized presentation of the information. Its main virtue is generalization, which allows formulation of strategies and objectives. It cannot, however, in no way replace the specialized analysis and it would be recommendable to apply it always in combination with other analytical methods.

The results from the SWOT analysis may be very useful for the purposes of formulation of the general development strategy, which predetermines to a high extent the directions for formulation of the individual objectives. Once the strengths and weaknesses, the opportunities and threats have been identified, one can proceed with the positioning of the region depending on the ratio among the four quadrants. This is easy to do provided there is a quantified analysis, although it is possible also in the case of qualitative formulation of the analysis. Once the positioning has been done, four basic strategies may be formulated:

3.3. Strategy decision-making: Defining vision, setting objectives and priorities, targets and indicators[17]

During this stage a clear indication is given what should happen in order to promote local development and the policy, program and projects for its achievement.

A strategy is fundamentally about making choices and arriving at major decisions that can determine the overall purpose and approach of a sustainable development strategy. The **scope** of major strategy decisions covers:

- Defining the strategic vision for development;

- Strategic objectives;

- Identification of priorities;

- According targets to priority objectives and selecting indicators;

- Developing an Action plan

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[17] Sources: OECD/UNDP Resource book on sustainable development strategies, London, 2002 and Regional Development Strategy Manual, UNDP 2003

3.3.1. Strategic vision

A vision tells us where we want to go

The strategic vision describes the long-term aspirations which the stakeholders agree should guide all other aspects of the development of the strategy. This may describe for example what kind of community is envisaged; and/or what types of major changes in production, consumption and community organisation and behaviour are desired. The LSDS policy framework includes the principles, goal and objectives, targets for the achievement of the objectives. It can be accompanied by a statement reflecting stakeholder consensus on key problems and issues that should receive priority. A 10-15 year period is commonly used for visioning. Within the context of the MDGs it is recommendable that the LSDS cover the period up to 2015. The process of developing and agreeing the vision has to be a multi-stakeholder, multi-level effort and will be a valuable learning exercise. Consensus should normally be sought throughout the process, or key stakeholders will not be "on board" in later stages of implementation. In particular, good strategy decisions and visioning cannot be made without the right "inputs", particularly relevant analysis and stakeholder participation.

3.3.2. Strategic objectives

Objectives describe how we might get where we want to go

Once we have a picture of the problems and issues developed during the situation and SWOT analysis phase, we can reformulate them into positively phrased solution statements or *objectives*. *Cause-effect* relationships now change into *means-end* relationships. Of course, one should be careful that the outcome of such reformulation does not lead to nonsensical solution statements or *objectives*. It is said that the objectives should be **SMART**, which stands for: Specific, Measurable, Achievable, Realistic and Time-bound.

Every objective, which is appropriately defined should:
➢ Provide sufficient detail in the formulation among which for instance: number of people involved, gender/age-group indications, geographical location and time period involved;
➢ Involve not more than one key-element in each objective formulation;
➢ Use active, strong verbs in the objectives' formulation
➢ Respond to the vision for the development of the municipality ;
➢ Be real and achievable;
➢ Lead to rational use of natural resources;
➢ Be understandable for the public;
➢ Be acceptable for public.

In case that there is a doubt about the way in which the objective is formulated or it seems unclear, it is compulsory to solicit opinions of different public groups and together define the objective.

Strategic objectives taken together, describe how the vision might be achieved. The principles and values inherent in the vision can be applied to **priority issues** to establish particular objective for each issue. Each objective:

- should cover a given issue (problem or opportunity);
- address the main changes required to make the transition to sustainable development;
- be expressed in a way that is broad enough to encompass all aspects of the issue and ensure "buy-in" by all relevant stakeholders, but also specific enough to allow measurable targets to be defined
- The strategy should cover sufficient objective to address the main social, economic and environmental concerns of local sustainable development, but few enough to be achievable and comprehensive;
- Each objective should serve twofold purposes: be a guide and criterion for the selection of adequate actions the implementation of which will lead to the realization of the objective and in a long-run, the vision; and be a criterion for evaluation of results achieved.

The "one size fits all" approach can not be applied to the establishment of LSDS objectives. The objectives should be derived from the situation and SWAOT analysis and the specificities of local challenges and development opportunities. Table 4 gives a general indication of local development objectives and might serve as a point of orientation.

Table 5: Local development objectives

Development pillars	Objectives
Economic development	▪ To increase local economic growth, production output/sales, efficiency and effectiveness of the local enterprises; ▪ To increase competitive capacity and boost private sector and SMEs development; ▪ To attract local and foreign investments; ▪ To increase employment rates and changes in the structure of employment; ▪ To improve local infrastructure
Social development	▪ To enhance and develop indigenous and local capacity; ▪ To improve public services in the field of health education, transport, culture, etc.; ▪ To increase incomes and reduce level of poverty; ▪ To protect vulnerable groups (e.g. pensioners, young people and minorities); ▪ To improve social security system
Environmental	▪ To improve the quality of air, water and soil;

management and protection	▪ To protect the forest and biodiversity; ▪ To improve waste collection and waste management system; ▪ To introduce alternative source of energy production; ▪ To improve energy efficiency on the supply and demand side; ▪ To increase public awareness about environmental issues.

Hierarchy of objectives[18]

In view of the limited resources, some objectives may be agreed as priorities, to be accorded targets and implemented within a short timeframe. Other objectives which are not current priorities, may came into effect only when progress has been made with the priorities. This imposes the necessity of selection and ranking of priorities.

Objectives need to be organized in a hierarchy in order to be meaningful. It gives a breakdown from the global level of the *general objective* and related *specific objectives* down to the levels of *direct results* and *activities*. Apart from composing this hierarchy of objectives it is also necessary to look into the critical assumptions which underlie these objectives. Because never forget: objectives are mental constructs or projections of the future, which may come true only when all necessary conditions are met. And we all know that real-life situations tend to be full of surprises! In order to facilitate the work some definitions are provided below.

The **General objective** represents longer-term solution statement. This is the final result expected by the Stakeholder Group from the implementation of the LSDS.

At the next level below there are a number of ***specific objectives***, which together help to achieve the general objective.

Direct results are achieved with the implementation of ***activities*** which are carried out with earmarked resources;

Schematically, this shows as follows:

Why? What do we want to achieve?	General objective	*static* longer-term
	Specific objectives	medium-term
What are we going to do?	Direct results	*dynamic* short-term
	activities resources	Short-term

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[18] Source: "From a Bold Idea to a bankable Project": a working document for PMES-trainings, August 1998, Jan C. Neggers, The Hague, Netherlands

When speaking of a complex series of development actions, we speak of a *program*. A program, in turn, consists of various lines of action or *projects*.

When we speak of a program, the next level below (projects) is representing the strategy of this program.

general objective (program)	◯ **STRATEGY**	longer term impact
specific objectives (projects)	◯ ◯ ◯ ◯ ◯	medium term effects
direct results	◦◦ ◦◦ ◦◦ ◦◦ ◦◦	short term output
activities resources		inputs
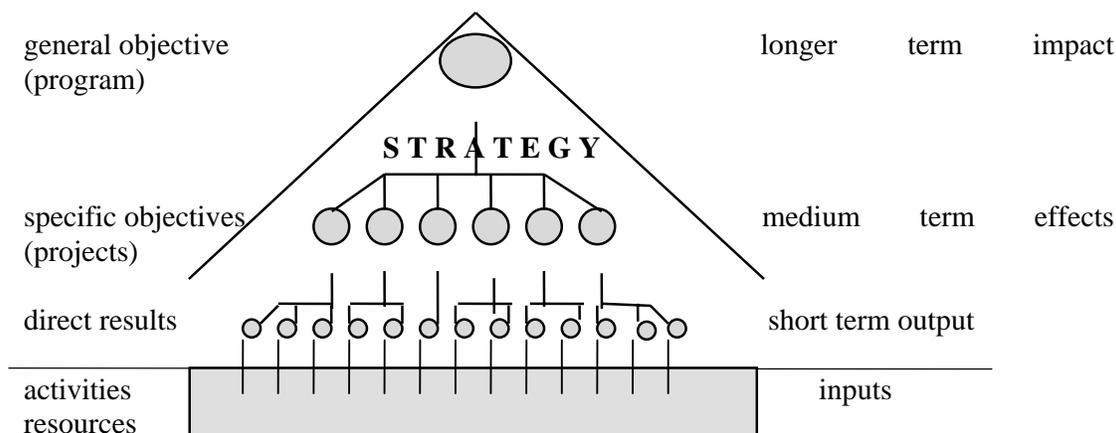
3.3.3. Targets

Targets for each objective describe specific and measurable activities, accomplishments or thresholds to be achieved by a given date. These form the core of any action plan, and serve to focus resources and guide the selection of options for action. Because targets imply concrete actions and behaviour changes by specific stakeholders, they should be the product of negotiation.

3.3.4. Indicators[19]

Indicators help us to answer the following set of questions:
- Are you achieving the objectives?
- How do you know, e.g. whether your efforts are producing the expected benefits for the marginalized groups of people we work with?
- Whether you have reached a state of affairs, which allows you to end your direct involvement in a development process?

In order to know all this, you have to equip the various levels of objectives with indicators and corresponding sources of verification. Hence, it does not suffice to know *what* you want to achieve but it is equally important to know *whether* you are achieving your objectives in a given period of time.

Indicators are variables - or normative anchors - which make it possible to measure specific changes over a period of time. They follow the hierarchy of objectives and can be clustered in groups, which relate to:
➢ efficiency: execution of activities leads to expected results;
➢ effectiveness: correct results lead to expected effects or specific objectives;

➢ sustainability: specific objectives help achieve impact or general objective.

At the level of effectiveness and sustainability the indicators which are used are called "sustainability indicators". They show if the plan is achieving sustainable results and if the community is becoming a sustainable. At the level of efficiency the indicators measure such aspects as costs/ benefits ratio, planned time/used time ratio, planned resources/used resources ratio, etc.

Sustainability indicators can be of different type, such as *social indicators, economic indicators, environmental indicators*, etc., but in some cases the distinction may not be sharp.

The essential characteristics of a sustainability indicator are:

(i)   Simple: It should be simple but as precise as possible.
(ii)   Validity: It must be indicative of the problem to which it refers and capable of quantitative measurement. It should measure those changes we want to know more about.
(iii)   Sensitive: It should help to measure changes
(iv)   Cost-effective: Its monitoring costs should be as low as possible without diminishing its effectiveness or quality
(v)   Cost-saving: Sufficient reliable data, especially historical data, should be available for developing and monitoring it preferably with existing sources of verification.
(vi)   Reliable: The outcome should be the same when measured by different persons;
(vii)   Timely: The data should be available in time

3.3.5. Action Plan

The development and implementation of the Action Plan are the major components during the realization of each program, including the LSDS. All prior steps like establishment of partnership and participatory mechanisms, situation and SWOT analysis and setting priorities, development of the community vision, are preliminary conditions for the preparation and implementation of a successful Action Plan.

The LSDS Action Plan should comprise all objectives subdivided into short-, medium- and long-term and measures, which will lead to their achievement. An important component of each plan is determination of persons/departments/organizations/institutions responsible for its implementation and funds needed for its execution. Development and the implementation of such a plan requires mobilization of all local resources (human and technical) and combination of the efforts of different public groups. In order to supervise the Action Plan implementation, a mechanism for evaluation of the progress should be established.

An action plan is a framework of actions for achieving strategy objectives and targets. It states clearly how each action contributes to one or more given strategy objectives, and may suggest a relative priority rating (e.g. high, medium or low; or essential, important,

desirable). The following types of actions and their sequencing may be outlined in broad detail:

> ➢ new policies, policy changes and links for improved coherence;

> ➢ new and changed legislative, economic or other instruments which assist implementation of policies and /or develop capacity;

> ➢ major programs and pilot projects for sustainable development.

The strategy action plan would, therefore, comprise existing activates as well as specifying new ones. It would note where existing resources are adequate for implementation, and where extra (outside) investment is needed. However it would not offer a step-by-step blueprint for each action.

Design the action plan[20]

Programming is the concrete activity of indicating clearly and in detail how to proceed in bridging the gap between a problematic situation today and a desirable situation in the future.

Why speak of *programming* instead of *planning*? Planning is part of programming where it comes to a detailed account of activities to be executed and resources (human and financial) needed. Planning is - so to speak - the nuts-and-bolts part of a programming process. We talk about programming when dealing with the overall program cycle and the multi-annual plans; and about planning at the level of the operational (annual) plan. It is essential that - while programming - one does not lose the longer-term perspective.

Program life cycle (hypothetical 9 years)

Multi-annual programme (hypothetical 3 years)

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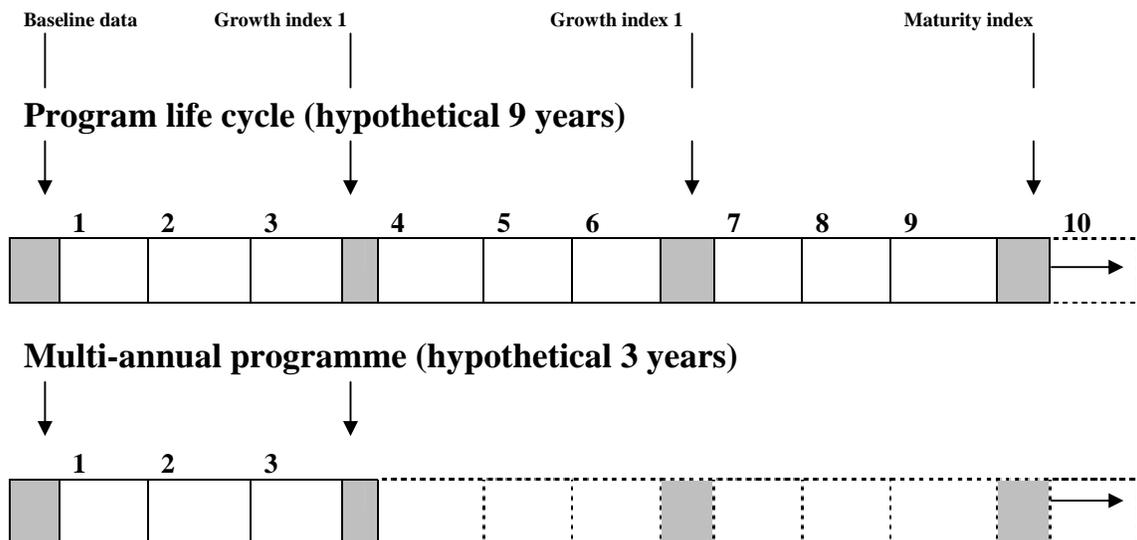
[20] Source: "From a Bold Idea to a bankable Project": a working document for PMES-trainings, August 1998, Jan C. Neggers, The Hague, Netherlands

Operational plan (hypothetical 1 year)
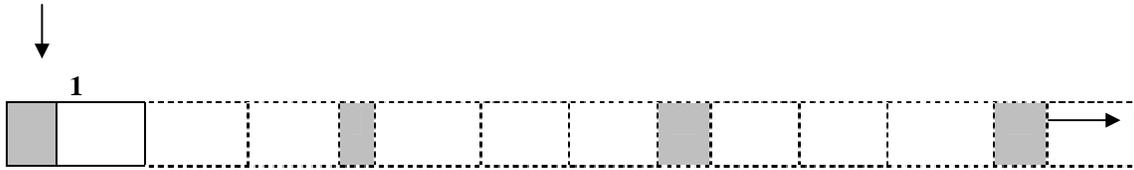
The schematic presentation above shows the inter-relations between the various levels in programming and planning.

The *program life-cycle* gives the full picture from head to tail. It represents, so to speak, the "bird view". In the figure below the hypothetical life-cycle of nine years is shown.

Program life cycle (hypothetical 9 years)

baseline ⟶ process of planned change ⟶ maturity index
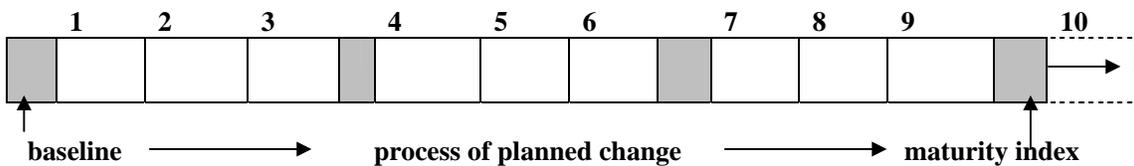
Furthermore, the scheme shows a point zero, the *baseline*, and a point between the year nine and ten, the *maturity index.*

The index is a compilation of key indicators which allow the measurement of the quantitative and qualitative changes between the baseline situation and the situation at end of the life cycle. Related targets (sometimes included in the objective) show what the score per indicator should be in order to decide whether the program can really be ended. Naturally, sustainability plays an important role in the maturity index since we want to make sure that the benefits of the program continue to materialize in the years to come.

Having such a "bird view" allows us to divide the full program life cycle into time periods: the *multi-annual programs*. Three-year programs are quite popular although the five-year variant is slowly gaining in popularity.

Multi-annual programme (hypothetical 3 years)

baseline   growth index 1
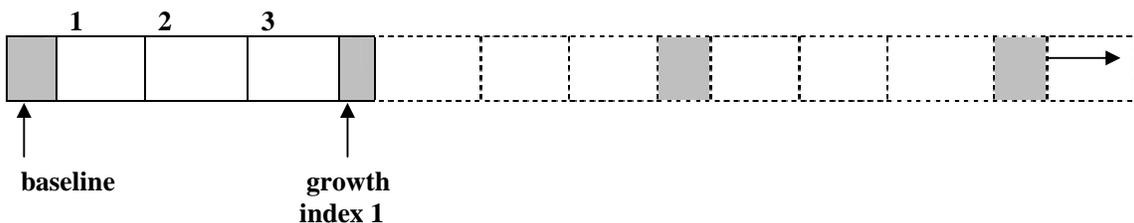
The indicators in the maturity index at the end of the life cycle are identical to those in the indexes 1 and 2 but complemented with indicators, which are typical for the stage the program is in. The targets, which are fixed to the maturity index will now be adapted to the expected results at the end of each stage. Usually a program proposal covers a three-year period with an emphasis on the relevant operational year.

General objective : ………………………………………………….			
Specific objective 1: …………………………………………………			
	Year 1	Year 2	Year 3
Direct result 1.1: ………….			
Activity 1.1.1: ……….. Activity 1.1.2: ………… Activity 1.1.3..etc…..		Estimation	Estimation

This brings us to the annual plan, or better: the operational plan. This is the plan which usually attracts most attention because it shows in detail what will be done at what time by whom and at what cost. But again, the annual plan derives its importance from being an integral part of the full life-cycle.

Operational plan (hypothetical 1 year)

The operational plan is presented in detail but always as part of the three-year program. Changes in the execution of the operational plan will always lead to corrections in the three-year program in order to see its consequences for the targets at the end of this stage. In case of dramatic changes, its repercussions may even require a re-programming of the full life-cycle. Below an example of an operational plan (implementation calendar) is shown:

General Objective:……………………………….												
Specific Objective 1:……………………………..												
Direct Result 1.1.:……………………………………….												
Activities year 1	Jan	Feb	Mar	Apr	May	June	July	Aug	Sep	Oct	Nov	Dec
Activity 1.1.1.:……….. Activity 1.1.2.:……… Activity 1.1.3.:………. Etc………..												

When having a detailed activity calendar, the operational planning can be completed by calculating the staff needs (quality and quantity) and the financial and material resources necessary for execution of the program. It is important to carefully check the staff needs, especially when newly qualified people have to be contracted. Keep the length of the (expensive) contracts in tune with the foreseeable future (three years). Usually, the suggestions above can be included in existing planning traditions without major difficulties.

General objective : ………………………………………………….			
Specific objective 1: …………………………………………………			
Year 1	Expected outcomes	Funds needed/	Responsible

	of each activity	sources of funding	person/municipal body/NGO for the implementation of each activity
Direct result 1.1: …………			
Activity 1.1.1: ……….. Activity 1.1.2: ………… activity 1.1.3 ..etc…..			

An important component of each Action Plan is ***provision of resources*** for its functioning. In relation to this the total amount of funds, necessary for implementation of the plan should be defined precisely. A significant issue is how the funds should be subdivided considering the time framework. Having in mind the total amount of funds needed we have to make:

➢ an evaluation about how much of this funds can be provided by the annual municipal budget;
➢ an evaluation of how much money will be provided by some local sources - for example local enterprises, private business, etc.;
➢ a calculation of incomes that can be ensured through implementation of additional economic measures;
➢ an evaluation of the funds that can be ensured by external resources (grant, loans, donations).

Broad distribution of information about the objectives of the program, oriented to those who have money at disposal can be accompanied with announcing of donation campaign for resource accumulation. The successful funding from grants and loans requires municipal authorities or the executive body, implementing the plan, to be familiar with the specific requirements and priorities that are relevant to the financial institutions. The model structure of project proposal for financing includes the following chapters - purpose of the project; spheres of influence - national, international or regional level; expected results - environmental, economic, public health, etc.; technical parameters, scope of work, deadlines and phases for project implementation; financial issues - resources needed, sources of financing, reimbursement, etc.; dependently on the project, an EIA procedure can be required.

CHAPTER FOUR

LSDS IMPLEMETNAION

4.1. LSDS Implementation, Monitoring and Evaluation[21]

The implementation phase of the strategy process has a significant importance, since the elaboration of the LSDS is not an aim in itself but an instrument for localizing sustainable development.

During this stage the following actions have to be realized:

⇒ **Endorsement and approval of the strategy**

The LSDS is endorsed and approved by the Municipal Council after in-depth review with the Public Forum.

⇒ **Communication,**

i.e. public review of the final draft, processing of comments and proposals and obtaining of broad public support.

⇒ **Management the LSDS**

The large number of process elements, their specific technical requirements and the number of participants in LSDS call for good process management.

The management process comprises a number of actions of the entire process of LSDS implementation. Two main tasks – institutionalization of the implementation and ensuring a pipeline of projects – are of key importance during this stage.

⇒ **Procurement of resources for implementation of the strategy**

Much effort is required to obtain the maximum input of financial and other resources from all possible institutions.

Another important aspect in the process of implementation of the strategy is the available personnel and the quality of the human resources and any underestimation of these factors might hinder the implementation efforts. Therefore capacity development activities have to be build at all stages of LSDS design and implementation.

⇒ **Monitoring and evaluation**

The regional authorities should, as early as in the process of elaboration of the strategy, lay down these stages and set in place the organization for their performance. Otherwise the strategy will remain to a great extent only a wishful exercise.

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[21] Source: *Local Agenda-21 Planning Guide: An Introduction to Sustainable Development Planning, ICLEI 1996 and International Development Research Centre (IDRC),*

Evaluation compares the implementation of projects/programmes to actual outcomes and assesses the ultimate impact of projects/programmes.

To check whether the planned measures are being implemented, monitoring procedures are established, and specific indicators are used. Results are fed back to those responsible for implementation.

⇒ **Review, revision and adaptation**

The LSDS ought to be reviewed regularly due to several reasons:

- Annually, in connection with the state budget, during the compilation of the new local budgets of the municipalities and communes.

- In the event of changes in some of the development priorities;

- In the event of launching of new donor programmes;

- For better adapting to the funding possibilities.

The LSDS should be viewed as an **open, flexible and subject to periodical evaluation and update strategic development document.**

4.1.1. Implementation

An excellent Action Plan provides no guarantee that problems will be solved, that needs will be met, or that the life of a community will become more sustainable. Indeed, one of the major hurdles that a local government may encounter in establishing a Local Agenda 21 planning process is the scepticism that residents and service users may feel toward more planning and more plans.

The failure of local governments to actually implement plans is often attributed to a lack of will on the part of government institutions and officials. However, poor performance just as often results from a short sighted planning approach of the ultimate product as a plan rather than institutional reform and action. A successful planning process must directly address the practical requirements of implementation.

The successful implementation of a strategic Action Plan requires two primary activities. First, the stakeholders who researched and developed the plan must transform the organisational structures that they used for planning into organisational structures that have specific responsibilities and capabilities for implementation. Second, the local government must integrate the proposals and objectives of the stakeholders' Action Plan into its own practices, including its budgetary priorities and investment decisions. Mobilising the institutional capacity of the local government may be essential to implementation, as it is typical for volunteer stakeholder participants to reduce their time investment following an extensive community-based planning effort - just as the critical implementation phase begins.

There are five key components to an effective joint implementation strategy between a local government and its external stakeholders:

➢ the creation of new structures or the reform of existing structures to support implementation partnerships;
➢ the establishment of a working linkage between the stakeholders' Action Plan and local statutory planning requirements;
➢ the review of existing municipal policies, budgetary priorities, and internal practices and procedures to test their compatibility with the Action Plan;
➢ the monitoring of new or future municipal policies, decisions, or actions to assure their consistency with the Action Plan; and

Creating effective planning structures

An Action Plan is only as good as the structures put in place to implement it. In most communities, the existing governmental structures that are used to manage local development and provide services are antiquated and fail to meet present-day challenges and needs. For example, the formal jurisdictions of these structures may reflect old settlement boundaries; the major service problems facing the community may now arise from development activities outside the local jurisdiction. Local government structures also may be organised according to professional disciplines, whereas today's problems can only be solved through interdisciplinary approaches. In short, the fiscal, technological, and political constraints on governments may make it impossible for public sector institutions to fulfil their traditional functions at all.

The first step in implementing an Action Plan should therefore be to ask the following questions:

• What reforms in jurisdiction or mechanisms for inter jurisdictional cooperation are required to implement new programs and to enforce the proposed policies?

• How must structures be decentralised so that they can focus on community needs and facilitate the continued participation of stakeholders in the implementation of Action Plans?

• What structures must be put in place to assure that the responsible municipal staff from different departments can coordinate their activities with one another?

• What new institutions, established outside the municipal corporation, are necessary to implement proposed projects?

Jurisdictional reform

Many development and service problems arise from the inflexibilities imposed by antiquated jurisdictional boundaries. Urban areas now sprawl beyond the jurisdictional boundaries of the municipalities that are charged with managing urban growth,

development, and service provision. Furthermore, ecosystems themselves often extend across multiple jurisdictions, making protection efforts from a single jurisdiction impossible. Finally, in many cities, different municipal, provincial, and private agencies have conflicting jurisdictions and compete with each other for resources and customers.

Implementing a comprehensive Action Plan often requires either jurisdictional reform or mechanisms to bring different jurisdictions together to coordinate the implementation of strategies. Jurisdictional reform can include the extension of existing municipal boundaries, the amalgamation of multiple jurisdictions into larger local authorities, the renegotiation of service territories, or the transfer of powers, responsibilities, and resources from one jurisdiction to another. Inter-jurisdictional coordination can be formally established through the creation of joint commissions or councils with representation from each jurisdiction. Where formal jurisdictions cannot agree to coordinate with each other, residents can establish informal mechanisms, such as "round tables" or other stakeholder groups, which consist of influential persons or groups from each jurisdiction. These groups can lobby and facilitate agreements between the different formal jurisdictions to accept common standards.

Decentralization

Decentralisation potentially offers an effective mechanism for the convergence of different planning framework (e.g. national, regional, and local). Integration can often be more successfully achieved through bottom-up demand rather than top-down reorganisation. Strong local institutions, accessible information, fora to allow debate and consensus/conflict management mechanisms can all forge integrated solutions- if they really have the power to influence intermediate-level and national decisions. Hence there is an imperative to link top-down and bottom-up approaches. This needs to be accompanied by:

- The transfer of financial resources and the empowerment of appropriate organisations to raise such resources locally;
- Empowerment and capacity development of local governments, including developing leadership capacity;
- A clear delineation of government roles in planning, financial management, and coordination at various hierarchical levels;
- Comprehensive legislation and administrative actions to bring about integration of the decentralized offices of government agencies into local administrative structures.

Decentralized governance is of fundamental importance in promoting effective and sustainable local development and implementing LSDS Action Plan. Decentralisation, if properly designed promotes greater participation in decision-making by communities and civil society, and enhances the ability to match public services with local demands and priorities. Securing the participation of service users in the implementation of an Action Plan often requires the decentralisation of highly centralised municipal structures. Decentralisation permits municipal departments to work closely with neighbourhood organisations and residents in order to implement different projects, included in the Action Plan and evaluate services.

Interdepartmental coordination

Of equal importance to decentralization is the need for structures to be established that facilitate inter-departmental cooperation. Effective analysis of existing situation and action planning will produce strategy that addresses systemic problems. However, the limited disciplinary focus of traditional municipal departments usually only permits each department to manage a specific set of problem symptoms within its area of responsibility. No one has the responsibility for the functioning and health of an integrate system. The implementation of the strategy to address systemic problems therefore usually requires careful coordination between transportation, housing, public health, urban services, green space and recreation, and numerous other departments. Without a coordination mechanism among departments during the implementation phase, these strategies will not succeed. The independent actions of each department to address each own specific set of symptoms will either be duplicative or will overlook or even worsen the systemic nature of the problem(s) that produce those symptoms, wasting scarce municipal resources.

Quasi-governmental and community agencies

In most communities, many of the actions required to address a systemic problem are outside the purview or the control of the local government. Housing, air pollution, health, or other problems may result as much from private practices, market imperfections, product designs, or the actions of private corporations as from problems with municipal infrastructure or policy. In countries, where municipal capacities and powers are not as strong, local governments can create external structures, generally known as "intermediary institutions," to facilitate and coordinate the necessary involvement of households and private corporations in the implementation of an Action Plan.

Creating effective planning linkages

Effective and appropriate organisational structures are the first precondition for successful implementation of an Action Plan. An Action Plan can only provide direction to the municipality's most fundamental decisions-infrastructure investment, budgeting, land-use controls, and development approvals-if it is linked with its legal or "statutory" planning processes. These statutory processes include annual budgeting processes, preparation of municipal development plans, general land-use plan reviews, and capital/infrastructure planning processes

Ideally, linkages with statutory processes will have been established at the early stages of the planning effort The best time to undertake a sustainable development planning process is concurrent with, or preceding, the deadlines for statutory planning.**"**

4.1.2. Monitoring and Evaluation[22]

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[22] Source: "From a Bold Idea to a bankable Project": a working document for PMES-trainings, August 1998, Jan C. Neggers, The Hague, Netherlands

Defining monitoring and evaluation

When *monitoring*, you compare the execution of activities with the original plan. If deviations occur - whether in the negative or positive sense - the Program manager's job is to *bring the execution again in line with the plan*. When it is a simple deviation, the manager can speed up or slow down the execution and/or redirect funds without changing the budget levels. If there is a more structural problem - like too ambitious planning or budgetary miscalculations - more drastic action may be necessary which is beyond the monitoring powers of the manager.

When *evaluating*, you judge the execution of the plan in the light of the objectives or effects you want to achieve. There are examples of programs where the monitoring showed that everything went according to plan while the objectives were still not achieved! You may try to repair such situations by simple changes in the planning but that may not do the job satisfactorily. Usually, things are more serious and you may have to go back to the original diagnosis and the logical framework to detect the cause of the derailment.

Impact assessment is per definition an evaluation some years after the execution of the program to see whether the intervention is producing sustained benefits. It has become trendy these days to ask for impact at the medium term or even the short term! As far as the medium term effects are concerned, one may do so, provided the question refers to effects which point into the direction of sustained benefits. As far as short term results are at stake, they have nothing to do with impact. The scheme below, especially the right part, shows the feedback loops of the monitoring, evaluation and impact assessment circuit.

Issue Analysis	Logical Framework	Programme building		Quality Control
	General objective	Intervention cycle		Impact assessment
	Specific objectives	Multi-annual programme		Evaluation of effects
	Direct results			Monitoring of the execution
	activities	Operational plan		

Complications — Monitoring loop

Complications — Evaluation loop

Complications — Impact assessment loop

Operationalising monitoring and evaluation

To operationalize monitoring, evaluation and impact assessment as a management tool, the Stakeholder Group needs to work out a scheme for data-gathering in such a way that the various management levels get information in time and according to their needs.

Structures needed to be established for the Action Plan implementation

Effective and appropriate organisational structures are the first precondition for successful implementation of an Action Plan. Local multi-stakeholder Forum is the body that will promote and supervise the Action Plan Implementation. One of the major tasks of the Forum is to ensure a consensus for solution of the problems, related to the implementation of the plan. In its responsibilities will be included also evaluation of the progress reached and making of proposals for introduction of some suitable changes, amendments, deadlines, etc.

Coordination Unit/Management Group

All management and operational activities, coordination between different structures of the municipality and the complete action plan implementation should be ensured by the Coordination Unit/Management Group. Hiring of Program Manager is of great importance for success of the program. Some of the activities can be implemented by different firms/ enterprises /research institutes/ NGOs after announcing of competition or tender procedure.

The proposed organizational structure is drawn below.
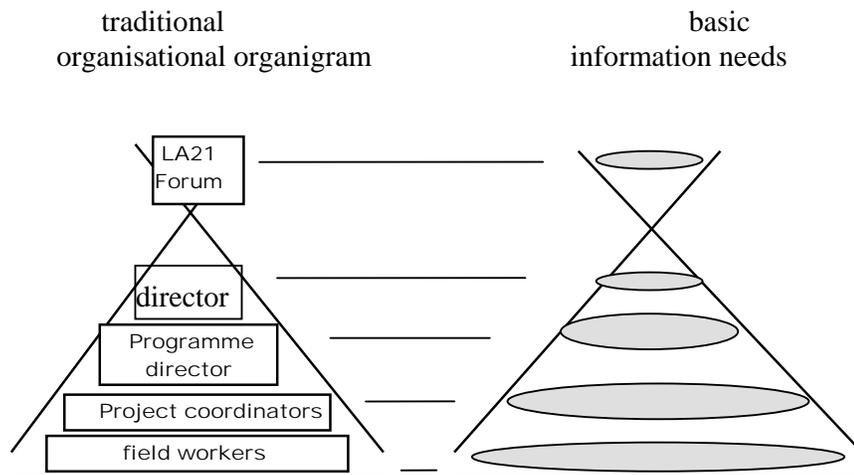
It is essential that the staff at the various management levels clearly describes its information need.

In principle, one can say that the lower echelons in an organisation get more detailed management information at higher frequencies, whereas the higher echelons get less detailed, more policy-oriented information at lower frequencies.

Data-gathering and a learning organization

Experience shows that the quality of work improves considerably when all talents in an organisation are used to its fullest. One way to grow into a learning organisation is using the available management information for internal learning. People from all ranks and files should sit together at regular intervals to reflect and debate on issues of interest.

4.1.3. Lessons learned from the past

Over the past 10 years valuable experience in participatory and strategic local planning has been gathered and lessons learned. Among them are the following:

- **Information need:** managers do not know how to define their management information needs (or do not want to…). To be on the safe side, they want it all and, as a consequence, they fall in the data-trap, drowning in too much and therefore irrelevant information.
- **Credibility of a Coordination Unit/Management Group:** when staff is too young, has little experience and is trying to survive on two square meters of floor space under the staircase, the product they make lacks credibility.
- **No management experience:** when staff is highly educated but lacks management experience, it tends to fall back on academic research methods which take much time, are costly and usually don not deliver the information needed.
- **Inefficiency:** when the data-gathering system is laborious and complex, the trajectory becomes too long and the management information comes too late. Managers are forced to decide on matters without being properly informed.
- Decentralization provides a **strategic entry point** for renewed cooperation for sustainable development between local and national governments and between other strategic partners such as the private sector, NGOs and CBOs. It offers an opportunity to restructure both national and local governments to better address local and national sustainable development challenges.
- While local government capacity is often week, they are well positioned to play an "**honest broker role**". Systematic, integrated solutions require negotiation among different vested interest groups and local governments have a comprehensive broad mandate, have cross-sectoral legitimacy and government authority and can be relatively long-term and stable.
- **Participation must be linked to decision-making**. If participants fail to see an impact of the process on the key processes of decision-making and budget allocations, they will lose trust in the system and may not engage in further participatory efforts.
- **Capacity building is a gradual and iterative process**. Results cannot be expected to be seen immediately. Decentralization may involve a number of stages whereby fiscal administrative and legislative powers are transferred over time, and as local authorities develop capacities to assume responsibilities for political, administrative and fiscal processes.
- **Attitudinal and value changes** are often preconditions for successful sustainable development planning and implementation.
- **Demonstration projects** are instrumental for making the concept of sustainable development operational, for translating it into concrete actions.
- **Networking** between municipalities is extremely important for sharing of both problems that need common solution and best practices.

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