

Bertelsmann Foundation (ed.)
**Strategic Management and Good Local Governance:
Common Responsibility for Democracy
and the Quality of Life**

Cities of Change Knowledge Product Series
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A Knowledge Product of

CITIES OF CHANGE



THE WORLD BANK



Bertelsmann Stiftung

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Contact Information

The **CD-ROM** attached to this folder contains the Bulgarian, Hungarian, Latvian, Polish, and Slovak **translations** of the *Practical Guidebook on Strategic Management for Municipal Administration*. The *Guidebook* is accompanied by a set of **powerpoint charts** to be used for training purposes. The English as well as the Bulgarian, Hungarian, Latvian, Polish, and Slovak versions of these charts can also be found on the CD-Rom.

Preface

Ten years ago, the Bertelsmann Foundation established criteria for "Democracy and Efficiency in Local Government" in the context of the 1993 Carl-Bertelsmann-Prize. Even then, the criteria comprised references to democracy and participation although, in the beginning of the 1990ies, the implementation of management instruments had been the priority in practice and in academic debate – in Germany as well as internationally with key words like "Konzern Stadt" (City Corporation), New Public Management, and Reinventing Government. The international research for the Carl-Bertelsmann-Prize 1993 analysed the possibilities of citizens to participate in municipal decision-making processes – not only in elections and other constitutional participation possibilities but also in political priority setting and long-term planning. However, those criteria referring to democracy and participation first of all backed the thesis that citizens are entitled to a municipality functioning efficiently like a private sector service provider.

The developments of the 1990ies have been revolutionary. An enormous step from bureaucracy in traditional ways to customer-oriented service delivery had to be taken: from the overall target of legitimacy of all municipal actions to the understanding of customer satisfaction and cost effectiveness as ultimate aims. Today, in face of manifold concluded reform projects and their achievements, the modernisation of municipalities and its success is often taken for granted. However, municipalities have not yet implemented this "internal reform" equally, some few have not even started: thus the degree of implementation and achievements varies enormously between the individual municipalities in Germany as well as internationally.

The development from New Public Management to Good Local Governance shall be described further by means of some typical developments and learning experiences made within municipal projects of the Bertelsmann Foundation. They seem to be exemplary as the Bertelsmann Foundation has adjusted its work to international trends in municipal reform and tried to anticipate them. Our work with municipalities started with the instrument of "inter-municipal comparative performance measurement." developed in order to bring a substitute for competition into public administration which should simultaneously improve efficiency, task fulfilment and customer and employee satisfaction. After an extensive pilot phase until the mid-1990ies, today many German municipalities use this instrument of measuring and comparing performance, which is mandatory in several other countries, such as in Great Britain.

The aim of customer satisfaction, for example, is measured by regular customer opinion polls which, in several municipalities, is supplemented by the application of complaint management, focus groups and further instruments of customer orientation. Customer orientation within New Public Management has got consequences beyond the improvement of services. Customer orientation is the first and necessary, - but not sufficient - step towards more citizen orientation and "empowerment". Being involved as a citizen or even co-producer of public performance is a farewell to understanding the citizen as passive subject of state action.

In the municipal everyday life of the cities we were working with, it soon became apparent that, with the substantial reorganisation and new management of the municipality as well as the orientation towards citizens as customers, the elected representatives would soon be trailing behind reality if their role did not change as well. If administration seeks direct consultative contact with citizens, local politicians asked themselves, which possibilities will remain for the creation of (party-) political profiles. Moreover, can New Public Management generally enhance the elected representatives' capacity of problem-solving? For as New Public Management focuses on managerial problems, its possibilities towards complex political problems, such as unemployment or the effects of the demographic change, are limited.

Administrational modernisation lacks the connection with the political perspective and an anticipative strategy for the municipality as a whole, consisting of administration, citizens, elected members, private sector companies and third sector organisations.

Therefore, the Bertelsmann Foundation, together with international and German practitioners and scholars, developed in 1998/99 a concept of Strategic Management in order to set local politics into a directive role again. This kind of strategic-political steering shall enable local politicians to initiate, accompany, reality-test and evaluate the long-term planning and its implementation continually by means of a strategic reporting system on the basis of quality-of-life indicators. Initially, within the framework of the international city network Cities of Tomorrow, the following elements have been identified as core competencies of Strategic Management: Vision, Networking and Participation, Organisational Change, Cultural Change and Evaluation.

The Bertelsmann Foundation has integrated these core competencies into a practice-oriented management cycle which includes goal setting, data collection, implementation and target revision. The main difference to other common management cycles is that the core competencies mentioned above lie behind the whole cycle and demand for transparent decision-making processes and citizen involvement.

The Strategic Management concept laid the foundations for the understanding of Good Governance, a topic which the Bertelsmann Foundation examined from two different sides: in the model project KOMPASS, impact or outcome indicators were developed which, in application of the management cycle, allow political steering by using a strategy card. These indicators were developed in a participative process together with citizens and institutional partners in pilot municipalities and generate a mixture of objective and subjective data. At the same time, the international project Cities of Tomorrow developed criteria which, as understood by the Bertelsmann Foundation, mark the cornerstones of Good Governance and can serve as a rough self-analysis system for municipalities to be used before taking action.

For the Bertelsmann Foundation, Good Governance stands for more democracy, for partnership, effectiveness and transparency in the triangle of public, private and third sector. A core element of Good Governance is participation – from unscheduled hearings to the participation of representative samples of the population in planning processes, from constitutional to non-constitutional forms of participation: opening a field of tension between strengthening democratic legitimacy through participation and increasing efficiency of administrative actions and political decisions. A council's decision to take the line to Good Governance means to allow continuous participation and to apply it effectively. This can, on the one hand, result in a loss of power on the part of elected representatives in certain situations. On the other hand, the sustainability of decisions is strengthened by participation processes and the “common good,”; regularly lost in lobbying and party-political interests, has got a better chance to stay in the focus of municipal action: the improvement of the local quality of life. So the Bertelsmann Foundation completed its work on quality of life indicators and core competencies by using “future conferences” and “target workshops” with the participation of citizens and representatives from the business community as well as community groups, and associations.

Two facts favour the necessity of an amplification of New Public Management, Strategic Management and individual concepts of participation towards Good Governance: First of all, participation should not be applied randomly but be anchored structurally as a principle. Secondly, public authorities, here the municipalities, have direct influence on only certain parts of complex problems. Other aspects of complex problems lie within the responsibilities of regional, national or supranational governments as well as the private and third sector. The common

welfare and the quality of life, or a lack of it, on the local level are influenced jointly by companies, citizens, associations and the public sector. Positive or negative developments within policy fields like economic development or education normally cannot be traced back to one cause. Decisions regarding “wicked issues” made by local politicians – even if based on quality-of-life indicators – can, as solitary decisions, only have few effects when citizens and other influence-taking actors are not involved.

Participation as a basic principle and instrument runs through all Good Governance criteria. Yet, participation has to be accompanied by transparency, accountability and democratic control in order not to get stuck in particular interests, corruption and exclusion.

The Cities of Change project, which started 1999 in cooperation with the World Bank, drew on a number of findings and experiences the Bertelsmann Foundation has had over the past, not only in Germany, but also abroad. In Cities of Change our chief intention was to adapt good practice from OECD countries to selected Central and Eastern European municipalities and, taking the specific situation of the EU accession countries into account, further develop the methodologies and tools of Strategic Management.

Several knowledge products have been developed within this context and are published in the same format to be distributed to interested users. These are, in particular, training materials and case studies which may serve as guidelines for individual municipalities to implement Strategic Management in their administration for the good of both the citizens as chief clients and the City Hall staff as service providers.

This project would not have been possible without the cooperation of a selected “target group”, i.e. the cities connected in the Cities of Change project. I would like to thank them most cordially, in particular their mayors and deputy mayors for their “entrepreneurial spirit” and constant support, and also the enthusiastic and cooperative staff for their unflagging collaboration.

I would also like to express my gratitude to our chief project partner, the World Bank, for the good cooperation in the Cities of Change project. I am pleased to acknowledge especially the contributions of Margret Thalwitz, now Director Global Programs and Partnerships Group, who, right from the start of the project, gave constant impulses and momentum to this project; Angela Griffin as project coordinator of the first project stage; and Gwen Swinburn, Senior Urban Specialist and project coordinator of the second stage, whose in-depth knowledge on local economic development issues was of particular value for the work in this field.

Moreover, I would like to thank Dariusz Kobus, environmental policy expert, for taking the lead and responsibility for the work in the field of environmental policy. Also, Krzysztof Pakonski and Janusz Szewczuk, both local government specialists, accompanied the project from the start and contributed immensely to the work on local economic development.

Finally, I am pleased to acknowledge my sincerest thanks to the staff of the Bertelsmann Foundation who ran this project over its five-year period. Specifically, I would like to thank Nikolas Beckmann, project coordinator during the first three years; Gabriele Schöler and Claudia Walther, project coordinators during the second stage; and Vanessa Meise, who supported the project coordinators and took over responsibility for layout and editing of the knowledge products.

I am convinced that this Guidebook, as the whole series of knowledge products, is highly useful to its readers. Your successful application of our products lies at the heart of our endeavours, and I wish you good luck and much success in your efforts.

Prof. Dr. Marga Pröhl
Member of the Management Committee,
Bertelsmann Foundation

An Introduction to the Cities of Change Network

“Cities of Change” - Strategic Approach and Activities of the Network of Local Government in Transition

In mid-1999, the Bertelsmann Foundation and the World Bank jointly initiated and established the Cities of Change network of selected municipal authorities to support policy and administration in Central and Eastern Europe. This network was designed to foster a constructive, informal, cross-border dialogue between local governments from five Central and Eastern European countries on key topics of organisational, political, social and economic reform. Local economic development and municipal environmental policy, based on initial work on solid waste management, were defined as policy fields of specific interest. The cities applied the Strategic Management cycle outlined in the second part of this guidebook in these specified fields of activity, guided by advice from international experts and the supporting institutions.¹ With assistance through the network, the cities developed a long-term strategy and an implementation plan for these two key issues

By applying the proposed principles and processes, officials can improve their ability to create the right environment for individuals, communities and businesses in order to thrive and respond to the changes wrought by the introduction of market forces. Cities can be the engines of growth not only for their communities but also for their countries. The joint establishment of this unique network was designed to tackle change from the local government perspective.

You may find the concept outlined in the following chapters too idealistic - and maybe you detect a huge contrast to the current situation and underlying reasons in your own city. This shall not prevent you from trying to achieve some steps towards a Strategic Management approach in your community or in your specific field of responsibility. Please keep in mind that every little step makes a difference, as long as it is leading in the right direction.

Concept

The network-structure was modelled on “Cities of Tomorrow” (<http://www.cities-of-tomorrow.net>), a similar programme which the Bertelsmann Foundation supported in OECD countries for a number of years. Founded in 1993, this network included cities in Europe, Scandinavia, the USA, Canada, New Zealand and Japan as well as some scientists and representatives of municipal organisations. From this international network and its best-practice approach the participants learnt a great deal. Some of the main topics of the *Cities of Tomorrow* network were Strategic Management, Quality of life indicators, citizens’ participation. Networking is

¹ Publications on Local Economic Development, Solid Waste Management, and Municipal Environmental Strategy-Making will follow in the Cities of Change Knowledge Products Series over the year 2004.

a highly useful means for grassroots capacity building. Cities' interchange and cooperation upon the development and reality-test of solutions to their problems and in addressing issues related to public administration reform and urban management is facilitated.

Three examples of Strategic Management:

Delft, Netherlands

By 1991, the city of Delft had become well aware that development of information technology could strengthen the local economic base.

Employment in traditional industry had declined, but the Delft University of Technology, Institutes for Applied Technology, and over one hundred private companies formed a strong alternative economic vision. Knowledge was no longer something with an abstract meaning, it was regarded as a production factor like labour and capital.

In 1996, the Delft City Council adopted the main strategy to further develop Delft as a knowledge-based city.

The "knowledge city strategy" could not be accomplished by the city on its own. Practitioners from the "knowledge industry" were invited to take a significant part in the planning process. Knowledge players in town were asked to help define the mission and to develop an action plan that could be financed with the sum of \$ 3 million which was made available.

Since then, 60 projects have been carried out. By the early 90's, some 30% of the economy was knowledge-based. Strengthened by a shared vision, this percentage had grown to over 40% by the end of the century.

Christchurch, New Zealand

In Christchurch, the Schools Employment Programme is a response to particular issues of youth unemployment, particularly for Maori and Pacific youth. The pilot programme at Aranui High School represented a three-way partnership to address these issues. Organisational change entailed a completely new staff role within Aranui High School, joint advocacy by central and local government and the schools to gain acceptance of the programme, and the adoption of the model by 40 other schools around New Zealand.

Phoenix, USA

Formal and informal monitoring and evaluation were integral to the Phoenix Job Linkage Initiative. Through a team approach, the City of Phoenix, Arizona State University (ASU), and the community-based agencies Friendly House and Keas Community Center collaborated to ensure the success of the Job Linkage Initiative. As the funding agency, the City of Phoenix monitored the contracts to ensure fiscal and programmatic accountability and contracted with the Morrison Institute for Public Policy at ASU to conduct a formal, third-party evaluation. ASU also provided hands-on technical expertise and advice while fulfilling roles as community partner and team member. The team approach to monitoring and evaluation created a culture of continuous improvement, which has become the hallmark of the project.

For the Cities of Change network, the World Bank and the Bertelsmann Foundation defined a set of criteria based on which they carried out a selection process to determine which cities should participate in the network. The selection was made from medium-sized cities in Poland, Hungary, Slovakia, Latvia and Bulgaria.

This established network of ten reform-oriented local governments from the five countries was to act as a Laboratory for Innovation and Change. By providing a forum for the exchange of ideas and experience on local government reform and successful strategies, the transformation process from central planning to markets ought to be supported. The network also sought to help to produce model solutions for the challenges which the participating cities were facing and be an inspiration to the process of reform and urban development in the region.

Project Implementation

The first working cycle in network clusters, the pilot phase, lasted two years ending in June 2002. The participants and the supporting institutions jointly defined the overall objective for the implementation phase and its work program:

The cities themselves had ranked the topics of local economic development and solid waste management as top priorities. Work on these topics was undertaken in two clusters, as enumerated below. In addition to the cluster work, the Implementation phase had a more general approach, i.e. the overall principles of Strategic Financial Planning and Project Management.

CLUSTER TOPICS	CITIES	COUNTRIES
Environmental Policy/ Solid Waste Management	Pazardjik (Győr Liepaja Ostrow-Wielkopolski (Kosice	Bulgaria Hungary <i>until June 02)</i> Latvia Poland Slovakia <i>until June 02)</i>
Local Economic Development	Smolyan Tatabanya Rezekne Poznan Poprad	Bulgaria Hungary Latvia Poland Slovakia

The most important tools to achieve successful project implementation were: firstly, that the supporting partners provided advice on Strategic Management in local administration and on strategies to meet the goals related to the cluster topics; secondly, to ensure that meetings for the participants were facilitated by the supporting institutions in order to create a regular dialogue on reforms and best practices as already applied in individual cities as well as on progress made in developing model-solutions.

Annual network meetings and special events intensified bilateral contacts and direct exchange among political leaders and practitioners, addressing good governance issues.

An evaluation of the program takes place assessing the project's success according to performance indicators established prior to the start of the pilot phase. Additional products (e.g. handbooks, case-study material, training courses) are provided and the achieved results are actively disseminated over the course of the Implementation phase.

Activities and Achievements

Since the inaugural symposium in April 2000, the Network has made active use of the opportunities to exchange their diverse experience. In addition to the network meeting held in Poznan in May 2001, the Solid Waste Cluster and the Local Economic Development Cluster completed their cycle of four meetings each. A special meeting for mayors, as well as a follow-up conference on local sustainable development took place. The general commitment of the cities, as well as the attendance at the meetings, was high.

The strategic planning techniques conveyed in the meetings of both clusters led to improvements of focus in the respective policy fields. Cities improved the available data base by specific, internal research projects and partly restructured their administrative organisation. Almost all the cities started a public participation process and work actively with a group of selected community stakeholders, either on specific problems or towards a new sector strategy.

Besides the information provided during the meetings and through regional consultation support, an active exchange between participants was promoted. A series of bilateral meetings, which addressed topics according to the specific interest of individual cities, allowed to study best practices that had been implemented successfully in partner cities, thus contributing to the exchange of best practices beyond the chosen cluster topics.

The general aim to improve the capacity of the participating local governments in Strategic Management techniques was further supported by a “quality of life survey”. Co-ordinated by the Quality of Life Research Centre of the University of Poznan, the programme elaborated on a set of indicators for empirical research determining the quality of life in cities and assessing the situation in all participating municipalities. A summary of this report was written by Dr Alexander Wegener and is included in this folder. Providing city councils and municipal administration with information on citizen perception, the cities will be able to better focus their policies on community needs.

Summarizing the results of the pilot phase

In the final network meeting in Maribor, Slovenia, an external evaluation of the project laid the basis for the joint review of achievements. Main successes and problems according to this external evaluation:

- Arrangements for briefing the participants during the workshops and for background materials provided were impressive.
- The participating consultants did an extremely thorough work in their direct co-operation with the individual cities.
- Cross-country communication during workshops and conferences was excellent, but contacts in the context of bi-lateral relations were, most probably due to financial restraints, weaker.
- Political support to network activities and project implementation was partially limited and prevented real impact of the project leading to general improvements in management within each of the cities.

Objectives of the Second Project Phase

The second phase of the Cities of Change project started in July 2002 to last until June 2004. The focus of activities is placed on the production and dissemination of didactic material and case studies, which will, ultimately, be disseminated to a wider audience of interested municipalities in the five network countries, but also to other interested users in Central and Eastern Europe.

Within the two clusters Local Economic Development and Solid Waste Management, with the latter extending its work towards the development of Municipal Environmental Strategies, the cities’ aim now is to plan, implement and manage individual projects and programs, based on the strategies developed and aided by the network partners.

Another key feature is a strong emphasis placed on citizens’ participation in the planning process.

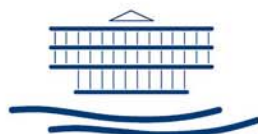
Three network meetings are held in the second phase. The first took place in Ostrów-Wielkopolski (Poland) in January 2003 and concentrated on multiyear financial and capital investment planning. The second meeting, held in Burgenland (Austria) to draw on the experience this region has had with EU funding and strategic planning focused on project management, the regional context and the EU's role in strategic planning. The final meeting, in the spring of 2004, will deal with project monitoring and evaluation.

Gabriele Schöler, Claudia Walther
**A Practical Guidebook on
Strategic Management
for Municipal Administration**

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This Guidebook was written by Gabriele Schöler and Claudia Walther, Program Officers at the Bertelsmann Foundation, with contributions by Alexandra von Winning, expert in economic ethics.

The information in this guidebook is based upon good practice in strategic management and methodologies adapted for and tested through the Cities of Change programme. Input was drawn from Bertelsmann Foundation and World Bank staff, as well as consultants to the programme.

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The concept of the Strategic Management Step by Step chapters is developed from a series of workshops prepared and run for the Cities of Change network in order to disseminate knowledge about the methodology and tools of Strategic Management among City Hall staff and also to a wider circle of interested municipalities in the Central and Eastern European accession countries. Krzysztof Pakonski and Janusz Szewczuk, local government consultants, contributed to developing these workshops.

***Disclaimer:** The statements, findings, conclusions and recommendations expressed in this Guidebook are those of the Bertelsmann Foundation and do not necessarily reflect the views of the project partner World Bank. The conclusions do not represent official policy of the World Bank.*

This Guidebook is accompanied by a set of powerpoint charts which are best used in a training situation with one chairman/moderator and a group of course participants. The charts matching particular passages of the text are symbolised by this icon , which also indicates the number of the respective chart.

The following symbols are used to facilitate reading and working with this Guidebook:



symbolises issues particularly worth to remember.



symbolises issues which are of particular importance and examples.



symbolises exercises.



symbolises questions.

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1. Introduction to the Guidebook

Aims of the Guidebook

Welcome to the Guidebook for Good Local Governance! This workbook is meant to support you - elected council members, executive administrative staff and practitioners and specialists from CEE municipalities - in driving change to your city.

It introduces you to the conceptual framework on which the work in “Cities of Change“ was based. Cities of Change is a network of ten Central and Eastern European municipalities¹, established by the Bertelsmann Foundation and the World Bank in the year 2000. Like the Cities of Change network, this guidebook shall:

- introduce you to the basic concept of good local governance;
- and make you familiar with the system and tools of Strategic Management.

Throughout the workbook you will find exercises that can help you to reflect and relate to the situation in your own city. The chapters specifically dedicated to Strategic Management are accompanied by a set of powerpoint charts so as to use this Guidebook also to train others and more widely disseminate the knowhow.

We hope you enjoy the reading and find the information and reflection exercises useful to implement change in your city!

Local Governance in Central and Eastern Europe

FRAMEWORK CONDITIONS FOR MUNICIPAL GOVERNMENT IN CENTRAL AND EASTERN EUROPE - A UNIQUE SET OF URBAN CHALLENGES



What is the situation of municipalities today? The position of the cities and of municipal politics has changed a lot. Globalisation brings more and more direct competition among the cities. In the meantime, the responsibility of local government is increasing. The municipality stands just between the citizens, on the one hand, and the global situation, on the other hand. Municipal authorities play a crucial role not only in the delivery of urban and rural services, but they have to establish a policy that allows individuals, business and civil society to further develop. Therefore, local governments should have direct communication with their citizens who are, so to say, the clients and the partners of the municipality. Direct response to citizens' needs are:

- participation (an invitation to be involved and to be active for the benefit of one's own city);
- good and affordable services;
- good quality of life.

¹ Pazardjik and Smolyan (Bulgaria); Tatabánya (Hungary; until 2002 Győr was also a network member); Liepaja and Rezekne (Latvia); Ostrów-Wielkopolski and Poznań (Poland); and Poprad (Slovak Republic; until June 2002 Košice was the second Slovak member of the network).

On the other hand, the local response to global challenges needs very modern policies: sustainable strategies based on a dialogue with and education of the citizens. One aim is to develop sustainable cities. In the definition of the World Bank this means “livable, competitive, bankable, well-managed and well-governed cities” (cf. chapter 2).



Although the historical and cultural understanding of the local government’s role and the differences in the transition pace during the last decade has led to diverse settings in the countries in Central and Eastern Europe, municipalities there are facing some common challenges. Chief among these is the „over-urbanisation“, which resulted from the forced industrialisation periods of the 1970s and 1980s, and led to a unique urban structure.

Structures: The structural reforms have completely changed the role and importance of local government. A huge agenda has been handed down onto the often newly established local authorities. Despite the increase in responsibilities, national governments often retain control of assets and revenue, e.g., tax authority and tax administration, pricing of utility and housing services, control on real estate transactions.

As urban services providers, municipalities are the owners of a substantial portion of national assets such as local public transportation systems, water supply and sanitation, waste disposal and heating facilities, schools and hospitals, etc. They have full responsibility for the operation and maintenance of and future investments in these assets. They also assume primary responsibility for delivering the national health, education and welfare policies funded in part through dedicated transfers. Finally, they are in charge of facilitating the transition from dying, ineffective enterprises to the creation of new employment opportunities through effective exploitation of a city’s or region’s development potential.

Beyond the limitation due to the often extremely tight financial resources available to local governments through own revenues and the - often unreliable - transfers from central budgets, modern organisational structures to set favourable framework conditions for development, to deliver services efficiently and to enable citizen’s involvement in public affairs are lacking.

Attitude: Many local political leaders do not exactly represent the prototype of visionary, public welfare orientated and participation enabling leadership, and public administration in Central and Eastern Europe still has to be characterised as predominantly bureaucratic and legalistic. Officials face complex problems without adequate financial resources and management skills. At the same time, they are confronted with demands from citizens for good and affordable services

and participation in decision-making processes. Beyond the **experience with community involvement** and public participation, which is normally weak and not part of local government decision-making processes, local elected leadership and administrative staff do not accept accountability to voters and constituencies. Progress towards commonly accepted goals that meet the needs of the community or a more customer and efficiency orientated delivery of services are partly prevented by an unintended or deliberate misinterpretation of the role of local governance and management.

Knowledge & Skills: A strategic approach to governing and management is rarely in place and is one of the most pressing needs of local government. Awareness about the general preconditions and conceptual framework - as outlined in this Guidebook - is to a certain extent observable, but the knowledge about the approach and tools to implement change to the better and to meet the diverse demands that local government is facing is limited.

This Guidebook shall provide theory and instruments as well as concrete advice to use the Strategic Management approach for cities especially in Central and Eastern Europe.

2. Background: Developing Sustainable Cities

2.1 Implications of Economic, Social and Political Changes

Exercise 1: Before you start - Changes in your city

- Which major economic, social and political changes has your city gone through in the past decade?
- What effects have these changes had on the life of your city's citizens?
- And how have the needs and request of your community towards local government changed?



The recent past has brought along crucial changes in the world, including increasing urbanisation, globalisation and poverty. As governments decentralise functions, resources and power, the importance of how well cities are governed and managed increases. New responsibilities and demands are being imposed on local governments while decisions and environment become ever more complicated and difficult for leaders.

These changes need to be dealt with. The effects can be viewed in two contrasting urban scenarios:

- one where cities are characterised by increasing poverty, social exclusion and decline;
- the other where all stakeholders are included and cities are characterised by equitable and sustainable growth.

2.2 Sustainable Cities: the Goal of Local Governments

In shaping our future, sustainable development has been identified as a key requirement by all international institutions (e.g. UN, OECD, World Bank, etc.) to achieve a positive global long-term development. But what exactly is meant by „sustainability“? According to the Brundtland Report **the guiding principle** is „development that meets the needs of the present without compromising the ability of future generations to meet their own needs“.

Sustainable development emphasises a long-term view, recognises the interdependence of environmental, social and economic systems and promotes equality and justice.²

The backbone of the global endeavours towards sustainability is formed by actions of local governments, especially the Local Agenda 21 programmes. This implies that local governments need to focus their aims and actions to the three dimensions of sustainability and take economic, social and ecological development goals into consideration.

² For further reading refer to the Encyclopaedia of Sustainable Development: <http://www.doc.mmu.ac.uk/eric/esd/>

The achievement of these elements depends largely on how well the city is managed and governed. Before looking at governance and management roles in achieving a sustainable city, please consider briefly how well your city is doing with regard to each element in the following section.

2.3 Economic Sustainability

An economically sustainable city has a broad-based growth of employment, incomes and investment.

Efficient urban development requires an enabling environment that permits firms and individuals to become productive.

In economically sustainable cities output, investment, employment and trade respond dynamically to market opportunities.



Economic prosperity is required if a city is to prosper. For a city to be economically sustainable it requires:

- **employment**
For a society to grow it requires jobs. Employment increases productivity, provides income and offers the base for high quality of life.
- **education**
Education, including formal education, public awareness and training should be recognised as a process by which human beings and societies can reach their fullest potential. Only if the citizens of a city have access to education they will be able to contribute a long-term contribution to the productivity of a city.
- **investment**
Economic and social investment is usually required in order to expect higher returns in the future. One cannot expect growth without prior investment. This issue concerns all participants in a community: businesses, citizens but also the government.
- **business and competition**
An economically sustainable city needs productive firms of all sizes to grow. In this respect the free market economy plays an important role since competition within a defined institutional framework has proven to be a valuable source of growth and productivity.
- **functioning supporting services**
In order for processes in a city's economy to function with as little friction as possible the city must make sure that all necessary supporting services are offered (whether by private or public hand does not matter at this stage): public transport to support worker mobility, logistics in general, quick support in administrative matters, etc.

To develop economic sustainability, cities need to be very clear about their current economic strengths and weaknesses. Cities are encouraged to develop local economic development strategies that:

- promote economic growth
- serve both the domestic and international markets
- nourish the potential of the small scale and informal sector as well as large employers.

Exercise 2: Rate the economic sustainability of your city

Rate your own city against each of the following criteria. Please use a scale of 1 ("I definitely disagree with this statement.") to 5 ("I fully agree with this statement.").

1. National regulations support investments in the city.
2. Local government regulations support investments in the city.
3. The city administration does not create frustrations and excessive expenses for business.
4. The land available for commercial use is well located.
5. Motivated workers are available.
6. There are enough jobs in the city for all residents.
7. Training can be provided in response to skills needs identified by employers.
8. Our city has a great number of firms of all sizes.
9. Regulations support a high level of entrepreneurship.
10. The city responds dynamically to market needs.
11. Affordable, efficient transport is available to move workers to work.
12. Efficient, reasonably priced transport is available to allow the investor to send their products to the domestic market.
13. The domestic market is openly linked to the international market.
14. The city has a budget that is directly linked to the city strategic plan.
15. The city has a predictable revenue base on which to base its budget.

Which are the most disadvantageous factors for sustainable economic development in your city?

What does prevent changes of these criteria?



2.4 Social Sustainability

In a socially sustainable city all residents have an equitable opportunity to participate in and benefit from the economic and political life of the city to ensure or increase their quality of life.



Every individual has his/her own preferences which may differ from others' preferences. The role of a good government is however to ensure that all citizens have the freedom of choice to realise their individual preferences - today and in the future! To achieve this some basic conditions must be fulfilled.

In a socially sustainable city residents have:

- **access to health**

Health is a pre-requisite for both productivity and quality of life. To support the health of a population many things can be done: ensuring a healthy environment (good air, clean water, natural areas, etc.) but also access to a functioning health care system contribute to healthy citizens.

- **avoidance of poverty/social inclusion**

Poverty is a huge international problem and fighting it is not an easy task. In general one can say that allowing the world's poor to create their own wealth is more sustainable than simply providing aid at times of crisis.

- **a safe environment**

Safety plays a major role in the social sustainability of a city. Whether talking about crime, preventing accidents or food safety, the government can set the framework to offer its citizens a safe community to develop in.

- **the possibility for high quality of life**

If the basic needs of citizens like health, housing, food and safety are met, then other aspects start playing a role in the quality of life: access to travel, recreation and consumption must be possible to enable high quality of life in a city.

- **appropriate participation in decision making**

Participation is a key-question of sustainable planning processes and a crucial part of civil society. Citizens' participation can also help to increase identification with the municipality and the city's policies. Representatives of NGOs, of other organisations as well as normal citizens should be involved in the planning processes. They are often experts in certain fields and in daily life.

**Exercise 3: Rate the social sustainability of your city**

On a scale of 1 (“I definitely disagree with this statement.”) to 10 (“I fully agree with this statement.”) rate your own city against each of the following criteria.

1. All residents have access to health care.
2. All residents have access to education.
3. All residents have access to employment.
4. All residents have the capacity to participate in the city’s future development.
5. All residents have the opportunity to participate in the city’s future development.
6. All residents have access to safe and secure housing (private or public).
7. All residents have access to an environment that is safe (clean air, water, etc.).
8. Personal safety is ensured in the city.
9. Residents have the possibility of a high quality of life (e.g. access to recreation, travel, shopping, etc.).

Which are the most disadvantageous factors for sustainable social development in your city?

What does prevent changes of these criteria?

2.5 Ecological Sustainability

Ecological sustainability urges us to handle our environment with care so that resources are used efficiently and effectively and will be accessible for future generations.



The environment is our life support system. It includes other living organisms and everything that we rely on during our lifetime such as air, water, metals, soil and rock. We must always calculate the effects of our actions on the environment and it is the responsibility of a government to set rules that ensure the wise use of our resources.

In an ecologically sustainable city the following factors are taken into account:

▪ **climate change**

The burning of fossil fuels causes the emission of carbon dioxide which leads to acid rain and global warming. This development can have detrimental effects such as rising sea levels and the extinction of plant and animal species that cannot cope with the change.

▪ **pollution**

Pollution of air, water and soil destroys the possible use of natural resources for the future and has effects on the health of the population.

▪ **waste**

At the moment, the amount of waste produced in the developed world is not sustainable. The amounts of waste can be influenced by encouraging recycling, reducing wasteful packaging of products or introducing products that are more environmentally sound.

▪ **renewable energy**

Most renewable energy sources are naturally replenished, and can either be managed so that they last forever, or their supply is so enormous humans can never meaningfully deplete them. Unlike fossil fuels renewable energy sources do not release carbon dioxide and other air pollutants as by-products into the atmosphere and their source. Examples of renewable energy are wind power, solar power, biofuels, hydro-electric power (HEP), geothermal energy, tidal power and wave energy.

Exercise 4: Rate the ecological sustainability of your city

On a scale of 1 ("I definitely disagree with this statement.") to 10 ("I fully agree with this statement.") rate your own city against each of the following criteria.

1. The city is aware of the effects of climatic changes.
2. The city has identified determinants of climatic changes (e.g. CO₂-emission) and thought out how this development can be changed.
3. The air, water and soil of the city is free of pollution.
4. The production of waste is reduced to a necessary minimum and waste disposal is well managed.
5. The city relies on renewable energy sources.

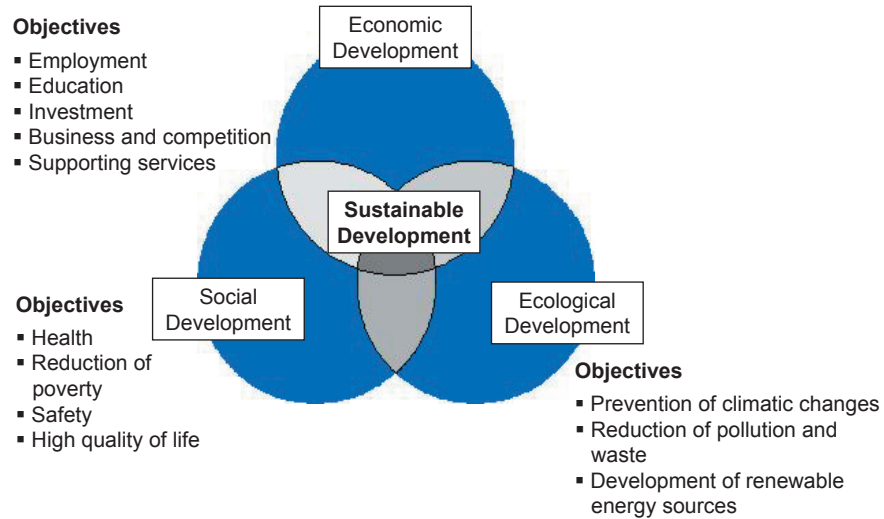
Which are the most disadvantageous factors for sustainable environmental development in your city?

What does prevent changes of these criteria?



2.6 Integration of Economic, Social and Environmental Policy

Good local government strives for policies and actions that are integrating the objectives of the three dimensions to a largest possible extend.



When an integration of all dimensions in policy or activities is not possible, the government should try to achieve positive trade offs between the sectors.

3. Understanding Good Local Governance

The development of cities that are economically, socially and ecologically sustainable demands a certain type of local governance. We want to use the term “good governance“ as our guiding idea to improve our cities by sustainable orientation, participatory decision-making instruments and customer-oriented performance in service provision. The following section will explain the term and what consequences it bears for the actions of local governments.

3.1 Defining good governance



Definition of “good governance“ according to the World Bank:

“Good governance is epitomised by predictable, open and enlightened policy-making, a bureaucracy imbued with a professional ethos acting in furtherance of the public good, the rule of law, transparent processes, and a strong civil society participating in public affairs. Poor governance (on the other hand) is characterised by arbitrary policy making, unaccountable bureaucracies, unenforced or unjust legal systems, the abuse of executive power, a civil society unengaged in public life, and widespread corruption.“

Governance and Development, 1992

The Commission on Global Governance of the United Nations described *Good Governance* as “the whole of numerous ways, individuals and public as well as private institutions to handle their common matters.”



The Bertelsmann Foundation developed a set of criteria for **Good Local Governance**:

- A COMMON RESPONSIBILITY FOR DEMOCRACY AND QUALITY OF LIFE;
- B COMMON GOALS FOR A COMMON FUTURE;
- C PARTNERSHIP FOR PROBLEM-SOLVING;
- D EFFICIENT ADMINISTRATION AND EFFECTIVE COOPERATION BETWEEN COUNCIL AND ADMINISTRATION;
- E STRATEGIC MANAGEMENT AND TRANSPARENCY;
- F TARGET-ORIENTED INPUT OF RESOURCES AND LOCAL BUDGET;
- G INNOVATION, KNOWLEDGE AND LEARNING.



A COMMON RESPONSIBILITY FOR DEMOCRACY AND QUALITY OF LIFE

Common responsibility of the municipal community is a key criteria of *Good Local Governance*. This means responsibility for two sides:

- The municipal administration and the mayor should invite stakeholders from politics and business as well as citizens to participate in a joint process to improve the quality of life in the city. All stakeholders should be involved and asked to contribute.

- The stakeholders, no matter whether they come from the public, the private sector, from the media or from the citizens' side should, on the other hand, feel the need to contribute and commit themselves in this process.

The overall goal is to improve democracy and the quality of life.

B COMMON GOALS FOR A COMMON FUTURE

Formulating common visions and goals for the city is one crucial part of Strategic Management. (cf. chapter 4)

C PARTNERSHIP FOR PROBLEM-SOLVING

Again we need all stakeholders from the public and the private sector to join in order to solve the problems of the city in partnership.

D EFFICIENT ADMINISTRATION AND EFFECTIVE COOPERATION BETWEEN COUNCIL AND ADMINISTRATION

In this framework of partnership between the municipality, business and civil society, the cooperation between City Council and municipal administration is one crucial part. Modernising municipal administration in order to reach more efficiency and transparency also plays an important role.

E STRATEGIC MANAGEMENT AND TRANSPARENCY

Making use of the Strategic Management approach and its diverse instruments will not only facilitate the process in the medium and long term but also contributes to transparent and understandable structures.

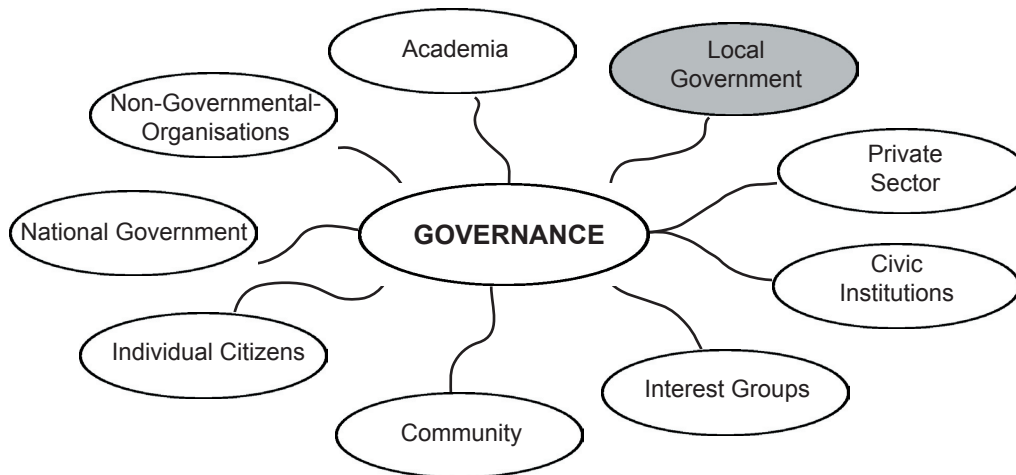
F TARGET-ORIENTED INPUT OF RESOURCES AND LOCAL BUDGET

Financing projects is not always easy. However, the less money a city has the more necessary it is to plan carefully and set the right priorities. Therefore, it is even more important to start with formulating visions, goals and targets, based on a good analysis, and then to develop programmes and projects to prioritise these projects and harmonise this programme with the budget. For this purpose, a multiyear financial planning system is of utmost importance.

G INNOVATION, KNOWLEDGE AND LEARNING

In order to solve problems it is necessary to gather and use knowledge from the different parts of the municipal partnership: administration, politics, business, civil society. The objective is to develop innovation and a continuously learning community and municipality. Learning can, for example, be organised by training local administration staff and municipal politicians, by performance comparison between different cities, and by networking.

For some of us the concept of governance is quite difficult to grasp. We know that governance is a broader notion than government. The word itself has its etymological root in the Latin word „gubernare“, which means to „steer a ship“. To steer the ship of our cities into a direction that all citizens agree on several actors are involved:



The local government is only one player in the game of good governance, but nonetheless it has a very important role to fulfill. In simple terms, the local government provides the laws, regulations, frameworks, systems and processes that shape the way in which the society in a city operates, and it is responsible for the implementation and enforcement of the policies established. In other words: the local government performs both governance and management roles, which we will explain closer in the next section.

3.2 The Governance-Role of a Local Government

Good local governance provides the legal, political and networking framework in which good management flourishes.



A critical element of effective governance at local government level is the establishment of an inter-governmental institutional framework that

- clearly specifies the responsibilities of each level of government;
- provides the appropriate authority to support the delegated responsibilities;
- specifies and enforces a code of conduct to underpin administration;
- encourages private sector and civil actors to participate in development or management.

Within this given framework, the governance role means from the local government perspective:

- to involve the community in identifying their wants and needs - this implies that the city government will uphold democratic processes and be accountable to the people of the city;
- to make sure that all levels of the government system understand their roles and responsibilities;
- to set a strategy, i.e. to determine, with stakeholders, the long-term direction for the city including what services are a priority and what are not
- to shape the policy, i.e. set the framework to implement the strategies;
- to develop effective inter-governmental relationships and ensure that the allocation of resources across levels of government is fair and equitable;
- to encourage innovative management that contributes to successful outcomes for the community (the management itself will be covered in the next section);
- to determine ethical standards of behaviour for those working within government and monitor people's performance to make sure they do meet those standards;
- to assure the provision of information to the community to enable the community to effectively participate in local government affairs.

Exercise 5: Rating the effectiveness of governance in your city

Using a scale of 1 ("no - we don't do anything like this") to 10 ("yes - we do this very well") rate the effectiveness of your city's governance arrangements against each of the following statements (5 – "we do some of this sometimes").

1. The mayor and elected officials make their decisions mainly in public and make the information on which they base those decisions public, too.
2. The mayor and the officials regularly consult with, and actively seek the participation of, all stakeholders and the public to understand the needs and concerns of citizens. They take extra care to make sure that all sectors of the community can participate.
3. The mayor and elected officials behave in a manner that avoids patronage and assures the allocation of local government contracts on a transparent competitive basis. They insist on high standards of integrity by employees, too.
4. There is a strong focus on the part of the elected officials on assuring that the City administration operates efficiently and effectively and puts a high emphasis on customer response.
5. The annual budget and plans of the city are published and the annual accounts are independently audited at the end of the year.
6. Service standards for municipal services are set and performance in meeting these standards is monitored.
7. Partnerships with the private sector, the informal sector and the community are actively sought to help improve the quality of life in the city.
8. Intergovernmental relationships are such that the city is held accountable for its actions and there is minimal interference in local decision-making from the central government.



3.3 The Management - Role of a Local Government

Management is the process that ensures the goals of an organisation are achieved and resources are used efficiently and effectively.
Good local management consists in effective and efficient service delivery and enforcement of regulations.



Good management involves:

- developing plans to ensure the vision, goals and strategies determined for a community are achieved;
- ensuring the objective consideration of options and choices, of advantages and disadvantages, costs and benefits and of risks;
- effectively managing the resources of the community to achieve results;
- monitoring the performance of the city and of individuals involved in the process;
- accepting responsibility for performance;
- adjusting strategy when the environment changes.

Specifically, for the local government this means:

- **Delivery of services**
actually making sure the services are provided to the city either by public service provision or through private sector provision. For example, a city may decide it will not operate a bus system but will contract the private sector to deliver. The city will take on the role of defining exactly what is required of the private sector provider and select suitable providers based on their requirement. The city will monitor the performance of all service providers and intervene when there are problems.
- **enforcement of regulations**
cities usually have rules and regulations that they are required to administer and enforce. This may be in relation to building (permits to build, inspections to ensure quality, etc.), parking rules, ecological rules, etc.

Good management requires a wide range of skills and abilities including:

- the ability to inspire, lead and manage people and the capacity to listen and learn from stakeholders and others;
- the ability to provide leadership and direction in the development and achievement of the vision;
- the ability to identify issues and solve problems;
- the capacity to effectively and efficiently utilise financial and physical resources to achieve objectives, i.e. using resources in a cost effective manner to achieve the best results;
- the ability to ensure staff have the appropriate skills, knowledge and attributes required to do their jobs effectively.

**Exercise 6: Rating the effectiveness of management in your city**

Using a scale of 1 (“no - we don’t do anything like this” to 10 (“yes - we do this very well”) rate the effectiveness of your city’s governance arrangements against each of the following statements (5 – “we do some of this sometimes”).

1. The city administration facilitates and supports the process of development of a long-term strategic plan in consultation with all of the key stakeholders in the community and with the governing body.
2. The City Manager/Chief Executive Officer is held responsible for implementing the operational plan to achieve the strategic goals approved by the governing body and the stakeholders.
3. The organisational units (divisions/departments) in the city administration develop and implement operational plans that show how they contribute to the city goals.
4. Managers of those units accept responsibility for implementing those operational plans.
5. Each person in the city understands their role and their responsibilities. They also know the standard of performance required of them.
6. Managers work with people who do not do their jobs properly to ensure their performance improves.
7. Budgets are accurate and available regularly to allow managers to monitor expenditure.
8. Managers work across departments to solve problems facing the community.
9. Managers and staff receive the training they need to do their jobs properly.

3.4 Benefits of Separating Governance and Management Functions

Some argue that there is little value in separating the two roles of governance and management. However our view is that separation of the two functions will contribute to more effective city management.

The benefits of separating the two roles include:

- the **political** objectives and goals for the city are clearly defined (by the city council);
- politicians are free to concentrate on policy and performance and can hold the City Manager accountable for effective achievement of objectives;
- the **administrative** goals and objectives for the city are clearly defined ;
- management of the organisation is professionalised which leads to higher standards of performance;
- accountability is enhanced at all levels because the public knows *who* is responsible and for *what*;
- the risk of corruption and manipulation of the rules is reduced because people know exactly what people should be doing;
- objective policy advice can be given by the City Manager with options and trade-offs;
- there will be less volatile changes in standards of service provision at times of change in political control.

3.5 Characteristics of a Good Local Government

We have already said that a local government is only one part of the governance system. However we should never underestimate how important a good government is to the success of a city. The next section will explain three elements of a good government that the World Bank has identified as core dimension of good local government. How these elements - accountability, transparency and contestability - are reflected in the governance and management structures and processes of a city, makes the difference.

ACCOUNTABILITY

Accountability means decision makers to accept responsibility for their decisions.



Good governance and management requires clarity about where responsibilities lie. Accountability means having information available and processes applied so that those responsible for decision making can be called to account for their decisions.

The hierarchy of accountability for local governments will usually be:

- the elected mayor and councillors are accountable to the public;
- the City Manager is accountable to the mayor and councillors;
- local government staff are responsible to the City Manager.

Being accountable means:

- to articulate collective and individual responsibilities through plans and performance agreements;
- to report openly and honestly on progress against achievement of those plans and performance agreements using performance measurement of indicators;
- to be prepared to accept responsibility when things go wrong,
- but it also means to receive recognition for success.

Examples how accountability can be supported:

- clear delegation of responsibility by legislation;
- local taxation in contrast to local governments receiving budgets from higher levels;
- setting, publishing and auditing budgets;
- recruitment and rewarding of competent professional people.

Exercise 7: How accountable are you?

1. In your environment do people generally accept responsibility or do they tend to blame others when things go wrong? Why do you think this is the case?
2. In your current role, are you clear about your own accountabilities? Do you have a job description? A plan outlining the things you must achieve?



TRANSPARENCY

Transparency relies on a presumption of access to information about how the government works. Transparency means to operate in a manner that is open, honest and able to be questioned because there is ready access to information.



Transparent government is characterised by:

- public ability to influence decision processes;
- public involvement in all plans and significant issues like budgeting and annual planning;
- open access to annual plans;
- monitoring and reporting against agreed performance indicators;
- separation of strategy, policy development, regulation setting and funding from provision and enforcement;
- publication of codes of ethics.

Exercise 8: How transparent is your city?

1. Do city council and administration inform the public regularly on their plans and their performance?
2. Are public documents open to citizens?
3. Are the reasons for decisions taken by council comprehensible for the public?
4. Can you think of any specific measure that could improve the transparency in your community?

**CONTESTABILITY**

Contestability is about using competition to achieve value for money in service delivery.



Empirical data suggests that services provided by the public sector are more expensive than those provided by the private sector. There are many possible reasons for this. Sometimes it is because the management structures prevent efficiency; sometimes it is because the private sector has better access to technology or resources. Whatever the reasons, the city has a responsibility to ensure that services are provided in the most cost-effective way.

Contestability means choice in the provision of services through open competition between potential providers, leading to more efficient use of community resources to deliver services required by the public.

Contestability means

- to select a target oriented manner of service provision;
- there is competitive bidding for delivery of services and functions to ensure services are delivered by the most efficient and effective means and to the standard required;
- contracts are established between the purchaser of services (the local authority) and the deliverers of services ie,. business (public or private);
- creation of choices for communities for different kinds of local facilities and services through having a mixture of providers.

Before we move on to Section 4 and the concept of applying a Strategic Management cycle to local governments let us review the results of your assessments about the sustainability of your city.

These exercises were designed to encourage you to think about your city from the perspective of „sustainable development.“ Exercises like this are not designed to be scientific or to be used for any other purpose! Remember that it is not important what the score of your city is at the moment - it is important for your city to recognise that there is a lot of work ahead.

4. Strategic Management in Local Governments

HOW CAN MUNICIPALITIES IMPROVE THE QUALITY OF LIFE FOR THEIR CITIZENS?



This question simultaneously names the goal of good local governance and the Strategic Management approach to reform municipal policies. The overall goal is to maintain and improve the quality of life for the citizens. It is not about finding new data, organising new kinds of conferences and so on – these are only instruments. It is simply about the quality of life of the citizens.

How can the quality of life differ from country to country, city to city, individual to individual? Quality of life can mean safe work places, it means playgrounds for children, good schools, or just a good atmosphere in the city.

Questions your city is dealing with might be:

- How to reduce unemployment and social problems?
- How to develop the educational environment?
- How to protect the environment?



OBJECTIVES OF STRATEGIC MANAGEMENT



In this specific situation, Strategic Management should be a good advice. The more problems one has, the more one needs to plan. Usually the situation of politicians and administrative staff is as follows: They would like to act strategically and plan carefully but the daily work often makes them just lag behind. One objective of Strategic Management is to implement a long-term way of planning, a goal-oriented way of putting goal-oriented projects in practice. The objectives of Strategic Management are:

- to implement a holistic political steering process in order to achieve a better quality of life. “Holistic” means that the city’s situation ought to be broadly analysed, making use of theoretical and practical approaches.
- to develop a more effective cooperation between local stakeholders. In many cases cooperation can already bear the solution of a problem. Stakeholders can also be your experts in a process. They know what they are talking about from their daily experience and they are usually highly motivated to join the planning process in order to improve their own situation.
- to better integrate citizens into the decision-making process. It is still not very common in many countries to involve citizens but to do so can bring profit. Citizens are experts of daily life. They normally know what goes wrong and sometimes have good suggestions. Citizens who feel invited to participate often have a higher identification with the city and are more motivated to be active themselves as volunteers.

NEW ROLES FOR ALL STAKEHOLDERS



The roles in the local community are changing. Cooperation between local stakeholders means that the roles and tasks have to be redefined.

- Moderating the process becomes more and more the task of the mayor and the council members. In the meantime, they are, of course, the ones who ultimately make the decisions.
- Local administration also has the task to moderate the process. At the same time, local administration is in charge of preparing the process, the programmes and the decisions.
- The local stakeholders from business as well as normal citizens are the ones participating by discussing, making proposals. Yet they have no decision-making powers.

DIRECT BENEFITS OF STRATEGIC MANAGEMENT



There are several immediate benefits for cities using Strategic Management methods and tools:

With growing competition for EU funds among cities in the pre-accession period, on the one hand, and later on after EU accession, on the other, cities with a clear strategic focus, management and programme will have more chances to apply successfully for funds.

Enforcing EU legislation is much facilitated by a strategic approach.

The citizens' quality of life will be improved as has been more broadly explained earlier. Basically, the chief target for a local government to apply Strategic Management ought to be the improvement of the quality of life of their "clients", i.e. the citizens of a city.

Last but not least Strategic Management methods and tools will help to improve and facilitate working conditions for City Hall staff: Rather than tackling problems one after another immediately when they turn up, staff would first check and prioritise all existing and possibly upcoming problems. Clear priorities, clear target-setting (what do we want to achieve?), and clear measures (how and in what time do we want to achieve our targets?) will help to ease the "firefighter's role" of a local government, which usually, also due to scarce funds, is often lagging behind problems and forced to solve only the most urgent ones on a day-to-day basis.

CRITERIA FOR THE SUCCESS OF STRATEGIC MANAGEMENT



Strategic Management can be very successful. It can also fail if certain criteria are not fulfilled. Experience has established the following seven criteria to guarantee the success of Strategic Management:

1. Strategic Management is the responsibility of the mayor. The mayor has to promote and support the process in all its steps.
2. A broad part of the local administration is involved. This requires also information and permanent discussion within the administrative staff.

3. Good cooperation between local stakeholders is required, not only cooperation between mayor, administration and municipal politicians, but as well with local businesses, NGOs and citizens.
4. Politicians are ready to take strategic decisions. Therefore, the Council also has to be convinced and regularly informed. Politicians should themselves be convinced that the strategic approach is useful.
5. Citizens' participation is confirmed as important goal. Citizens asked to participate must feel that their involvement is really wanted, they must feel invited.
6. Information and data are collected to be analysed. This will be the basis for your analysis and planning process.
7. An important step is the one towards concrete action plans and projects. Only concrete projects which are put into practice will change the situation and show whether your management was successful.

5. The Strategic Management Approach

In the following section we will look at processes and management competencies and tools in local governments. The key lies in applying a strategic approach to government and management. The management cycle outlined in the following section is one favorable tool to develop and implement changes aiming at sustainable development. There exist several similar circular models on public management cycle, which incorporate mainly the same main stages:

- visioning and organising the effort
- information and institutional framework conditions
- participatory development of strategy and indicators
- implementation
- monitoring and evaluation

The "Strategic Management Cycle" used for the activities of the municipalities under the Cities of Change program highlights some related elements by dealing with them as separate stages.

In the Bertelsmann Foundation's international work in the field of public administration reform, the importance of certain core competencies or basic requirements was identified; these requirements for good local government will be introduced step by step.

5.1 The Strategic Management Cycle



If Strategic Management can be considered as core of *Good Local Governance*, then how can a city use this tool in order to implement a systematic way of planning, i.e. a manner of planning and acting according to long-term schedules and principles of sustainability? Local government actors require several core skills and the ability to use them successfully: visioning, networking and coordination, organisational flexibility and the capacity to change their own working and decision-making culture, and the ability to properly assess the progress and success of their doings. With this in mind, it is suitable to describe Strategic Management as a cyclic process.

Different Strategic Management cycles exist – the one shown here is a Strategic Management approach very close to the cycle used in the international network Cities of Tomorrow run by the Bertelsmann Foundation. For the Cities of Change network the cycle has been specified to suit the demands in Central and Eastern European countries.



The inner cycle lists concrete steps, partly following one after another. Important to note is that stakeholder involvement is constantly required in every single step. The outer cycle indeed starts with the visioning process, but its other elements rather stand for ongoing processes than for individual steps to be tackled and finished one after another. Thus, networking and coordination (with and of stakeholders) is a permanent process over a long period. It ought to lead to a “cultural change” since the way in which stakeholders, politicians, the mayor and the administration collaborate is changing. In consequence, habitual working modes have to change, which is probably one of the most difficult and challenging permanent tasks. Cultural change goes then hand in hand with “organisational change” for the way of planning changes and will most probably alter administrative and political structures, too.

The cycle structure is sometimes replaced by a steps or stages structure, and the individual steps/stages may overlap or slightly differ. However, in general, the process is always the same, and the cyclic character is always valid as data require being updated every year, while evaluation results lead to a review and updating of goals and objectives. Sometimes this process might even push us to change the vision.



By decentralising responsibilities and tasks and setting clear organisational tasks, the processes will become more transparent, in particular in terms of costs and performance. A more competitive approach will thus automatically be achieved. At the end, administration will benefit as it will start to operate in a more efficient manner than before.

5.2 How to Use the Strategic Management Cycle



The Strategic Management Cycle consists of several concrete steps which roughly contain the following activities.

STEP 1 ORGANISING THE EFFORT AND FORMULATING THE VISION

On the whole, one has to clearly distinguish between two different areas in which Strategic Management is applied: On the one hand, the city as a whole will aim at managing its general development on the basis of a certain, clearly defined overall municipal vision (e.g. City X aims at becoming “the IT centre of the region”). On the other hand, the individual policy fields the municipal administration is working in ought to be managed by way of strategic thinking and planning and the respective departments would thus develop their own priorities, always taking the overall municipal strategy into account (the educational department of City X aims at “training the IT staff of the future”; the local economic development department might focus on “attracting a cluster of IT enterprises” in the city, etc.) **The overall municipal vision is the backbone of any individual policy field.**

Setting up the institutional framework to direct and manage the process is of crucial importance for the success. This includes the establishment of a City Hall staff team as well as the identification and convening of all stakeholders outside the City Hall.

STEP 2 GATHERING AND ANALYSING DATA

One of the team’s major tasks is to gather information and data about the city so as to give a clearer picture of the general situation. Data can be statistical data, opinion polls or any other information. They are the basis for the analysis of the local (economic/environmental/educational etc.) context. This allows to formulate a vision for the city (and the respective policy field) upon which all future activities are based.

Information and data gathered at the start need to be analysed. Based on this analysis, all relevant stakeholders are called upon to discuss and agree on the overall goals and objectives.

STEP 3 STRATEGY PLANNING

The data analysis is also the basis for the identification of options for actions. Following the necessary prioritisation of these options, a programme and action plans can be developed jointly by all stakeholders. Concrete projects can then be planned.

STEP 4 STRATEGY IMPLEMENTATION

Action plans and projects should be put in practice. The whole process is to be implemented in the normal process of the city. Programme and project implementation needs to take the municipal budget into account.

STEP 5 EVALUATION

The process is to be permanently monitored by way of indicators defined in advance in order to measure the achievement of the initially set goals. This evaluation might lead to an adaptation of goals and objectives. It is also the starting point for a new management cycle as soon as specific projects or the whole programme have been finished and new ones are to be planned.

STRATEGIC MANAGEMENT IN THE CITIES OF CHANGE NETWORK

Strategic Management is an approach to be, of course, used in different cities and in all different policy fields. The cities connected in the Cities of Change network chose two policy fields to explore and use this concept:

- local economic development (LED) and
- solid waste management, later extended to the more general environmental policy.

Seven network cities work on local economic development, two cities work on solid waste management and municipal environmental strategies.

Other cities may have a need and wish to apply Strategic Management in other policy fields.

However, Strategic Management needs to include Strategic financial planning. This is necessary for all policy fields since project and programme planning within a city's strategy need to be harmonised with budget planning. There are certain tools for financial planning and multiyear financial planning which might prove useful.



Summary



Summing up – good management in the sense of strategic management involves:

- ensuring that vision, goals and strategies are determined in consultation with key stakeholders and the governing body;
- developing action plans to ensure achievement of vision;
- adjusting the strategy to changing external framework conditions or internal objectives;
- considering options and choices;
- managing financial and human resources in an effective and task-oriented manner.

This will lead to clear definitions of individual and organisational performance and targets. A proper monitoring would then ultimately result in an evaluation of a certain success indeed achieved.



Always bear in mind that

- specific policy professionals take part in preparing the general visions, goals and objectives of the city; these are the basis for the general development strategy and programme of the city.
- long-term goals in different policy fields are defined by this general strategy (based on the general vision) of the city;
- individual departments/policy fields work out their policy-field strategies. This work is done by the same people who were involved in working out the general strategic direction;
- the policy-field strategies should, however, not be developed by municipal staff in charge alone, but together with the relevant stakeholders;
- policy-field strategies are based on a vision focused on the particular policy field.

⇒ Once the city has developed its general strategy, the policy field professionals are in charge. Their role is crucial for successful implementation.

5.3 Strategic Management - Step by Step



The following two Step by Step sections will deal with these questions:

- How will you organise the effort?
- How can you start your strategic planning process?
- Who (what groups of society) could be interested in further developing your policy or the quality of life in your policy field? Whom would it, besides, be advisable to involve? How?
- What would be the best suitable vision for your field (your department or your themes)?
- What information do you need in order to know the position of your city? What are your city's strengths and weaknesses?
- How can you analyse data and other information?




5.3.1 STEP 1. Organising the Effort and Formulating the Vision

The first step to develop a strategy in a specific policy field of a local government is to organise the effort. This is commonly divided into the following steps that can be undertaken concurrently.

Organising Local Governments and Other Stakeholders:

- (A) Establish a local government staff team.
- (B) Establish a political process within the local government that supports the idea.
- (C) Develop a stakeholder partnership group to advise and support the process.
- (D) Develop systems to cooperate with other levels of government to support the process.

...



A ESTABLISHING A LOCAL GOVERNMENT STAFF TEAM



Starting the Effort for a Policy Field in Local Governments. – “Initiator with responsibility to lead the team”

Someone has to take responsibility when placing a focus on the specific field, e.g. local economic development, in the local area. Often (although not always) this is the local government. Even if the initiator is not the local government, it is crucial to have local government support for the process.

It is particularly important to concentrate on how to build up capacity to develop and implement specific strategies in the policy field. A specific policy field may involve several disciplines and/or groups, e.g. economic, financial and technical. Therefore, the policy-field team should include representatives of all these disciplines together with local government officials, giving plenty of opportunity to create multi-disciplinary teams that work across traditional departmental lines. This may be the first time that truly interdepartmental working is practiced in some local governments. In others the team may consist of one person initially and the policy-field programme will start off less ambitiously.

If a subject is very broad, and if it is to involve developing relationships with the private, not-for-profit and other government levels, a top representative of the local government (i.e. mayor and/or chief executive) ought to take over true and genuine leadership of the team. This support will give the team the leverage it needs to research, develop and implement the strategy. There are a number of ways that strategy teams can be developed within Local Government Authorities (LGAs).

Establishing a 'Home' for the Strategy Team within Local Government Authorities – "Full-time staff member to coordinate process"

In almost all successful cases of strategy-finding efforts, a responsible person, often in either the mayor's office or in the office of the Chief Executive Officer (CEO), is initially appointed to take responsibility for the specific policy-field strategy. (This may expand into a specific unit or department at a later point.) The responsible initiator(s) may spend much of their time initially to gather information on the status quo in the given field (e.g. economic development; educational situation; environmental issues) and to identify important stakeholders. Ideally this person would have experience in the field. This is not essential, however, as these skills can be learned.

Commitment by the mayor to appoint this person full-time with responsibility and initial resources is critical. These resources might be limited at the start but should be sufficient to begin a programme in this field, e.g. basic office requirements, training in the field if necessary and some operational budget to facilitate stakeholder meetings and gather data for a preliminary SWOT analysis.

Local Authority Task Groups to Oversee the Process – "Cross-disciplinary, interdepartmental team"

Good practice also indicates that cross-disciplinary, interdepartmental teams are advisable for successful strategy making. This group should include people from across the various local authority departments that are likely to have professional, technical, political or financial responsibility for matters affected by the specific policy field strategy. There should be terms of reference and a formal reporting system for the group. Transparency and public access to information used or generated by the group is important to its credibility. At least one full-time person is, however, key to ensuring continuity.

Other Options to Develop an Institutional Framework for a Policy Field Strategy in Local Government Authorities

Depending on the importance for a municipality, there are, however, a number of places where a specific policy field strategy could be housed in Local Government Authorities:

- In the Chief Executive's or mayor's office. This has the advantage of visibility, the 'weight' of the most senior staff to support it. Housed in this department the strategy is likely to have more of a policy and facilitation focus and less implementation.
- In a functional department the emphasis is likely to have a bias towards the major discipline of the department, but good Strategic Management practices and multi-disciplinary approaches should ensure both policy and implementation of the strategy.

A further option could be to appoint an external consultant to start the process moving.

Links to Other Local Government Authorities Planning Processes – “Close connections with other Local Authority Strategies”

Certain policy fields, such as local economic development, as a holistic discipline, will normally have close connections with almost all other local authority strategies. In these cases, the interactions with other local authority plans should be significant. Good practice dictates that there should be systems and procedures in place for the specific field’s input into all these plans and vice versa. Importantly, local (and other) stakeholders (as e.g. businesses in the case of local economic development) should not have to deal with conflicting interests within the local authority. Successful sustainable cities are able to balance the competing needs of all local strategies. It is important that professionals in local government balance the specific needs of an area against each other (e.g. economic needs need to be balanced with environmental and social needs).

B ESTABLISH A POLITICAL PROCESS WITHIN LOCAL GOVERNMENT AUTHORITIES TO SUPPORT THE PROCESS

There is little point in having staff work on developing a specific policy field’s strategy if there is not a supportive political process to ensure that the strategy can both gain political support and associated resources.

For each community the opportunities for developing the appropriate political mechanisms will be different. Suffice it to say, that strong political input is the friend of any policy field’s strategy.

C DEVELOP STAKEHOLDER INVOLVEMENT TO ADVISE AND SUPPORT THE PROCESS

Who are the major stakeholders in the respective policy field? Who might be interested in developing and supporting a specific policy? Think of business people, who are an important group, journalists, local and regional non-government organisations as well as, last but not least, ”normal” citizens.

For many local governments, involving others outside of local government in influencing decision-making is a new and daunting prospect. For this reason, the involvement of stakeholders needs to be approached carefully. It is most important, initially, that stakeholders are consulted on ideas and strategies. Because of this, some time will be spent looking at the different stakeholders, how they can help bring value to the effort. As time moves on, it will be easier to include stakeholders in more formal agreements. This is becoming more common in many countries undergoing decentralisation where community participation and accountability are key to success.

MANAGEMENT OF THE STAKEHOLDERS



Stakeholders are individuals, firms and/or organisations in the public, private and not-for-profit sectors that have an interest in and ability to contribute to strategising and carrying out development in a particular field. The stakeholder management process recognises that all stakeholders are important and that some will be able to participate more than others. It must be determined:

- who the key stakeholders are;
- what their interests are likely to be;
- what is the best way to involve them in the activities.



The benefits of involving stakeholders include:

- The stakeholders are the main beneficiaries of a specific programme and are likely to be most committed to its success.
- Stakeholders bring specialist knowledge and different perspectives, thus making the planning process more robust.
- They bring professional, financial and physical resources to the table.
- They legitimise the process by being involved.
- They forestall problems by being engaged in the process.
- Local stakeholders are likely to be best informed about local problems and opportunities that could be addressed by the strategy.
- Non-government partners are likely to know much more than local government representatives about the true state of the situation of the community.
- By involving higher tiers of government, strategies are likely to benefit from their support (including financial).
- By involving communities, it is more likely that a volunteer effort could be established to support strategy implementation programmes.

Development is often created in the private sector. Government is usually merely a facilitator in this process.

The main question is how to motivate the stakeholders. It is not enough to send out a written invitation. The best is, in addition, to talk to people and show the use and need of their participation in the process. They are “experts“ with a wide variety of practical experience.



However, cooperation between local administration, local politics and other stakeholders as well as citizens is one thing, the need of changing the roles is another. Moderating becomes more and more a crucial task of administration staff and politicians.



This is a selection of potential stakeholders:

PUBLIC SECTOR	PRIVATE SECTOR	COMMUNITY SECTOR
<ul style="list-style-type: none"> ▪ local government including technical departments ▪ district or regional government ▪ sector boards and authorities (health, education, transport) ▪ zoning board ▪ institutions of research and higher learning ▪ utilities 	<ul style="list-style-type: none"> ▪ large corporations ▪ trade unions ▪ small, medium and microscale entrepreneurs ▪ land and real estate developers ▪ banks and other financial groups ▪ Chambers of Commerce ▪ other business support groups ▪ professional associations ▪ private utilities ▪ private education establishments ▪ think tanks 	<ul style="list-style-type: none"> ▪ community leaders. ▪ neighbourhood groups. ▪ community service organisations. ▪ local educational institutions. ▪ local religious institutions. ▪ news media. ▪ other non-governmental organizations. e.g., groups representing: <ul style="list-style-type: none"> ▪ minorities, disabled and other disadvantaged populations ▪ environmental issues ▪ cultural, arts and historical interests ▪ individual citizens

Yet, the ultimate configuration of the stakeholder group should really be determined by a strategic assessment of the situation in the policy field and the important local actors themselves.

MAJOR PLAYERS AND THEIR POTENTIAL CONTRIBUTIONS

Local governments are key agents for development within any policy field. Local governments address a wide range of economic, social, environmental, cultural/educational etc. needs.

Moreover, local governments can identify and provide the leadership necessary to organise and build coalitions and partnerships to exchange information and opportunities for collaboration.

Local government includes both elected officials and Local Government Authorities staff. Both have crucial roles in providing leadership to the process and ensuring that it receives priority in terms of both funding and staffing allocations. Local governments perform many different tasks in support of the different policy fields. They include:

- analysis of the situation;
- provision of leadership;
- administration of projects;
- provision of services or ensuring their provision;
- provision of financing and other incentives to promote development;
- and establishment and maintenance of an environment that stimulates development.

Private and Community Sector Participation

- provides the community with a wide range of resources and knowledge;
- may de-politicise projects, thus allowing for their long-term sustainability;
- in developing mobilization and consensus building skills, prepares local government leaders for the challenges that emerge as participation increases and different perspectives emerge.

The **private sector** consists of for-profit businesses and their representatives. It includes:

- individual manufacturing or service sector commercial businesses (ranging from large state-owned corporations or multinational corporations to a sole trader),
- private developers;
- chambers of commerce and other business support organizations sometimes called intermediaries; and
- local, informal and other extralegal sector activities.

The **community sector** includes all those parties not in the public or private sector. Key agents in the community sector include:

- individuals;
- professional associations;
- educational institutions;
- churches and neighbourhood groups;
- and NGOs (non-governmental organisations that can operate more freely than regulated governmental units).

ESTABLISHMENT OF A STEERING COMMITTEE

One way of involving stakeholders is to establish a Steering Committee. It should include key stakeholders from all sectors including the local authority. The local authority will usually provide institutional support for this committee preferably with the programme officer (the person nominated to coordinate the progress in the specific policy field) as the facilitator. This provides them with a degree of control that may be needed in the early days of establishing the strategy and partnerships. The Steering Committee in its early days may simply be an advisory committee. As time goes on more formal structures are often considered.

D DEVELOP SYSTEMS TO WORK WITH OTHER LEVELS OF GOVERNMENT



In every country, different levels of government can both hinder and advance the process. Good practice shows that, despite many difficulties, it is much better to collaborate with all levels of government.

National and state/provincial/regional governments have a key role to play in stimulating an environment that encourages whichever sort of development. In addition to looking at the relationships that development in a specific field has with

other local plans, there is a need to look beyond the local area to other plans, rules and regulations that will impact upon the local agenda. These will include national/state and/or provincial regional laws and policies.

There are opportunities for practitioners of each policy field to influence government agendas at every level. They may often represent local business interests also to other tiers of government.

Yet there is also an important regional perspective to understand. All but the largest cities in the world are located in a regional space where it may be interesting, if not extremely important to develop opportunities with similarly sized local government units. This would, e.g., be the case with economic development or environmental strategies. Regional initiatives allow local governments to pool resources, and gain synergies from nearby areas.

The policy field team should therefore look to build on the inter-governmental working that is already in place, so that new programmes and initiatives can be both initiated and influenced.



Interrelations between the different stakeholders are complex. The better the policy-field team and its coordinator act in bringing all different interests together, the more efficient will the process be managed.



The team's objective is

- to work jointly on a vision of the city and its infrastructure and standards of services in the future;
- to develop goals and rank them according to their importance;
- to find the objectives which specify what, and in which order, local government shall focus on;
- to develop measures which help to distinguish whether objectives are fulfilled or not;
- to propose projects which may help to reach the objectives;
- to develop some projects in a form ready to be budgeted from the city budget or other sources available.

Visioning



Start by formulating a vision for your city or department or policy field. The former US President Thomas Woodrow Wilson once said, "*If you have no vision, you neither can fulfil great hopes nor great plans.*"

A vision can be a leading orientation for your further plan. It directs your long-term planning which is necessary for several reasons:

- Developing the city's infrastructure will often serve several generations.
- Improving the standard of services also requires years rather than just months.
- Reasonable management requires a long-term perspective.
- Public resources are always limited and highly insufficient to the needs in Central and Eastern Europe.
- It is often impossible to do what ought to be done – actions need preparation and require time.
- To achieve results it is necessary to choose the most important goals and focus the effort on them.



It is your decision whom you want to involve in finding such a vision. The vision should definitely not be created by city officials and staff only for many different interests and perspectives ought to be integrated in this process.

Attention should always be paid to the fact that it is crucial to involve those whom administration ultimately serves and who are not involved in the city's management, i.e. the citizens. One possibility is to hold an initial workshop with major stakeholders.



The Dutch city of Delft, a member of the Cities of Tomorrow network run by the Bertelsmann Foundation formulated as its long-term vision to become a “knowledge-based city“ in order to improve regional employment. By involving all stakeholders Delft developed regional goals and a regional action plan based on this vision.

E UNDERTAKE A DIAGNOSIS OF THE DEVELOPMENT-ENABLING ENVIRONMENT WITHIN LOCAL GOVERNMENT AUTHORITIES



One of the earliest and most effective ways local governments can help improve the local situation is by undertaking a diagnosis of what Local Government Authorities do to help and hinder development. This diagnosis should review all aspects of how Local Government Authorities interface with stakeholders.

First steps should include undertaking a review of every department in the Local Government Authorities, what rules and regulations stakeholders need to be adhering to, how this is managed, in terms of efficiency, effectiveness, transparency and so on. Whilst this internal review is going on, stakeholders should be approached, through an attitude survey and through focus groups to establish their concerns. The informal and extralegal sectors need to be included in this process to understand the constraints to, and opportunities for, inclusion (in a non-threatening manner that will often require different methodologies to the formal sector).

Once this information is gathered, an action plan will need to be developed to address key issues. This is likely to be a large task, and so good practice dictates that it should be started very early. It is also a task that may involve several departments, so it should encourage early inter-departmental cooperation. This issue will be looked at again in the programme implementation suggestions.

Good practice shows that stakeholders can benefit very quickly from streamlined procedures in Local Government Authorities. As they see these benefits accrue they are also likely to be more active participants in the stakeholder process.

The aim of this work is not to have no regulations, but good regulations.

Once the Local Government Authorities team begins to make improvements in the local stakeholder environment, they are also going to be in a stronger position to influence, in a positive way, similar stakeholders enabling environment improvements at other levels of government.

5.3.2 STEP 2. Gathering and Analysing Data



What information and data is needed? This depends on the vision formulated and the policy field in question. In the past years it was common to gather a big quantity of data and information, more information than one could possibly handle. The lesson learnt is that one does not need a big quantity, but just the right data to work with. Thus it is highly important to formulate the right questions in order to find the right data indicators and information. For the vision "city without unemployment", for example, one might formulate the question "What is the situation in the labour market?" The data you need would then be the number and kind of employed and unemployed people with "kind" referring to age, gender, education, etc.

There are different types of information and data:



- statistical data, indicators like the number of unemployed people,
- opinion polls – for example answers to the question "How satisfied are you with the quality of life in your city?";
- other information like reports.



It is recommended that you ask, e.g., a scientific institute for professional help to define the data you need. Of course, data required differ from policy field to policy field, and the following list enumerates only a few which might prove useful in an analysis:

- number and characteristics of users (clients) which benefit from the service;
- size and standard of infrastructure;
- data characterising standard of services;
- level of depreciation of the infrastructure;
- information on costs of maintenance;
- quality of infrastructure (Does it cover needs or not? Is the standard very low, middle or relatively high in comparison to what citizens would require?);
- technical information of contemporary technologies and costs;
- data characterising the infrastructure and the service in other municipalities we use for comparison.

Don't forget the citizens



One important stakeholder group should not be omitted: the citizens to whom your efforts ought to be targeted.

In order to find out what they think about the services offered or delivered a citizen survey ought to be carried out. With the help of experts (e.g. university partners) a set of questions ought to be created and filled with content, such as e.g.

- What is your general opinion of a specific service?
- What is the most painful experience about it?
- What changes do you consider most urgent?
- What should be the administration's long-term objectives?
- Do you feel well-informed about your local government and administration?
-

The results form an important part of the analysis of the situation.

ANALYSING THE DATA



After gathering information and data there are different ways to analyse them:

- compare your data with data from other cities or with data on the average of the country;
- compare your present data with data from the last year or the last three to five years of your city;
- do a SWOT analysis;
- or combine both approaches with each other.



One example for analysing data could be to compare the unemployment rate in different cities over several years.



With this information and, of course, the relevant data you can also prepare a SWOT analysis. SWOT stands for strengths, weaknesses, opportunities and threats. You consider information like the data about the unemployment rate and also other information and experiences.

STRENGTHS	WEAKNESSES
<ul style="list-style-type: none"> ▪ human potential ▪ ... 	<ul style="list-style-type: none"> ▪ high unemployment rate ▪ ...
OPPORTUNITIES	THREATS
<ul style="list-style-type: none"> ▪ changes are possible ▪ ... 	<ul style="list-style-type: none"> ▪ one industrial sector is going to crash down. ▪ ...

In the example, the unemployment rate is seen as a "weakness" because it is higher than in the other cities. You probably had the information under the category "strengths" before: Albertown has a lot of human potential. The categories "opportunities" and "threats" refer more to external circumstances or to the future. For example "changes are possible" is a future opportunity. And "one industrial sector is going to crash down" is a future threat.

Setting up the Institutional Arrangement



You have by now

- established a clear leader backing your initiative;
- nominated a coordinator of the team;
- established a policy field team;
- managed to involve the major stakeholders, e. g. by way of establishing a steering committee;
- formulated your vision;
- and gathered information and data for an analysis



What else is left to do? You need to

- define the timescale of your work (and pay attention to buffer time). Even though development in each policy field is an ongoing process, a certain aim needs to be achieved within a certain timeframe.
 - ⇒ When will you set up goals and objectives?
 - ⇒ When will you develop a strategy?
 - ⇒ When will you work out an action plan for projects?
 - ⇒ When and how do you want to reflect on the progress of your strategy?
- define the required resources. Costs in terms of workforce, material etc. need to be defined – you are working with public money for the use of which you are responsible.
- prepare a draft of detailed meeting plans. This helps to organise yourself and your team in order to achieve efficiency. Failure to meet deadlines or budgets ought to lead to a review of the past to improve the work; success speaks for itself.

- inform the public about the long-term work strategy in the sector. Besides, citizens and other stakeholders need a confirmation that public administration is working well. In that respect, it is recommended to involve the local press from the very beginning: you will need the support of the public!
- create a set of indicators, i.e. measures by which you will be able to plan and monitor changes in your policy field. Ultimately, these indicators will also serve to evaluate the success of the whole process.

FINDING AGREEMENTS - ROUNDTABLES OF STAKEHOLDERS



As a next step, roundtables of stakeholders should be established. It is up to you to establish a regular “Roundtable“ meeting to take place every month, for example, or to invite to one workshop which you might probably repeat half a year later. Starting in the City Council and presenting the plan for your Strategic Management process might be a good suggestion. It is important that the stakeholders know what they can expect from their participation and what they cannot expect. They should really feel invited but at the same time know that decisions always will be made by politicians and the mayor.



In the first stakeholder meeting the initiator (mayor, head of department) has to briefly present the task of the group: What will the group undertake, and why? Benefits for the stakeholders ought to be made clear in this context, too, so as to motivate them for future and active participation.

The data collection as well as the working plan for the stakeholder group ought to be ready, the latter at least as a draft for discussion. This will be a first opportunity to benefit from the stakeholders’ experience and expertise: Which data might be missing? Where could/should the working plan be amended?

You should also plan when and how the next meeting will take place. Set a clear date and agenda so that all persons involved can better commit themselves.



Before you start:

- Make sure that the mayor is supporting the process and your plans.
- A broad part of administrative staff should be involved.
- The media should be well informed. Try to talk to the media in order to convince the journalists of the benefits of the Strategic Management approach.
- Your organisational framework and your time planning should be well prepared.
- Last but not least: Responsibilities and workshare should be clear, especially in your team.





This exercise should be done for/by each policy field separately!

- Develop a list of stakeholders for your policy field.
- Develop a basic set of data, measures, parameters, which you consider important for management and long-term planning in this field, i.e. what would you consider useful to have in order to be better prepared to develop a long-term perspective in your particular policy field?).
- Categorise the data (e.g. crucial, basic, good to know, supplementary).
- Rank the data in dependence of their long-term importance.
- Propose some indicators which you consider useful in the long run to evaluate services and results in your policy field

5.3.3 STEP 3. Creating the Strategy



This section deals with the following questions:

- What are the right goals for your department or policy field?
- Which objectives do you want to reach by way of strategic management?
- Which measures allow you to monitor and evaluate the progress?
- What priorities should be set for the city?



Having already discussed your vision of the city or your policy field during the first stakeholder meeting, you should again confirm it as long-term aim of the work. Based on this, you have to find an agreement of all stakeholders on goals, objectives, and later on programmes and projects.

Before you open the floor for proposals and discussion during the next stakeholder meeting you should give a clear panorama of the process:

- confirm the common vision;
- present your analysis of information and data, e.g. by demonstrating your SWOT analysis. It is advisable to do the SWOT analysis together with the stakeholders.
- make clear that goals and objectives as well as measures to monitor and evaluate the process should be developed jointly by everybody in the meeting.

Priorities should be suggested during the stakeholders' meeting although, of course, the Council and the mayor have the right to change the priorities afterwards.

FINDING THE RIGHT GOALS AND OBJECTIVES



Next you have to find the right goals and objectives. This step can be done by a group of stakeholders with assistance provided by the facilitator, and in co-operation with experts who may offer their expert opinion and comment on the results.

A number of problems (and opportunities) will have been presented in the (SWOT) analysis. A useful way of having stakeholders define problems is to initiate a brainstorming session, to write each problem on a separate sheet of paper and place it on the wall or a flipchart. The problems should be grouped and scrutinised. Some of them may overlap, some may be put together, and some may be in conflict with each other. Subsequently, the causal relationships should be analysed, identifying those problems that can be considered causes of other problems.

Most likely, the ‘cause’ problems will have a number of ‘effect’ problems. The problems should be placed on the wall vertically with the ‘cause’ problems at the top, and the ‘effect’ problems at the bottom.



One example of such a cause-and-effect-chain (or “problem tree”) might be the following, taken from the educational field:
Your city has a high youth unemployment rate. This may partly be due to the fact that students leave school without sufficient job qualification. This again may be caused by the poor quality of school education.



DEFINING CONCRETE GOALS



The next step is to “think positive”. While in the first step you concentrated on problems, you should now focus on solutions and achievable goals.

This step can be led by the stakeholders in a facilitated discussion and in co-operation with experts who give their opinions and methodological advice and comment on the results. This step can be completed at the second stakeholders’ group meeting.

Continuing the stakeholder meetings, redirect the participants’ thinking from problems to goals, that is, from negative to positive thinking.

The goals should be re-grouped and scrutinised to avoid overlapping or conflicting ones. Expert involvement is very useful at this point.



If the problem is, for instance, “low-quality school education”, the goal would be “to improve school education.” “Insufficient job qualification” could be improved by “developing systems of further education and training on the job.”



Please consider that there are differences:

A **vision** is a long-term goal and consensus on the future of the community, the city, the department. A vision should be developed and agreed on by all stakeholders. The vision should be a description of the stakeholders' preferred economic, educational, cultural, environmental, etc. future for the community. While the vision may not be fully achievable it does give the community a clear sense of direction.

It is on the basis of the vision that goals, objectives, programmes and projects will be developed.

Goals specify desired outcomes of the planning process. Goals are much more descriptive and concrete than a vision statement and should be directly related to the findings from the competitive assessment. The objective takes each goal and breaks it down into separate components.

Objectives are concrete targets which are time-bound and measurable. The aim is to leverage strengths, overcome weaknesses, exploit opportunities and deal with threats identified during the competitive assessment.



Going back to the example from educational policy, this would mean to break down each individual goal into several objectives. "Improving school education" could, in detail, consist of "improvement of teachers' training", "smaller school classes", "individual support for children", "target orientation on specific job qualifications", and so on.

**SETTING PRIORITIES****SELECTING PROGRAMMES**

Having completed the competitive assessment your city or policy field will by now have chosen a vision, goals and objectives. Now comes the time to generate a series of programmes and projects to meet the goals. As communities become more sophisticated, so will the programmes and projects that they develop.

A note of caution is needed here. Most communities have a vast range of both problems and opportunities to tackle. Selectivity and focus, while hard to achieve, are a priority.

Another best practice learning is that programmes should be undertaken where clear champions are committed to being involved in leading them. Champions may be from local government, the private sector, the community or other sectors (e.g. research/education institution).

SELECTING PROGRAMMES TO ACHIEVE THE OBJECTIVES

Programmes are the ‘umbrella’ under which projects are selected. Ideally the number of programme areas should be limited to around six key areas or less depending on human and financial resources available. This will make sure that the efforts of the policy field teams are not spread too thinly, and it will also force decision makers to focus on absolute priorities. Selecting programme areas is normally an easier part of the process.

Good practice for most communities and/or policy fields would indicate that early priorities would include programmes that aim to improve the development-enabling environment. Thereafter the selection will be very dependent upon the results of the competitive assessment.

Considering the level of infrastructure provision (soft and hard) will be important both to ensure that an appropriate strategy is developed, and then appropriate programmes. Where basic infrastructure is limited, programmes to assist local government in developing priorities, cost-recovery schemes and private provision of infrastructure can be a good starting place.

SELECTING PROJECTS TO MEET THE OBJECTIVES

Projects are activities, orientated at the vision, goals and objectives. They must be prioritised and costs must be established. They are time-bound and measurable.

Within each programme area projects should be selected on the basis of clear criteria. First it has to be determined for every potential project, that it meets the broader policy field objectives and priorities and that it is viable. This is where action plans become very useful. They should be designed to include the following basic criteria and should be undertaken for each and every project.

- **Project Objectives:** Each project should have clear objectives that meet programme goals.
- **Project Inputs:** e.g. capital and revenue costs, human resource inputs and capabilities, other inputs such as land, buildings and so on.
- **Project Outputs:** the direct output from the inputs invested (LED example: the construction of a business incubator).
- **Project Outcomes:** short term and direct results of the project (LED example: an outcome of the building of a business incubator could be that four new businesses are established there).
- **Project Impacts:** long-term results (LED example: the impact of this project, over a longer period of time, could be the development of a specific industry cluster based on the innovation centre).

- **Project Management:** Who will take financial and management responsibility for the project, internal in Local Government Authorities or outside? Legitimate institutional mechanisms need to be in place or envisaged as part of the plan. It is key that ‘champions’ take primary responsibility for managing a project and if not, the project should be placed on back burner.

By preparing a standard action planning form, decision makers may more easily compare projects as they make hard choices.

Larger projects, in terms of resource inputs, complexity and time-scale will need to go through a far more rigorous process which should include an initial viability assessment, feasibility studies, design, business plan preparation and a tailored monitoring and evaluation programme. Consultants are often needed to bring specialist skills.

It is important that small projects and ‘quick wins’ be identified and prioritised as these are crucial to generating trust, motivation and momentum.



If we specify our example from the educational department further along this line, the impact of the total of all objectives ought to become visible, i.e. a higher education level which can, again, be broken down to better qualified workers/employees as an incentive for companies to establish businesses or branch offices in the area, on the one hand, and raised interest in cultural affairs resulting, ideally, in a better cultural offer in the city, on the other. This has an impact on local economy as well as on cultural development of this city.



Prioritisation³

Ask the whole group of stakeholders to take a look at the result of the brainstorming. The next task is to set priorities of the goals and objectives which can be considered the essence of developing a policy field strategy.



- Why do we need to set priorities?
- What can be prioritised?
- Key considerations in priority setting
- Methodological recommendations



Setting priorities is a complex and controversial process. People tend to see different priorities, depending on their professional history and experience. Hence there is a need to set up a multidisciplinary group to compensate for individual biases. Political lobbying often finds its way to influence the selection of priorities. Also, hidden personal agendas for economic gain may influence the selection of priorities. The more diverse the group of stakeholders, the more likely these biases

³ The following excerpt is based on, and partly quotes from Dariusz Kobus, *Practical Guidebook on Strategic Planning in Municipal Waste Management* (Cities of Change knowledge product Series, Gütersloh 2002). In addition, a presentation given by Mr. Kobus at the Cities of Change network meeting in Austria (September 2003) was used.

and agendas will be minimised. Participation by technical experts is essential in this process to limit the influence of individual biases through articulate technical and concrete analysis.



Setting priorities helps to minimise bias and lobbying in decision-making where scarce resources are competed for; to achieve maximum objectivity and transparency in making strategic decisions and in allocating funds; to enhance credibility and transparency of the strategic planning process; to structure our thinking about problems, objectives and projects; to compare cost and benefits of alternative actions; to choose amongst alternative courses of actions those ones that are most cost-effective; and to allocate scarce resources to key areas.



Priorities can be set at various stages of strategic planning:

- key problems in order of importance/severity;
- objectives that need to be most urgently addressed (e.g. reduction of the rate of unemployment or improvement of the quality of drinking water);
- actions supporting objectives (usually a large number of actions is required to achieve the objective of e.g. improving the air quality in the city).
- long list of projects (e.g. list of investment projects that require municipal funding);
- project alternatives (e.g. should we increase separate waste collection applying multi-bag system, bring-sites or home composting?).



The key difficulty is that ideally one measuring rod is required to compare objectives, actions or projects. Usually monetary units are applied to compare alternatives. All future costs and benefits have to be discounted. The cost-benefit analysis allows to quantify and compare costs and benefits and choose those projects that have the highest benefit-to-cost ratio. However, environmental and social externalities such as the benefits of clean water or psychological effects of unemployment are difficult to express in money terms and hence the CBA is often biased. Similarly, monetary quantification of objectives is complex, and often not even feasible. Alternatively, physical units of measurement are often applied such as the number of people affected, number of jobs created, reduction of pollution by x tonnes. However, these units are mutually difficult to compare.

An alternative to the ‘one measuring rod’ approach is multicriteria analysis, which in a simpler version can consist of a number of prioritisation criteria, scoring and weighting system.

Prioritisation proves controversial if we compare different actions and objectives (soft and hard) such as skill training for unemployed, sewage treatment and managed work space.

Prioritising is thus both one of the most difficult and most important steps of the strategic planning process. The list of objectives (actions, projects, etc.) is likely to be long and very demanding in both costs and human resources. Some objectives may conflict with others.

It can be undertaken at the third stakeholder meeting. If the stakeholder prioritisation method is applied, this is undertaken by the group of stakeholders in co-operation with experts. Please allow enough time for this exercise with an experienced facilitator. If expert prioritisation is applied, it is undertaken by experts and reviewed by the stakeholders.

An impartial prioritisation technique should be applied to select which objectives (actions, projects etc.) will be given preference. Methodological consistency is vital to arrive at reliable results. There are many methods of setting priorities. The prioritisation methodology depends on what is being prioritised, the availability of data, the degree of participation in the strategy development, and the time and resources available. A good practice in setting priorities is to ensure maximum objectivity and transparency in the process.



The least desirable method is setting priorities by an ad hoc political or administrative decision, without consultation with the stakeholders or the experts. Even if the priorities are well justified, they are likely to create opposition simply because the stakeholders were ignored and feel their specific interests are not adequately reflected in the strategy.

Priorities can be set by experts, based on effectiveness analysis, cost-benefit analysis, feasibility studies or economic and expert appraisals. Expert prioritisation is particularly useful for setting priorities among projects and actions that can be monetised. It is less recommended for setting priority problems and objectives where value judgements play an important role. Professionally handled appraisals of actions or options create a solid basis for well-justified priority setting. It is difficult to argue with the priorities set in such a process. However, this approach also loses the element of ownership. This is likely to lead to some opposition undermining the results of the expert analysis or referring to alternative studies that have conflicting results. There is also an analytical problem with the expert approach. To select priorities, the effectiveness of options and actions must be compared. The most reliable way of making the comparison is to express the costs and benefits of each action in one unit, e.g. in monetary terms or in physical units. In specific policy fields, e.g. environment, culture, education, this leads to controversial results, such as monetisation of benefits or skills gained in specific projects, putting a money value on natural or cultural objects, on knowledge, etc.



A simplified method, i.e. simple voting, could work as follows:

- First step: everybody is invited to put 5 marks (stickers or points...) on the suggested objectives he or she finds most important.
- Please count the marks and list the five suggestions with most of the points, or marks.
- Ask the stakeholders to discuss this list.
- Try to find an agreement on the listed priorities.
- The best is to adopt a written agreement, even signed by the major.



In an exemplary voting, the participants might score the objective “to create new jobs in new sectors” highest with 10 points. Therefore, this is chosen as top priority. Only 4 points might be given to the objective “to strengthen the cooperation...”, which thus becomes the least important objective. If a final agreement is needed, this ought to be signed by the mayor or city council.



For complex policy field strategies a more detailed methodology is far more recommendable. It will be explained in the following pages: ⁴

“A stakeholder Delphi approach offers an interesting alternative to experts setting priorities, and it will be discussed in greater detail. It is particularly useful for choosing among problems and objectives. It is usually based on a system of prioritisation criteria, scoring and weighting. The advantage of this approach is that it builds ownership of results through participation, transparency and objectivity, and it allows setting priorities among various types of actions.



The process consists of the following stages:

- A SELECTING PRIORITISATION CRITERIA;
- B SETTING WEIGHTING SYSTEM;
- C SETTING SCORING SYSTEM;
- D DOING THE PRIORITISATION EXERCISE WITH A GROUP OF STAKEHOLDERS.



Expert involvement in the stakeholder prioritisation process is particularly important at the stage of selecting the prioritisation criteria and scoring system. These methodological stages are relatively complex, and expert advice is particularly useful. Each of the four stages is described below. The aim is to provide guidance for the programme officer/co-ordinator and/or facilitator.

If the co-ordinator or facilitator is not familiar with the method, it is recommended to practice the method several times to gain sufficient familiarity.

⁴ ibd., pp. 29-32

A. SELECTION OF PRIORITISATION CRITERIA



The credibility of the stakeholder process for setting priorities depends largely on the proper selection of prioritisation criteria. A criterion is useful when it can allow the evaluation of an objective. It is not an objective itself, but has to be measurable by indicators. A range of prioritisation criteria might include:

- total or annual costs, and related user fees or taxes;
- benefits for the policy field (environmental, educational, infrastructural) etc.;
- health benefits;
- jobs creation and potential job losses due to reduction of redundancy in the system;
- institutional capacity improvements;
- cost effectiveness and financial sustainability;
- size of beneficiary population, and impact on those living in poverty;
- creating a basis for implementing other goals or actions;
- social acceptability.

B. SETTING THE WEIGHTING SYSTEM

The criteria are not of equal weight. Some are more important than others, depending on the public values of the local stakeholders and the larger national or regional values. Thus, a weight needs to be attached to each criterion to acknowledge the differences in their importance.

A useful way of determining the importance of evaluation criteria is to ask the stakeholders to decide. A simple technique is to ask the stakeholders to place a dot on those criteria they find most useful. A good practice is to provide dots for about 60 per cent of the criteria. For example, if you have a list of 15 criteria, provide nine dots to each participant. One person can put only one dot per criterion. Count the number of dots allocated to each criterion. This gives each criterion a weight. Those criteria that were given no dots are excluded from the list. For the ease of further calculation it is useful to divide each criterion by the criterion with the lowest score, so that this one receives a weight of '1'. For instance, if the lowest criterion scored five dots and the highest criterion scored 20 dots, following the calculation the lowest criterion receives weight $5/5=1$, and the highest criterion receives weight $20/5=4$.

C. SETTING THE SCORING SYSTEM

Apart from having a specific weight that reflects its importance, each criterion requires a scoring system to allow quantifiable evaluation. The general guidelines for preparing a scoring system are:

Wherever possible quantitative values should be applied. These include financial units, physical units, etc. If that is not possible, and in many cases it will not be, put qualitative values in a well-defined hierarchy (for instance: none – low – medium – high).

Criterion: Estimated total cost in Euros:	
> 1 million	score 1
0.5 million - 1 million	score 2
0.2 million - 0.5 million	score 3
< 0.2 million	score 4
Criterion: Policy field benefits (educational, environmental, etc.):	
None	score 1
Low or indirect	score 2
Medium	score 3
High	score 4
Criterion: Size of beneficiary or affected population:	
0 – 25%	score 1
25 – 50%	score 2
50 – 75%	score 3
75 – 100%	score 4
Criterion: Social acceptability	
None	score 1
Low	score 2
Medium	score 3
High	score 4

Illustration of a scoring system.

D. DOING THE PRIORITISATION EXERCISE WITH A GROUP OF STAKEHOLDERS

When the evaluation criteria are selected, the weights are attached to each criterion, and the scoring system is set, stakeholders can set the priorities. Each objective, or action if actions are prioritised, is analysed using the prioritisation criteria. Each objective or action evaluated receives certain results from each criterion. For example, it has scores on total costs and policy field benefits. The individual result per criterion is obtained by multiplying the score by the weight attached to the criterion (which reflects its importance). The results from each criterion are then added up to obtain a specific number for each objective.



When this task is complete, each objective or action evaluated is given a specific priority result. The final step is to list all objectives or actions in the order of priority from top to bottom.

If a final agreement is needed, this ought to be signed by the mayor or city council.“



Several conclusions ought to be drawn: There is no standard methodology that can be applied to all cases of priority setting. Priority setting requires a tailor-made methodology, which will be different in relation to problems, objectives or projects. Priority-setting is useful when objective and transparent methods are applied. The least desirable is priority-setting by politicians ignoring expert advice and stakeholder interest. A useful methodological combination is to link an expert approach with a stakeholder process and use multicriteria analysis. Monetary quantification is controversial when it comes to evaluation of environmental and social costs and benefits.



It is the time to inform the public about the milestones you have reached. Very important milestones have been reached until now:

- a vision has been formulated;
- stakeholders, politicians, administration staff and mayor have agreed on the process and its objectives;
- an analysis has been undertaken;
- goals have been developed, based on the analysis
- priorities have been set and agreed on.

With these results you ought to inform the press in order to reach the public and gain its support.



This exercise should be done for/by each policy field separately!

- Develop a list of problems and opportunities in your policy field and present a cause-and-effect chain.
- Develop a list of opportunities in your policy field.
- Propose a long-term vision for services and infrastructure in your policy field. Take contemporary knowledge into account.
- Develop major goals and objectives.



DEVELOPING THE STRATEGY AND STRATEGY TABLE



This section deals with the following questions:

- What can your strategy look like?
- Which options for actions can be identified?
- Which projects can be formulated?
- How can you take decisions on your programmes?



By now you have developed a long-term vision for your policy field. Goals have been set up and ranked. Measures have been proposed, and objectives have been sketched and prioritised.



The next stakeholder meeting is to be prepared and held. In order to make this meeting a success and not to waste time on too much repeated clarification and discussion, the invitation ought to include a summary of what has been achieved, i.e. the vision of the policy field under discussion; the ranked goals with proposed measures; and the proposed (ranked) objectives (one or several) for each of the goals.

In the meeting as such you ought to confirm the mutually agreed vision, the ranked goals and related measures as well as the ranked objectives. Once more you ought to clarify the difference between goals and objectives. Goals show only the direction of a change, e.g. the goal to improve the labour opportunities for your people in your city, whereas the objective very specifically says what is to be achieved, i.e. to diminish unemployment in a specific group of young people.



Clarify the difference between measures and targets. A measure is an indicator of change, i.e., for example, the percentage of unemployed young people. A target is the value of this indicator, for example, you would like to decrease unemployment of young people to under 70%.

Furthermore, you should use the third stakeholder meeting to review your goals and objectives and approve the ranking. Results of the last stakeholder meeting ought to be presented. Goals, objectives and their ranking ought to be discussed and finally approved. The results will be integrated into, ideally, a strategy document and strategy table. A brainstorming ought to follow to find the most effective ways to reach the objectives. Finally, programmes and projects to be prepared in the future will be proposed.



When preparing your strategy bear in mind that programmes follow objectives and goals. The vision is first. Strategic goals follow the vision. And every step is goal-orientated.



The Cities of Change network member Smolyan (Bulgaria) formulated its vision: “Transforming Smolyan into a priority destination in the region....“ Several goals resulted from this. One of the goals is: “Improvement of living conditions in the city to stop the decrease of population and increase tourist attractiveness of Smolyan municipality.“ Oriented towards this number-one goal Smolyan developed the following objectives: “1.1. Improve basic water and waste water networks in the municipality, 1.2. Improve roads standards” and so on. Other objectives followed the other goals. And finally Smolyan set up programmes and projects which are goal- and objective- oriented: “1.1. Improvement of water and waste water infrastructure program,... 1.2. Road and streets modernisation program“ and so on.



Next you need to formulate programmes. The main question is how to reach a certain objective? Options for actions should be identified. This should again be done in stakeholder meetings. If you have several suggestions on actions you need to prioritise again. This prioritisation should be done with clear criteria. The administration should provide mayor and politicians with answers to the following questions (the best is to present them in a table):

- What action would be the most important and probably the most urgent one to be put in practice?
- What action would be sustainable?
- What are the costs of each proposed action?
- What are further consequences?

The decision of the right priorities of actions should be made by mayor and council. After the decision a concrete programme should be worked out.



Don't forget the following two crucial points:

- Involve stakeholders and politicians – try to find an agreement on your strategy!
- Inform the public by way of good PR activities. The question should be: How to communicate with the citizens? They should identify themselves with the city and its future plans and know that the city's decision-makers are aiming at improving their quality of life. They should know the strategy – and support it!

Ideally the strategy should be documented, published and consulted upon at several stages. First during the process itself (draft discussion) and once the data analysis is done and the audit of local actions is completed. Publication and oral discussion in a town hall setting of this work, together with express intent to develop a specific policy field strategy will, if appropriately publicized, bring ideas and inputs from the broader community. Once the strategy has been finally agreed, right down to project selection, then it should once again be published, so that those in the community not directly involved may understand what is happening and so they may monitor the progress. These documents should be made accessible to all members of the community, through new media such as a web site as well as traditional, printed, radio, city hall and other formats for those sections of the community that prefer and/or need to use this medium.

Feedback on the policy field strategy should both be encouraged and taken into account. In communities where stakeholder participation has been particularly limited, the strategy document really needs to be developed in draft format and used as the basis for further consultation before finalization of the policy field strategy.

This exercise should be done for/by each policy field separately!

Warming-up exercise:

- Choose one of the goals established, and objectives developed, in the last exercise to reach this goal.
- Set up the measures to achieve these objectives.
- Propose a list of potential actions which can lead to reach the specific objectives.

Detailed exercise:

- Develop a list of possible actions for at least two chosen objectives.
- Develop a strategy table with listed projects.
- Develop short characteristics for at least three chosen projects.



5.3.4 STEP 4. Implementing the Strategy



The questions left for this section are the following:

- What should your action plan look like?
- How to harmonise your action plan with your budget planning?
- How can you measure the progress of your strategic management process?



It seems to be an easy exercise. Yet in fact many municipalities have difficulties exactly at this stage. They are good in formulating visions, goals and objectives, in gathering and analysing information and data, and in formulating options for actions.

The next step, however, putting projects and actions in practice, seems to be the most difficult one. Nevertheless, without these steps you will not be successful, you will not improve anything. “Practice is the best of all instructors.”

WHAT HAS BEEN ACHIEVED UNTIL NOW?



The most important actions have been specified; measures to monitor the progress and later on evaluate the success of the process have been set up; general descriptions of those projects which have been considered most effective to implement the strategy have been prepared.



Once the programmes and projects have been selected implementation planning begins. The implementation plan lays out budgetary, human resource, institutional and procedural implications of implementing the policy field strategy. It thus integrates all projects and programmes within a policy field strategy.

The specified projects need to be developed further, taking more details into account. The specific action plan lays out a hierarchy of tasks, responsible parties, realistic time tables, human resource and financial needs, sources of funding, expected impacts and results, performance measures and systems for evaluating the progress of each project.

The implementation plan acts, in the final instance, as a mediator between various projects and their action plans to ensure that these do not inappropriately compete for resources. It also provides information for monitoring and evaluation to all parties involved, in particular the CEO/mayor who must report to higher levels of government and to the community.

Depending on the sector, often comprehensive policy field strategies are delivered through public/private sector partnerships that are strongly driven or led by the local authority. The private sector is often keen to manage initiatives aimed at improving the vitality and viability of the town to be involved with city development initiatives. Community groups may seek to lead initiatives to improve the living conditions of a specific target group of disadvantaged individuals.

Strategy implementation is never as clear-cut as the strategy development itself. It often takes longer than expected and involves a consistently changing environment. Within each project and programme that is being implemented, strategic thought will occur at every step of the way. This will often focus on how to best advance the project in an often rapidly changing environment.



Key issues to consider in the implementation plan are:

- Who takes responsibility for each programme or project?
- What are the targets in terms of outputs, timing and funding?
- What steps need to be taken to achieve the targets?
- What will be the reporting structures and communication strategy (including to stakeholders)?
- What are the performance monitoring and evaluation systems and processes?
- What has to happen to ensure they are in place and used?
- What are the budgetary and human resource requirements for the sustained delivery of the project or programme?
- What are the institutional implications of the programmes and projects, including:
 - a. any new internal procedures and processes of the local council;
 - b. the new departments/units/people or inter-departmental coordination that are required for the fulfilment of the project;
 - c. the effect of this on the capacity of a policy-field function which until now did not manage implementation;
 - d. the new skills required for the implementation of programmes and projects

WHAT SHOULD AN ACTION PLAN LOOK LIKE?



The following are important considerations for the Action Plan for each project:

- a hierarchy of tasks;
- responsible parties;
- realistic timetables;
- human resource and financial needs;
- sources of funding;
- expected impacts and results;
- performance measures and systems for evaluating progress for each project.



Action plans ought to be as concrete as possible. The main points are concrete activities and deadlines until when to fulfil certain objectives.



One problem is, of course, to finance the projects and actions of your policy-field strategy. One of the reasons for this is that local authorities often do not have a statutory responsibility to deliver specific services. When it comes to budget time, different policy fields are competing for scarce resources with each others. Sometimes, it is difficult for elected officials to justify spending scarce resources on a specific policy field because short time horizon responses are often perceived as more important than those policy-field initiatives that often have longer time horizons, and whose benefits may not be immediately apparent. For this reason, it is important to have political support and commitment to contribute resources by the community. It is also important that the Local Government Authorities see the policy field as a mechanism for supporting future sources of town development. A policy-field strategy must have a budget. This may be small at first with opportunities for follow-up funding. In selecting particular programmes and projects, care needs to be taken to ensure that funds are available for the entire length of each project as projects are likely to span several financial years. Forward or sustainability strategies should also be developed.

Harmonising the budget for your action plan with the general city budget planning is needed. You need to list the costs of your programs. Furthermore, the programmes and their underlying objectives should be visible in your budget plan – why not use an extra chapter, or an extra colour, for your priorities?



Moreover, applications to finance the projects are required. In order to apply to the city budget for financial means to realise the project it is best advisable to develop a standard form for such an application by which the investment for the project will be immediately included in the city budget. You also need to collect the required existing budget data. Finally you may have to undertake some preparations to develop a reliable plan and obtain the missing data.



Apart from that, a multiyear financial planning system is necessary. You need to answer the following questions:

- Which stages are to be paid separately?
- How much money does each payment require?
- When is payment foreseen?
- What resources does money come from?



Financial planning is a crucial task if you want to use the system of Strategic Management. First of all total expenditures have to be planned. In multiyear investment planning you should rank the projects you plan, including special projects. In a timetable you should show your expected annual expenditures of the projects.



Next you need to forecast what the city can afford. You will need a forecast of incomes, revenues and expenditures. How much money will flow into the budget in the next several years? And, on the other hand, how much do you want to spend for operation (delivering specific services)? The operating surplus are the budget resources to finance strategy implementation. It does not only depend on revenues and expenditures but also on the debt payment timetable, i.e. the amount needed to pay for liabilities. And finally, the non-budgetary municipal resources: Are there any non-budgetary resources the city can decide on to co-finance the strategy implementation of projects with?

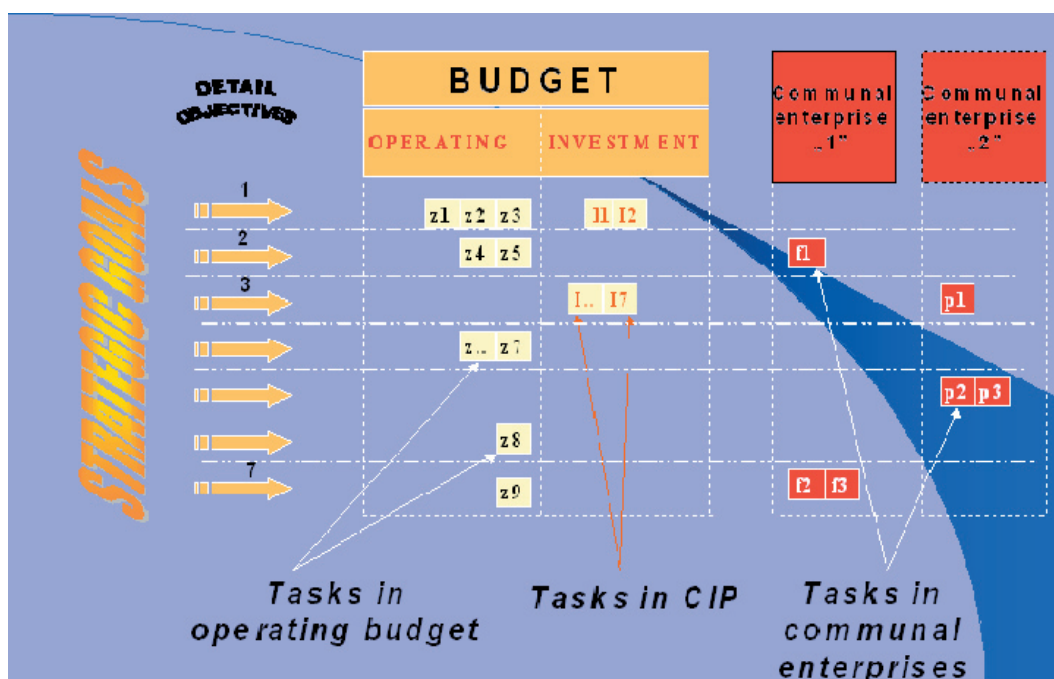
Sources of funding for policy-field initiatives include:

- local authority revenue raised from the usual sources including property taxes and user fees;
- sale or renting of local authority-owned industrial or commercial buildings and land;
- national and state government intergovernmental transfers;
- international donor grants and loans;
- private sector funding such as corporate contributions/investments;
- foundations, especially for environmental improvements, human resource initiatives and poverty alleviation.



The desired level of expenditure for the strategy implementation needs to be balanced against the available resources. Are there external resources to co-finance our city's projects, and at what conditions? Different options for the strategy need to be sorted out: How many projects from the ranking list can be afforded, and in what time should they be implemented? Can additional money be borrowed to increase the possibilities?

The multiyear financial plan needs to be coordinated with the multiyear investment plan to decide what will finally be undertaken, and how to finance it.





On the left side of this overview you see the strategic goals. In the centre and on the right side you see the different projects located in a table of the operating city's budget, of the city's investment plan and as tasks in communal enterprises. Project planning and implementation clearly needs to take the goals, on the one hand, and the financial resources, on the other, into account.

This exercise should be done for/by each policy field separately!

- Choose one of the projects described in the last exercise and develop an action plan using the form shown before (chart 78).
- Prepare a Gantt diagram to show clearly the timescale for each action.
- Develop a financial plan of the project in the form required by the city's long-term planning procedure.



5.3.5 STEP 5: Progress Evaluation



The final question is how to measure your achievements, how to evaluate the progress. This is necessary in order to improve your activities and to review your goals for future action.

The process of strategic management should lead to measurable results. These can be measured by indicators which you define in advance.

One part can be the data for your analysis from the beginning of the process. In our example we had the number of employed and unemployed persons. After the programs are put in practice, the results ought to improve after a while, maybe not right in the next year but not too late afterwards.

Another part can be indicators regarding the process itself. For example:

- the number of stakeholders continuing to participate in the meetings;
- number of press articles;
- etc.

There is a number of different indicators. The more precisely they are defined, the better they can be connected with quantifiable targets and the more valid will the evaluation results be.



Last but not least, at the end the goals and objectives set at the the very beginning must be reviewed. Have they been the right ones? Do they need to be changed? Is perhaps other data and information required?

Which lessons have been learnt during the strategic planning process? What was good? What was not that good? What should be changed and improved? This will help to improve the process in the future.

... and the Strategic Management cycle should be started again from the beginning...

6. Conclusion

Summing up – good management in the sense of Strategic Management involves:

- ensuring that vision, goals and strategies are determined in consultation with key stakeholders and the governing body;
- developing plans to ensure that the vision will be achieved;
- adjusting the strategy to changing external framework conditions or internal objectives;
- considering options and choices;
- effective and task-oriented management of financial and human resources.

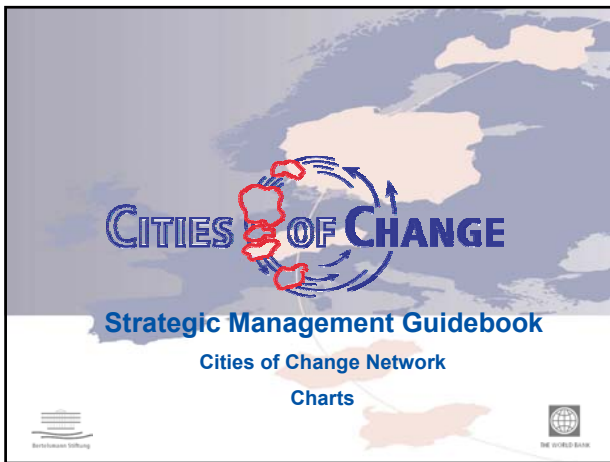
This will lead to clear definitions of individual and organisational performance and targets. A proper monitoring would then ultimately result in an evaluation of a certain success indeed achieved.

We hope that this small guidebook on Strategic Management will be helpful for your strategic planning and approach in your own municipality

Appendix: print version of the charts

The *Guidebook* is accompanied by a set of **powerpoint charts** to be used for training purposes. The English as well as the Bulgarian, Hungarian, Latvian, Polish, and Slovak versions of these charts can also be found on the CD-Rom.





Strategic Management and the Cities of Change Network

Responsibilities of Municipalities

- increased and direct competition in the global economy
- increased responsibility of local government
 - direct response to citizens' needs
 - ➔ participation (input)
 - ➔ good and affordable services (output)
 - ➔ good quality of life (outcome)
 - local response to global challenges
 - ➔ sustainable strategies based on a dialogue with and education of citizens

⇒ **sustainable cities:** livable, competitive, bankable, well-managed and well-governed (def. The World Bank)

Bertelsmann Stiftung THE WORLD BANK

Strategic Management and the Cities of Change Network

Specific Trends in CEEC

- decades of urbanization driven by forced industrialization, policy-produced “overurbanization” and unique urban structure (high portion of industrial land)
- legal, regulatory, institutional and financial framework and management capacity often not sufficient
- discrepancy between responsibilities and financial resources (tax authority, pricing of utilities and services)

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Strategic Management and the Cities of Change Network

Strategic Management and Good Local Governance

The term **Good Governance**

- first introduced by the World Bank
- a concept based on certain criteria, e.g. participation

The Bertelsmann Foundation developed **criteria for Good Local Governance** – strategic management is an important part of Good Local Governance.

Bertelsmann Stiftung THE WORLD BANK

Strategic Management and the Cities of Change Network

Strategic Management and Good Local Governance

Bertelsmann Criteria of Good Local Governance:

- common responsibility for democracy and quality of life
- common goals for a common future
- partnership for problem-solving
- efficient administration and effective cooperation between Council and Administration
- strategic management and transparency
- target-oriented input of resources and local budget
- innovation, knowledge and learning

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Strategic Management and the Cities of Change Network

Shaping the Future of the Municipality

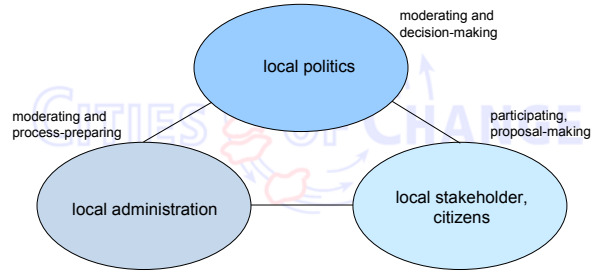
- How do municipalities maintain and improve the quality of life on the local level?
- How to reduce unemployment and social problems?
- How to develop the educational environment?
- How to protect the environment?
- ...

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Objectives of Strategic Management

- implementation of a holistic political steering process in order to achieve a better quality of life
- development of a more effective cooperation between local stakeholders
- better integration of citizens into the decision-making process

Cooperation between Local Stakeholders



Direct Benefits of Strategic Management

- facilitated access to EU (pre-accession) funds
- compliance with EU accession legal requirements
- improvement of citizens' quality of life
- improvement of working conditions of local administration - "avoid the firefighter's role"

7 Criteria for the Success of Strategic Management

- Strategic Management is the responsibility of the mayor.
- A broad part of local administration is involved.
- There is good cooperation between local stakeholders.
- Politicians are ready to take strategic decisions.
- Citizens' participation is confirmed as important goal.
- Information and data are collected to be analysed.
- An important step is the one towards concrete action plans and projects.

Strategic Management - A Cyclic Process!



Organisational Change is one Objective of Strategic Management.

- decentralisation of responsibilities & tasks
- clear organisational goals
 - transparency on costs & performance
 - competitive approach
 - efficient administration

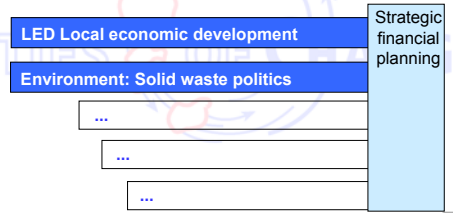
Step by Step: Examples for Using the Strategic Management Cycle

- STEP 1:** Organising the effort and formulating the vision
- STEP 2:** Gathering and analysing data
- STEP 3:** Strategy planning
- STEP 4:** Strategy implementation
- STEP 5:** Evaluation



Strategic Management in Several Policy Fields

The Cities of Change network has two clusters in which the strategic management concept is used. Other themes may follow in other cities.

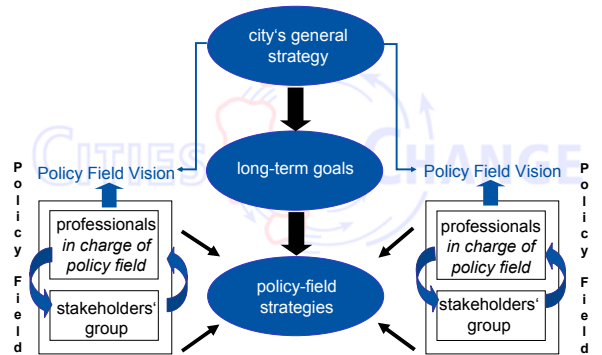


Summing up - Good Management Involves...

- ensuring that vision, goals and strategies are determined in consultation with key stakeholders and the governing body
- developing plans to ensure achievement of vision
- adjusting strategy to changing external framework conditions or internal objectives
- considering options and choices
- managing financial and human resources in an effective and task-oriented manner
- ☒ defined individual and organisational performance, targets & monitoring of achievements



Always bear in mind that ...



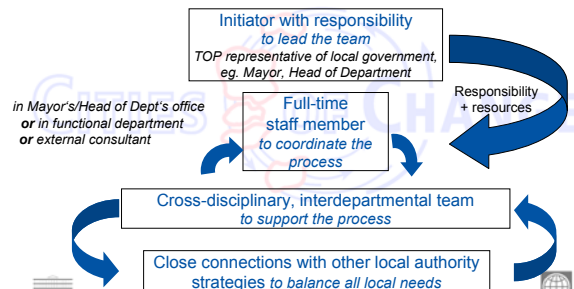
Questions

- How will you **organise** the effort?
- How can you start your **strategic planning process**?
- Who **could** be interested in further developing your policy? And whom **should** you involve? How?
- What would be the best suitable **vision** for your field (your department or your themes)?
- What are the **strengths** and **weaknesses**, what are major **problems** to be solved, **opportunities** to be used?
- What **information** do you need in order to know the position of your city?
- How can you **analyse data** and other information?



STEP 1: Organising the Effort

(A) Establish a local government staff team for this policy field.



STEP 1: Organising the Effort

- (B) Establish a **political process within the local government** that supports your ideas.
- (C) Develop a **stakeholder partnership group for a specific policy field / sector** to advise and support the process.



STEP 1: Involving Local Stakeholders - Management

Stakeholders are

- individuals, firms and/or organisations in the public, private and not-for-profit sectors.
- have an interest in and ability to contribute to strategizing and carrying out development in a particular field.
 - All are important.
 - Some will be able to participate more than others.
 - To determine:
 - Who are the key stakeholders?
 - What are their interests likely to be?
 - What is the best way to involve them in the activities?

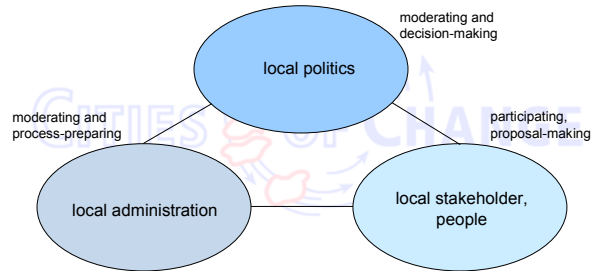


STEP 1: Involving Local Stakeholders - Benefits

- as main beneficiaries likely to be **most committed** to success
- **specialist knowledge** and **different perspectives** as well as professional, financial and physical **resources**
- **legitimisation** of the process
- **forestall problems**
- **best informed** about local problems and opportunities
- **non-government partners** likely to know much more than local government representatives
- strategies benefit from support of **higher tiers of government**
- volunteer effort established by involving **communities**
 - private sector creates development.
 - government usually merely a facilitator, whose chief task it is to motivate the stakeholders.



Cooperation between Local Stakeholders



STEP 1: Involving Local Stakeholders - Potential Stakeholders

Public sector

- local government (including technical departments)
- district or regional government
- sector boards and authorities (health, education, transport)
- zoning board
- institutions of research and higher learning
- utilities

Private sector

- large corporations
- trade Unions
- small, medium and micro-scale entrepreneurs
- land and real estate developers
- chambers of commerce
- news media
- other business support groups
- professional associations
- private utilities
- private education establishments
- think tanks

Community sector

- Community leaders
- neighbourhood groups
- community service organisations
- local educational institutions
- local religious institutions
- other NGOs, eg. Representing :
 - minorities, disabled and other disadvan-taged populations
 - environmental issues
 - cultural, arts, historic etc. interests
 - individual citizens

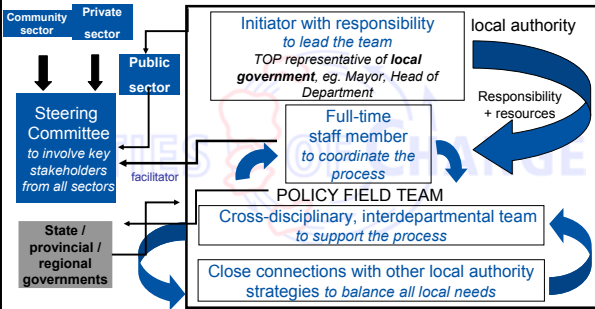


STEP 1: Organising the Effort

- (B) Establish a political process within the local government that supports your ideas.
- (C) Develop a stakeholder partnership group for a specific policy field / sector to advise and support the process.
- (D) Develop systems to cooperate with other levels of government to support the process.



STEP 1: Involving Stakeholders



STEP 1: What is the Team's Objective?

- to work out the vision for the future
- to develop and rank goals
- to find objectives to specify what local government shall focus on
- to develop measures for progress evaluation
- to propose projects to reach the objectives
- to develop some projects ready to be budgeted

STEP 1: Formulating a Vision - Why is a long-term view needed?

If you have no vision you neither can fulfill great hopes nor great plans.

Thomas Woodrow Wilson (1856-1924), 28th US-Pres (1913-21)

Vision = leading orientation for your future plans

- City's development often serves several generations.
- Improving the standard of services requires years.
- Management requires a long-term perspective.
- Public resources are always limited and highly insufficient.
- Actions need preparation and require time.
- Focus effort on most important goals to achieve results.

STEP 1: Vision

A vision has to be attractive, realistic and achievable.

The vision should **not** be created by city officials and staff **ONLY**.

Citizens' participation is crucial!

For example: the city of Delft (Netherlands)



STEP 1: Organising the Effort

(E) Undertake a diagnosis of the (business, cultural, educational etc.) development-enabling environment within the local government.

- How does local government help or hinder the process? Which rules and regulations do stakeholders need to observe? How does it work?

Methods: internal and external review

- to find out constraints and opportunities
- to develop an action plan to address key issues
- to streamline procedures
- to formulate "good" regulation

STEP 2: Gathering and Analysing Data

What information and data do you need?

- no need to gather a big quantity of data
- but gather the information you need.
- Think of your open questions!

for example:

- **question:** What is the situation in the labour market?
- **data:** number and kind (age, gender, education, etc.) of employed/unemployed people

STEP 2: Gathering and Analysing Data

Information and data can be:

- statistical data, indicators (*number of unemployed people*)
- opinion polls (e.g. answers to the question: "How satisfied are you with the quality of life in your city?")
- other information (reports etc.)



STEP 2: Gathering and Analysing Data

Data should include:

- number and characteristics of users (clients) which benefit from the service
- size and standard of infrastructure
- data characterising standard of services
- level of depreciation of the infrastructure
- information on costs of maintenance
- quality of infrastructure (Does it cover needs or not? Is the standard very low, middle or relatively high in comparison to what citizens would require?)
- technical information of contemporary technologies and costs
- data characterising the infrastructure and the service in other municipalities we use for comparison



STEP 2: Gathering and Analysing Data

Don't ignore one important group:

your "end users" = your citizens

What do citizens think about the current quality of services offered/delivered?

- Citizen survey



STEP 2: Gathering and Analysing Data

different ways to analyse information and data:

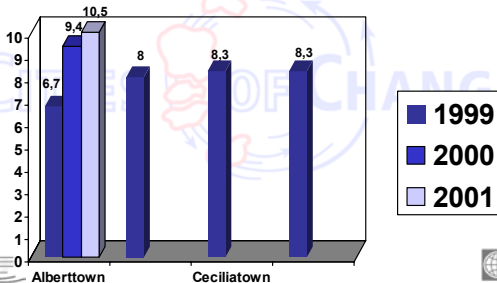
- compare your data with data from other cities or with data on the average of the country
- compare your present data with data from the last 5 years
- do a SWOT analysis

or combine all three approaches...



STEP 2: Gathering and Analysing Data

for example: Unemployment rate in Alberttown



STEP 2: Gathering and Analysing Data

SWOT Analysis

Strengths	Weaknesses	Opportunities	Threats
Alberttown is a big industrial city with a lot of human potential	Unemployment rate is more than 10% (very high)	Unemployment rate once was low -> changes are again possible	one industrial sector is going to crash down: coalmining
...



STEP 2: Setting up the Institutional Arrangement

You should now have

- a leader to back your initiative
- a policy-field team
- a clear idea of a vision
- a list of identified stakeholders
- information and data



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STEP 2: Setting up the Institutional Arrangement

- Define the timescale.
- Define the required resources.
- Prepare a draft of detailed plans of the meetings.
- Inform the public about the work on the long-term strategy in the sector.
- Create a set of indicators for your policy field.



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STEP 2: Finding Agreements – Roundtables of Stakeholders

- invite stakeholders as well as municipal politicians
 - to take part in regular “round table” meetings - for example every three months,
 - or to participate in one initial workshop.
- make clear what the stakeholders can or cannot expect
 - Final decisions will always be made by politicians and the mayor.



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Content of the First Stakeholder Meeting

- (1) brief presentation by the leader:
 - what will the group undertake?
 - what for?
- (2) presentation of the hard data collected
- (3) presentation of draft workplan for the stakeholders' group
- (4) discussion – conclusions should include:
 - missing data;
 - remarks on/approval of the workplan;
 - next meeting: tentative agenda, date, hour, place and length;
 - any other comments from stakeholders.



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Before you Start...

- Is the mayor standing behind the process and your plans?
- Is enough and relevant administrative staff involved?
- Have the media been informed?
- Is your organisational framework and time planning well prepared?
- Are responsibilities and workshare clear?



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Questions

- What are the right goals for your department or policy field?
- Which objectives do you want to reach by way of strategic management?
- Which measures allow you to monitor and evaluate the progress?
- What priorities should be set for the city?



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Content of the Second Stakeholder Meeting

Aims of this meeting:

- confirmation of long-term vision
- presentation of information and data analysis (e.g. SWOT analysis)
- establishment of goals and objectives
- proposition of measures to monitor and evaluate the progress
- ranking of goals, objectives, measures

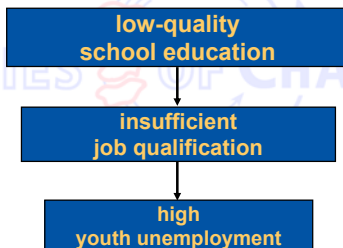


Step 3: How to Find the Right Goals and Objectives

- Hold a brainstorming based on the analysis. Main questions:
 - What are the major problems?
 - What are the major opportunities?
- The brainstorming results should be noted on a flipchart or on cards which are going to be collected on a paper wall (flipchart or else).
- Group and scrutinise them.
- Analyse causal relationships: Identify causes for other problems!



Step 3: How to Find the Right Goals and Objectives – An Example of a Cause-and-Effect-Chain

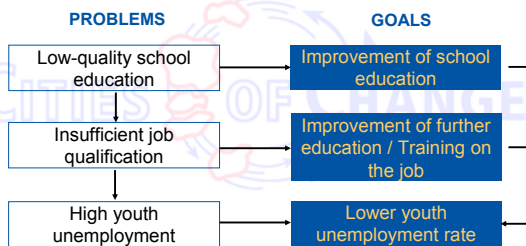


Step 3: How to Find the Right Goals and Objectives

- THINK POSITIVE - from problem-orientation to goal-orientation!
 - What could be solutions to the problems?
 - What goals ought to be achieved?
 - Into what goals can opportunities be transformed?



Step 3: How to Find the Right Goals and Objectives – Ex.: Cause-and-Effect-Chain ⇒ Goals



Step 3: How to Find the Right Goals and Objectives

Please consider the differences:

- VISION** is a long term consensus on the future of the community.
- GOALS** are based on the overall vision and specify desired outcomes of the planning process.
- OBJECTIVES** are concrete targets which are time-bound and measurable.



Step 3: How to Find the Right Goals and Objectives – Example: Goals ⇒ Objectives

GOALS

Improvement of school education

Improvement of further education / Training on the job

Lower youth unemployment rate

OBJECTIVES

- improve teachers' training
 - smaller school classes
 - individual support
 - target orientation (which qualifications are needed in the job market?)
 - ...
- practice-oriented job offers for unemployed youths
 - internships in firms
 - "dual system" of certified job training
 - ...



Step 3: How to Find the Right Goals and Objectives

Please consider the differences:

PROGRAMMES

are the "umbrella" under which projects are selected and should aim at changing the policy field's environment so as to enable development/progress in the policy field.

PROJECTS

are activities, orientated at vision, goals and objectives. They must be prioritized and costs must be established. They are time-bound and measurable.



ACTION PLAN



Step 3: How to Find the Right Goals and Objectives - Example: Objectives ⇒ Impact

Objectives

- improve teachers' training
- smaller school classes
- individual support
- target orientation (which qualifications are needed in the job market?)
- ...

- practice-oriented job offers for unemployed youths
- internships in firms
- "dual system" of certified job training
- ...

higher education level

- better qualified workers/ employees as incentive for (non-local/international) companies to establish businesses/branch offices in the area ==> economic development
- raised interest in cultural affairs ==> better cultural offer (theatre, concerts, etc.)



Step 3: Prioritisation

- Why do we need to set priorities?
- What can be prioritised?
- Key considerations in priority setting
- Methodological recommendations



Why do we Need to Set Priorities ?

- to minimise bias and lobbying in decision-making
- to achieve maximum objectivity and transparency in making strategic decisions and in allocating funds
- to enhance credibility and transparency of the strategic planning process
- to structure our thinking about problems, objectives and projects
- to compare cost and benefits of alternative actions
- to choose most cost-effective course of actions
- to allocate scarce resources to key areas



What Can be Prioritised ?

- key problems in order of importance/severity
- objectives that need to be most urgently addressed (e.g. *reduce the rate of unemployment or improve quality of drinking water*)
- actions supporting objectives (*usually large number of actions are required to achieve objective of e.g. improving air quality in the city*)
- long list of projects (e.g. *list of investment projects that require municipal funding*)
- project alternatives (e.g. *should we increase separate waste collection applying multi-bag system, bring-sites or home composting*)



Illustration of a Simple Stakeholder Multicriteria Method:

Criteria Objectives	Total cost (weight 4.8)	Environmen- tal benefits (weight 3.0)	Size of population (weight 2.0)	Social Accepta- bility (weight 3.5)	Score
Extend waste collection to all villages	(4x4.8) 19.2	(3x3.0) 9.0	(1x2.0) 2.0	(4x3.5) 14.0	44.2
Clean up all illegal dumpsites	(3x4.8) 14.4	(4x3.0) 12.0	(2x2.0) 4.0	(3x3.5) 10.5	40.9

Conclusions

- no standard methodology for all cases of priority setting
⇒ Priority setting requires tailor made methodology.
- Priority setting is useful when **objective and transparent methods** are applied.
- The least desirable is priority setting by politicians ignoring expert advice and stakeholder interest.
- **Useful methodological combination** is expert approach and stakeholder process using multicriteria analysis.
- Monetary quantification is controversial.

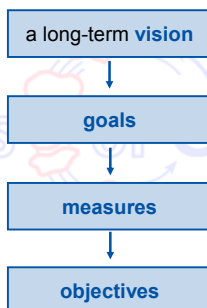
Inform the Public of Milestones You Have Reached

- A **vision** has been formulated;
- stakeholders, politicians, administrative staff and mayor found an **agreement** on the process and its objectives;
- an **analysis** has been undertaken;
- **goals** for the policy field, themes or department have been developed;
- **priorities** have been set and agreed on.

Questions

- What can your strategy look like?
- Which options for actions can be identified?
- Which projects can be formulated?
- How can you take decisions on your programmes?
- ...

What has been achieved until now?



Content of the Third Stakeholder Meeting I

Aims of this meeting:

- Confirm vision, (ranked) goals, measures, (ranked) objectives.
- Clarify difference between goals and objectives and give examples (from your policy field).

example:

goal ⇒ direction of changes ⇒ improve labour opportunities for young people
 objective ⇒ specific achievement ⇒ diminishing unemployment in a group of young people

Content of the Third Stakeholder Meeting II

- Clarify the difference between measure and target and give examples (from your policy field).

example:

measure ⇒ indicator of a change ⇒ percentage of unemployed young people

target ⇒ specific value of indicator ⇒ percentage of unemployed young people should be below 70%

- Review goals and objectives and approve ranking:
 - Place results in a **strategy table**.
- Brainstorming: **What are the most effective ways to reach the desired objectives?**
- Propose programmes and projects to be prepared.



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STEP 4: How to Prepare a Strategy Table

The vision is first - every step is goal-oriented.



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STEP 4: How to Prepare a Strategy Table

Vision	Goals	Objectives	Programs
Transforming Smolyan into a priority destination in the region...	1. Improvement of living conditions in the city to stop the decrease of population and increase tourist attractiveness of Smolyan municipality	1.1. Improve basic water and waste water networks in the municipality 1.2. Improve roads standards 1.3. Revitalization of the central and interesting places of the city and improving their aesthetic to be more attractive for citizens and tourists 1.4. ... 1.5. ...	1.1. Improvement of water and waste water infrastructure program to diminish environmental pollution, ... 1.2. Roads and streets modernisation program ... 1.3. "Beautiful Bulgaria" Program to begin a long term action to improve remarkable aesthetics and public functions in the city center and other places of interest 1.4. ... 1.5. ...



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STEP 4: How to Formulate Programmes

How to reach a certain objective?

- Identify options for actions.
- Define priorities:
 - most important and probably most urgent action?
 - sustainable action?
 - costs of each proposed action?
 - further consequences?
- Decision made by mayor and council.
- Work out a **concrete program**.



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Don't forget...

- to involve stakeholders and politicians - try to find an agreement on your strategy table!
- to inform the public by way of good PR activities!



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Questions

- What should your action plan look like?
- How to harmonise your action plan with your budget planning?
- How can you measure the progress of your strategic management process?
- ...



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STEP 4: Project Implementation

Practice is the best of all instructors.

Publius Syrus

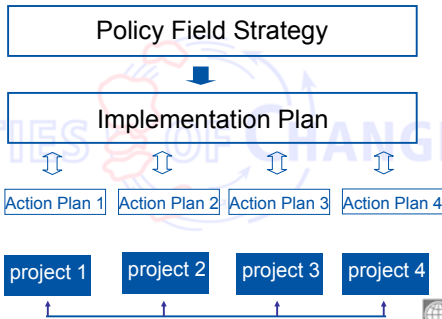


What has been done until now?

- most important actions specified
- monitoring and evaluation measures set up
- general project descriptions prepared
- ...



STEP 4: Project Implementation



Step 4: Prepare the Implementation Plan

Components of an implementation plan:

- responsibility
- targets
- steps to achieve the targets
- reporting structures and communication strategy
- performance monitoring and evaluation systems
- how to ensure they are in place and used?
- budgetary and human resource requirements
- the institutional implications



Step 4: Prepare the Action Plan

Components of an action plan:

- hierarchy of tasks
- responsible parties
- timetables
- human resource and financial needs
- sources of funding
- expected impacts and results
- performance measures and evaluation systems



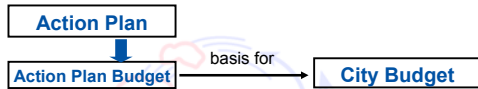
STEP 4: Developing an Action Plan

One Example

Project	Activities	Responsible	Cooperation	When	Comments
1. Qualification for jobs in "new sectors"	Round table with business, school directors, politicians, experts...	Head of School Department	Mayor	- April 4 - end of June	
	Research on "new sector" opportunities	Head of School Department	Institute for research	now until end of May	
	Seminar programs	Xy	Labour office, Education institute,...	May/June	To be discussed with Round table and Commission
2.



STEP 4: Financial Planning



- ⇒ list the costs of programmes
- ⇒ make programmes and objectives visible in the budget plan

Step 4: Prepare the Financial Plan

Development of application for financing the projects:

- develop standard form for application to include investment projects into the city budget
- collect the required existing data
- undertake preparatory work to develop reliable planning and obtain missing data

STEP 4: Multiyear Financial Planning

- **Which stages** are to be paid separately?
- **How much** money does each payment require?
- **When** is payment foreseen?
- **What resources** does money come from?

STEP 4: Financial Planning

Planning of total expenditure to finance strategy implementation

- Multiyear Investment Planning
=> rank the projects
- desired capital expenditure timetable

STEP 4: Financial Planning

Forecast what the city can afford

- forecast of revenues
- forecast of operating expenditures
- operating surplus
- debt payment timetable
- non-budgetary municipal resources

STEP 4: Financial Planning

Balancing of desired level of expenditure for strategy implementation with available resources

- available external funds
- analysis of variants
- planning of debts
- Multiyear Financial Plan

Alexander Wegener

Quality of Life – A Survey among the Cities of Change

Based on a research project
by Ryszard Cichocki

A Knowledge Product of

CITIES OF CHANGE



THE WORLD BANK



Bertelsmann Stiftung

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The exclusive owner of the data for the city of Poznan is the Quality of Life Research Centre, Adam Mickiewicz University, Poznan.

The exclusive owner of the data for the other nine cities is the Bertelsmann Foundation, Gütersloh.

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1. Assessing Quality of Life in communities

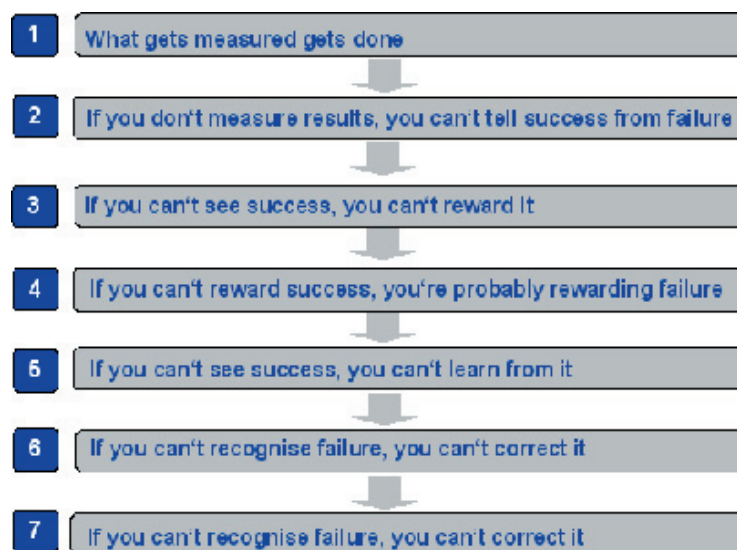
In a recent editorial, the problems with citizen surveys have been well described: “Ask five people what they think quality of life means and you’ll probably get five different answers. Now imagine asking a whole city’s worth of people that question. Yet this is the job that local government leaders face - understanding and trying to balance the diverse ideas of quality of life held by a diverse population.”

The same is true for an assessment of quality of life in communities. The perceived quality of life is an individual evaluation, bringing together existing private and public facilities, services, infrastructure, individual well-being and individual values. How can this mixture of objective and subjective data and impression give any valuable information for decision-makers?

1.1 Why are citizen surveys relevant for strategic management?

Citizen surveys are based on indicators. You have to know what you are measuring and you always have to keep in mind to which political goal the relevant indicator is attached to.

Indicators are tools that measure, simplify and communicate important information, issues and trends. They are valuable in providing a benchmark against which future progress can be measured. Indicators can help people understand the breadth of local sustainable development issues – quality of life – and the relationships between them. Those using indicators have found that they are invaluable not just as a means of **measuring progress**, but as a tool to **raise awareness** of the key issues among the public and policy-makers, and to **help people - citizens, politicians and municipal staff - understand what they themselves need to do.**



after Osborne and Gaebler, 1992

Exhibit 1: What gets measured gets done

Citizen surveys provide people another access to politics and policies in addition to democratic elections, and they are not limited to specific groups of citizens – like party members or active residents. Citizen surveys, carefully designed and regularly repeated, may provide both the Council and the administration with valuable information on current satisfaction with municipal and private services, identify future problems and challenges.¹

Citizen surveys may thus support the availability of data – but how to use data in the day-to-day management and within political decision-making?

The Bertelsmann Foundation developed in the early 1990s a strategic management circle, which served as an orientation for several projects initiated by the Foundation. The circle is based on the assumption, that successful, effective political steering and efficient administrative leadership is based upon a vision, subsequent political goals, whereby indicators serve as “flags” – giving information, whether measures and programs being delivered by the municipal administration and other local stakeholders contribute to the identified goals or not. So indicators form the base. However, there are several approaches for the use of indicators:

- marketing,
- general information,
- policy learning.

Indicators aiming at marketing aspects naturally do not emphasize negative or problematic aspects of a community. That alone does not mean that further promoting measures or policy learning cannot be derived from the given information. But there is a probability that holistic or sustainable aspects would be dropped for external purposes. There are quite a few Quality of Life indicator programs that serve marketing purposes only. Examples can be found throughout the world, where cities use some information of a “Survey“ for local political marketing.

Another, often initial, purpose of indicator programs is the provision of generally accessible information for individual use or the definition of a status quo. An indicator set of that kind, like those aiming at marketing, would comprise indicators that are simply out of reach concerning influence by local authorities. On the other hand, indicators like this can offer information for the local press, promoting a general vision process or produce political pressure.

Policy learning is one idea behind the use of indicators. Policy learning is the result of reaching out for better measures. Policy learning, however, is not necessarily connected to indicators. The goal is to trigger the biggest influence on the indicator by using the most efficient measure(s). These measures might be identified through knowledge exchange with other local governments. The problem is, however, that the value of an indicator is not connected with the appropriateness of the measures behind. A local government with a “disappointing” indicator value may have developed innovative measures to cope with the problem, but external factors dominate the overall value.

¹ The Bertelsmann Foundation included citizen surveys as one tool among others to support “good local governance” (Find more information at www.cities-of-tomorrow.net/docus.html, the website of the former “Cities of Tomorrow” Network).

For example: A local government that never experienced bigger unemployment usually does not have specific knowledge how to reduce unemployment. The indicator for unemployment, however, is quite low and thus indicates a “good performance”, while local governments that suffer from high unemployment may have developed innovative measures, but cannot reduce the indicator significantly, neither “learn” from the well performing community. Policy learning is not linked to the value of an indicator.

Policy learning is the goal of the whole exercise. Quality of life can be expressed in some numbers, but the relevant aspect is whether the data collected – quantitative or qualitative data – helps politicians to develop policies, create new programs to target local concerns.



Exhibit 2: The Strategic Management Circle

In a strategic sense, indicators should be embedded in a performance plan and should serve as “flags” for future policy decisions. Quality of life is not limited to municipal programs and measures, and indicators should not be limited to municipal action, but include community concerns beyond direct influence of local government. Politicians have to control not only the day-to-day performance of municipal services, but also the overall picture of community concerns.

The strategic management circle should not be regarded as a ready-to-use template for strategic management. The circle underlines the importance of reliable data for effective political decision-making in local governments. One possibility to obtain additional information are citizen surveys.

1.2 How to assess citizen opinion with indicators?

“The core to the successful use of quality of life indicators is that they reflect citizens’ agreed views on what makes for a good quality of life in the city.”



How should citizen opinions be collected? Most cities make use of city generated data (statistics, polls and citizens’ surveys) collected locally. This is usually the case where an indicator was chosen that relied on new information being collected. However, many of the indicators used are chosen because there is existing data available either from city, state, national government or other outside organisational sources. Many cities are collecting data yearly; some information is collected monthly or weekly. Most cities’ staff do the bulk of the data analysis and evaluation; a few involve outside consultants, regional councils and citizen groups.

How Were Indicators Developed? Indicators are developed best through group discussions, a community strategy process, or through a nationwide process to develop indicators. The core to the successful use of quality of life indicators is that they reflect citizens’ agreed views on what makes for a good quality of life in the city. This can either be achieved by having extensive community and citizen involvement in developing indicators, or by having civil servants and elected officials work through the choice of indicators based on a previously developed (with community participation and involvement) “vision” for the priorities for quality of life and wellbeing in the city.

What quality of life is, depends on the views of local citizens. There is no general set of indicators that reflects all over the world the content of quality of life.

Citizen surveys can differ by type of information they are designed for:

SATISFACTION SURVEYS

This type of survey asks citizens how satisfied they are with existing services and facilities based on the performance. Usually, satisfaction surveys are limited to some services and facilities run by a single municipal department. These surveys focus on customers and results can be used for improving existing surveys. However, there are some important aspects to be considered when designing a satisfaction survey: Questions should not be formulated by the producing unit only; instead, a so called customer focus group, consisting of a small sample of customers, clients and non-users can add considerable value to satisfaction surveys and can avoid the problem of “constructed satisfaction” (see box 1). The problem of constructed satisfaction occurs, when the design and the type of questions will likely result in a too positive view of a service or facility being surveyed. In addition, satisfaction surveys do not provide information why citizens are satisfied, and why they are not.

A question in a typical satisfaction survey could be:

“How satisfied are you with the local refuse collection?”

Answers could be a scale between “very much” and “absolutely not”. The problem is that a result of, for example, 85% of respondents are very much or much satisfied, gives no hint why the other 15% of respondents are not. Is it within a specific area? Is it a specific group of people, for example elderly people? Too many questions, sometimes even more than before, remain unanswered when a questionnaire asks only for satisfaction.



Box 1: Problems of satisfaction surveys

PROBLEM-ORIENTED SURVEYS

Another type of citizen surveys are surveys which focus not only on performance issues, but on individual needs, assessments of individual perceived quality of life. These surveys are usually more explorative and their results offer information for future policy formulation, while satisfaction surveys offer information on program or facility performance only.

The more often a local government runs surveys, the more detailed and focused surveys can be designed. There are a number of leading-edge local government that know well the problems and needs of specific citizen groups, specific areas and can allocate municipal services according to articulated needs, rather than to provide a “one size fits all service”.

In 2002, the Bertelsmann Foundation organised a workshop on quality of life programs by local governments. Some examples of municipal can be found at www.cities-of-tomorrow.net, and some examples are presented here: The City of Charlotte developed an interesting approach to collect data in sub-local statistical units – the “City within a City approach”. Although the data collection is limited to some key indicators, the city is able to locate problem areas and growing or decreasing problems (see box 2).

Addressing Quality of Life in Charlotte, North Carolina


The 2002 Neighborhood Quality of Life Study evaluates Charlotte’s neighborhoods based on social, crime, economic and physical conditions. The City of Charlotte has been conducting Quality of Life studies since 1993. The 1993 and 1997 studies focused on the 73 City Within A City (CWAC) neighborhoods. The 2000 study expanded the geographic focus to 173 neighborhood statistical areas that now include the entire City and its sphere of influence. The 2002 study follows closely the framework and format of the most recent quality of life study. The composition of variables has changed slightly in order to strengthen the rigor of the statistical analysis. However, the baseline neighborhood scale quality of life framework developed in 2000 remains comparable to the 2002 data. As in earlier studies, this research converts the individual statistical scores into three neighborhood-ranking categories ... “stable,” “threatened,” and “fragile.” In this way, holistic neighborhood changes can be examined for positive and negative shifts. Find more information on the web at:

www.charmeck.org/Departments/Neighborhood+Dev/Quality+of+Life/home.htm



Box 2: Pragmatic approach to Quality of Life

One example of a broader citizen survey can be found in Minneapolis (USA) – see box 3.




The Minneapolis Citizen Survey is a key component of Minneapolis' efforts to engage citizens in City Government. This random sample telephone survey was conducted between November 9, 2001 and January 4, 2002. 1,210 telephone surveys were conducted, averaging just over 20 minutes in length. The survey was designed to gain citywide input and opinions:

- (1) To measure citizen satisfaction with City services and perceptions about key quality of life indicators. Collected information will be used as a baseline from which to compare future survey results,
- (2) To gather citizen information on citizen priorities, which will inform the citywide strategic planning/goal setting process as well as departments' business planning efforts.
- (3) To gauge citizen need for services, their expectations regarding the level of those services, and their willingness to pay for service enhancements or maintenance of existing services,
- (4) To gather information about citizen's knowledge and behavior, and
- (5) To determine how citizens get information about City services.

Box 3: Minneapolis Citizen Survey

The report "Citizen - Client Surveys: Dispelling Myths and Redrawing Maps" by Geoff Dinsdale and D. Brian Marson for the Citizen-centred Service Network (Canadian Centre for Management Development) in March 1999 had some key findings:

- 
- **Specific vs. general services:** surveys which compare the service provision of government or public services in general to specific private sector services may not be telling an entirely accurate story. Research indicates that public ratings of government or public sector services *in general* are significantly lower than their ratings of *specific* public sector service experiences. This suggests that the performance gap which supposedly exists between public and private sector services may be smaller than previously reported, and for some services may be nonexistent.
 - **The need for normative benchmarks:** it is difficult to attribute meaning to satisfaction ratings in the absence of normative benchmarks. Currently, a number of survey methodologies are used to measure a variety of public services. Since some services are predisposed to receiving high or low ratings, it is difficult to make reliable comparisons. If public sector service providers were able to compare their ratings with those of similar public sector providers, they could then determine how well they are performing relative to others. This, in turn, would allow for the development of normative benchmarks at the public service, agency, and program levels. Comparisons could be made using scale conversion methodologies, a customer satisfaction index, or a standardized survey instrument; it is argued here that the last of these three instruments provides the most advantages.
 - **The value of surveys:** surveys are a powerful tool for identifying and closing gaps between internal and external clients' expectations of and satisfaction with services; they have, however, been vastly underutilized in the past. If surveys ask the right questions, especially with respect to satisfaction, drivers of satisfaction, priorities for improvement, and internal services the findings generated can inform managers of what they need to do in order to improve service to their clients specifically and/or to citizens generally.

1.3 Why comparing with other cities?

“The best that Quality of Life Indicators can do is to measure outcome changes. Getting from there to determining how effective City government interventions have been in influencing these outcomes, and deciding how these outcomes can be optimized, is a challenging area where cities should continue sharing international experience.”
(Report of the Cities of Tomorrow Network, 2001).



The development of quality of life questionnaires for local communities is useful. However, one important question remains: After designing the questionnaire, collecting data and presentation of results from the study, what should be used as a reference for interpretation of data?

Data is only useful, when there are some references to rank – to qualify – the data collected. This reference could be a normative benchmark. Normative benchmarks are either developed by the local community or in comparison to other local communities. It is helpful for discussion and comparison that other local communities are of similar size and economic conditions.

Comparisons with other local communities may serve several goals:

- First, data can be used for ranking purposes. This approach is mostly used in international and national comparisons of quality of life in communities
- Second, benchmarks are needed for the interpretation of data. Any result needs a point of reference to know the difference and to estimate the efforts how to achieve a better result.
- Third, comparisons provide incentives not only to compare data, but also the reasons, why results in some cities are better. Comparisons form the basis for the exchange of approaches for problem-solving.

2. The study on Quality of Life: Methodology

Quality of life indicators include a wide range of community issues and topics: reflecting municipal services, community issues, conditions and trends, and progress toward goals. Like a report card for the community and for policy makers regarding municipal services, a quality of life reporting system can serve as a snapshot of current factors; track changes over time; support community decision making; and follow public policy priorities. Useful indicators also can link performance measures in combinations that can help achieve better public understanding.

The main purposes of the quality of life study for the Cities of Change network were formulated as:

- to provide local government of the ten member cities in five countries with a data on citizens' perception on quality of life issues;
- to provide an instrument for comparative measurement between the member cities of the network;
- to serve as an illustration for the need of "good local governance" and the connected use of indicators for strategic political decision-making.

Quality characteristics of quality of life indicators are:

- public debate and access;
- quality of life indicators must be coupled with a vision process of the local community;
- indicator programs should be accompanied by professional expertise after an initial indicator formulation process;
- public participation in monitoring and evaluation (co-management for sustainability of the quality of life indicator process).

The focus of the questionnaire developed within the international Cities of Change network, however, was to create an incentive for the participating cities to develop a quality of life questionnaire. Therefore, the quality criteria described above could not be fulfilled for the first run in the cities. The purpose of the first run of a quality of life based questionnaire was to encourage city council and administration to support future citizen surveys that include more topics than just satisfaction with municipal services, but focus on policy areas and problems identified by citizens.

The Cities of Change network commissioned the "Quality of Life Center Poznań" at the Adam Mickiewicz University Poznań to design and conduct a quality of life survey in all ten cities of the network. The author and executive of the survey was Ryszard Cichocki. Co-authors were Maria Dudzikowa, Jan Paradysz, Zbigniew Woźniak, Irena Cichocka, Małgorzata Waligórska, Krzysztof Podemski, Marta Śliwińska, Piotr Jabkowski.

The methodology of quality of life measurements utilised by the “Quality of Life Center Poznań” at the Adam Mickiewicz University Poznań consisted of two types of indicators:

- statistical data, local and national, if available;
- indicators developed for the survey in the ten cities.

The questions to be included in the questionnaire were developed first in Poznań. The goal was to address dimensions of quality of life that were of importance for citizens. A number of citizens and experts from all disciplines were involved in the process, as well as staff from the local administration.

The design of the questionnaire could start from previous pieces of work like

- desk research on municipal quality of life programs which use indicators not only for information purposes, but for policy decisions (see the details at www.cities-of-tomorrow.net/docus.html, select “Conference”);
- identification of most commonly used dimensions of quality of life.

Based on these previous efforts of another network, the Quality of Life Center

- invited citizens in focus groups to evaluate the dimensions and to get information about relevant aspects of the dimensions selected;
- then invited experts to evaluate the dimensions and the selection of citizens;
- then invited staff from the municipal administration.

After this process, twelve dimensions of quality of life were identified:

- self-assessment of personal well-being;
- housing and neighbourhood;
- city and urban space;
- health and health services;
- public safety;
- unemployment, work and working conditions;
- education, schools and kindergartens;
- leisure, sports, recreational facilities, entertainment, shopping and culture
- civic participation;
- social welfare and social safety;
- natural environment and natural resources;
- population and demographic changes.

For each of the dimensions, experts developed indicators, using existing national and local data and experiences of municipalities already using quality of life surveys. After formulation, these indicators were again subject to citizen evaluation:

- **General importance for citizens**

Does the indicator refer to an important aspect of life?

Do the indicators cover all relevant aspects of a dimension?

- **Importance for individuals**
Are individuals able to influence the indicator?
- **Importance for local government**
Does the indicator represent an important feature for the city?
Do the indicators allow an interpretation of on-going change in the community?
- **Importance for decision-making**
Are the indicators relevant for political decision-making?
- **Importance for quality of life**
Are the dimensions and the connected indicators valuable for an analysis of quality of life trends and challenges.

The Quality of Life Center conducted a pre-test in Poznań, interviewing some 800 people. After this first round, in each of the nine remaining cities some 400 interviews were conducted. Overall, around 4,400 interviews form the base for the quality of life study. The research was done in 2002 and presented to the network members in autumn 2002.

3. Results from the Quality of Life Study

First main results of the Quality of Life study are presented here. First, an executive summary describes the key results and differences between the cities included in the study. Thereafter, some detailed results from specific questions are presented.

3.1 Executive Summary

The results from the international survey on quality of life issues in ten cities in five countries show different “speeds” of transformation. The Quality of Life study included a number of topics, aspects and dimensions of quality of life (see box 4).

Among the topics covered in the Quality of Life Study were

- 1 Key problem identification
- 2 Evaluation of local government addressing problems
- 3 Evaluation of local image and attractiveness
- 4 Evaluation of housing conditions
- 5 Customer satisfaction with municipal administration
- 6 Satisfaction with political decision-making
- 7 Civic involvement
- 8 Health
- 9 Social Welfare
- 10 Public Safety
- 11 Evaluation of leisure opportunities and facilities
- 12 Environment
- 13 Work and income
- 14 Education



Box 4: Aspects and topics of quality of life in the study

Hungarian citizens ranked their cities in general better compared to the other cities, while citizens in the Bulgarian cities were much more dissatisfied with the local quality of life.

The Slovak, and to a lesser extent also the Latvian cities, were rated rather balanced by their residents, meaning, that respondents neither were very much dissatisfied, nor were they very much satisfied.

The Polish cities ranked rather well, although for some questions no data was available for Poznań.

3.2 Some results in detail

From the vast possibilities of extracting data and results from the Quality of Life study some questions and results have been extracted that might be of specific interest for readers. These are:

1. CITIZENS' PERCEPTIONS OF LOCAL PROBLEMS
2. CITIZENS OVERALL PERCEPTION OF THE CITY AND ITS CONDITION
3. UNEMPLOYMENT
4. ASSESSMENT OF MAYOR AND CITY COUNCIL
5. EVALUATION OF CITY STAFF
6. THE CITY AS A PLACE FOR DOING BUSINESS
7. PUBLIC UTILITIES
8. PUBLIC SERVICES
9. LEISURE AND SPORT FACILITIES
10. GOING-OUT
11. ECONOMIC SITUATION OF HOUSEHOLDS
12. ENVIRONMENT AND ENVIRONMENTAL PROTECTION



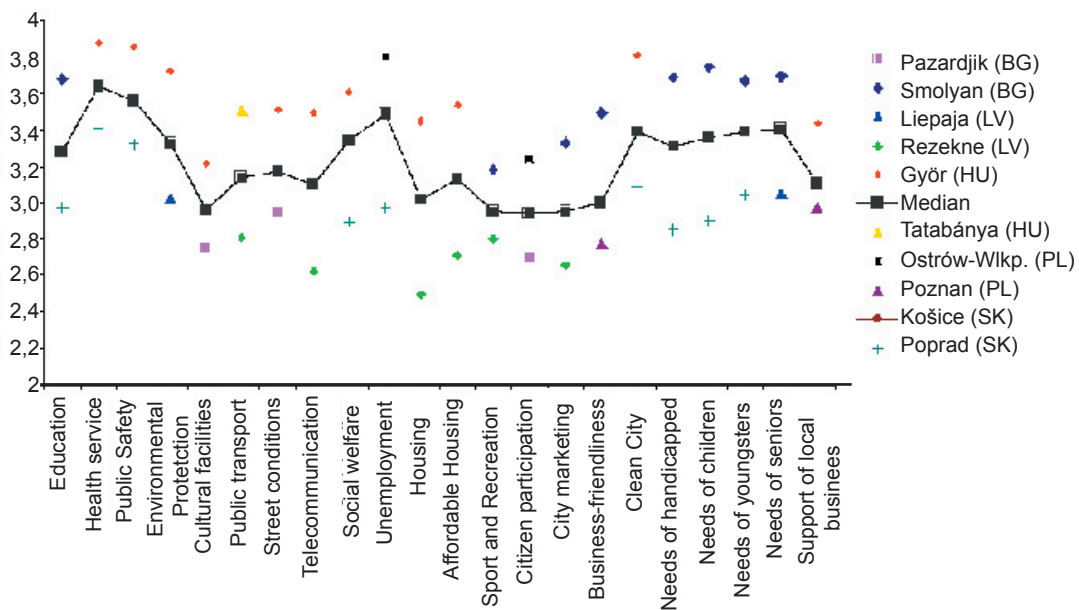
1. LOCAL PROBLEMS

The first question dealt with perceived local problems. The question offered twenty-two options, and respondents could rate the importance:

- education in primary and secondary schools
- health service
- public safety and protecting the citizens against crime
- protection of the natural environment
- cultural institutions, cinemas, museums etc.
- public transport
- street infrastructure and condition
- telecommunication network
- social welfare for the poor
- labour market and reduction of unemployment
- housing
- low-cost housing
- sport and leisure facilities, recreational sites
- citizen participation in local government decisions and services
- city marketing – national and international
- support for investors, attracting national and foreign investments
- cleanliness of the city
- needs of handicapped
- needs of children
- needs of youngsters
- needs of elderly citizens
- supporting the development of local businesses, commerce and services

In general, citizens of the Hungarian city Győr rate their local community in twenty-one out of these twenty-two topics better than citizens in any other city. Only one topic – sport and leisure facilities – ranked lower, here the other Hungarian city, Tatabánya, was ranked better.

Exhibit 4 shows the median (over all data) in each topic evaluated in question one, the top ranking city and the lowest ranking city. People in Győr (Hungary) and Smolyan (Bulgaria) tend to rank the topics more important than citizens in other cities, while residents of Poprad (Slovakia) and Rezekne (Latvia) tend to rank the topics of lower importance. What is interesting is the fact that citizens of Győr evaluate their local government much better than residents in any other local government included in the study. The people of Smolyan, Bulgaria, are not satisfied with the efforts of the local government in addressing these topics. Both Bulgarian cities, Smolyan and Pazardjik, rank here lowest.



*Exhibit 4: Evaluation of key problems in ten cities
(median, top and lowest ranking shown for each topic)*

Exhibit 4 shows the median of each topic, and for each topic the highest value and the lowest value. The results from the other eight cities are not shown in this exhibit. The exhibit wants to demonstrate the median over all topics, and to give hints, which cities often, seldom or never achieved top or lowest results.

Health, public safety and unemployment are the topics that concern citizens most, while culture, sports, civic participation and city marketing rank lowest. The economic problems tend to crowd out cultural facilities and leisure, and the history of local governments as service deliverers, housing company, and electricity provider within a socialist system of local government reduced the participation and civic engagement.

2. THE OVERALL PERCEPTION OF THE CITY

Exhibit 5 shows clearly, that people in the Hungarian cities – especially Győr – tend to see their city in a rather good general condition, together with the citizens of Poznan (Poland).

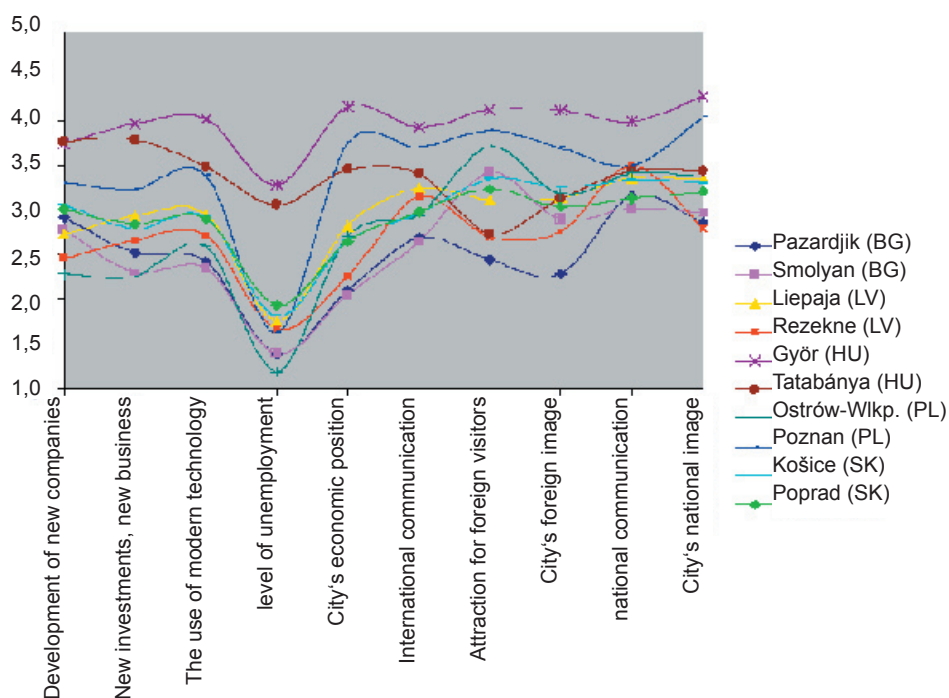


Exhibit 5: Citizens' views on some general city conditions

Exhibit 5 shows the results for the topics. Although the individual lines are difficult to distinguish, the exhibit at least shows where residents rated their community.

The top three cities are Győr, then Tatabánya and Poznań, then Liepaja (Latvia), Košice and Poprad (Slovakia), Ostrów-Wielkopolski (Poland), Rezekne (Latvia), Smolyan (Bulgaria), and Pazardjik (Bulgaria).

The economic position of the city is seen rather bad in a number of cities, Pazardjik, Smolyan, and Rezekne; another group of cities are Poprad and Košice, Ostrów, and Liepaja, and the top group consists of Győr, Poznań, and Tatabánya.

Smolyan, Bulgaria, did receive a rather good rating for its attractiveness for foreign visitors. In many other topics, however, residents were less positive.

What strikes in exhibit 5 is that unemployment is regarded in both the Hungarian cities less dramatic – “neither good nor bad” – than in any other city. Citizens in the other cities tend to see unemployment as the major problem and consider the situation as “very bad” oder “bad”. Interesting is, that the two Slovak cities rank better – although a rather small difference to the other – than Latvian or Bulgarian cities. It is rather astonishing, that people in Ostrów-Wielkopolski see the employment situation much worse than residents in any other city.

3. UNEMPLOYMENT – A KEY PROBLEM IN ALMOST ALL CITIES

Unemployment is a key problem in all cities – however, there are big differences in the perception of importance.

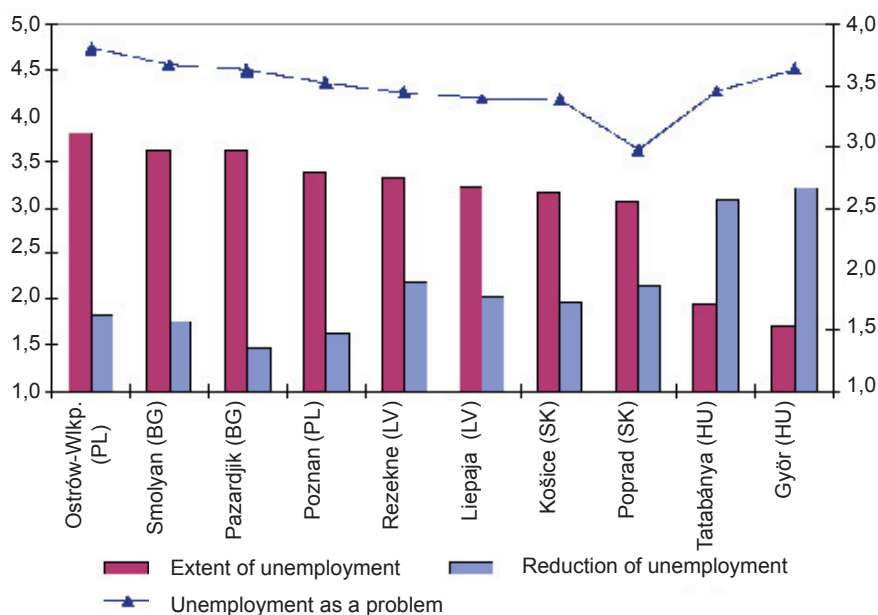


Exhibit 6: Unemployment and evaluation of local labour market policy

Inverted exhibit of data for column “extent of unemployment”: “1” (very good) to “5” (very bad) on the left scale, column “reduction of unemployment” from “1” to “5”, whereby “5” means big efforts; the right scale (from 1 to 4 only) refers to the graph, describing the individual perception of unemployment as a problem.

Only in the two Hungarian cities – Győr and Tatabánya – the extent of unemployment is regarded less dramatic as in the other eight cities, although residents rank unemployment as a key problem like in all other cities. Citizens in the two Bulgarian and Polish cities criticize the extent of unemployment, and vice-versa the little efforts of local government to reduce local unemployment. In the two Hungarian cities, in which unemployment is not seen as severe as in the other cities, the efforts of local government to reduce unemployment are evaluated by citizens rather good.

The efforts of local government to reduce local unemployment is significantly higher in the two Slovak and Latvian cities – and in the Hungarian, of course – while the efforts in the Bulgarian and the Polish cities are ranked rather low.

4. ASSESSMENT OF THE MAYOR AND THE CITY COUNCIL

Another question asked the respondents to agree or disagree with some statements relating to the Mayor and the City Council. The statements were:

- The Mayor and the City Council promote the city well within the country and abroad.
- The Mayor and the City Council take care of city development.
- The Mayor and the City Council are guided by the city's interest when taking decisions.
- The Mayor and the City Council know well the problems of citizens.
- The Mayor and the City Council solve the crucial city problems.

Residents in both Hungarian cities, Győr and Tatabánya, were rather satisfied with the performance of the Mayor and the City Council (see exhibit 7).

With a significant difference, residents in the other cities rate their Mayor and City Council less positive. Citizens in the two Bulgarian cities, Smolyan and Pazardjik, were least satisfied with local politics. An interesting result can be found in Ostrów-Wielkopolski in Poland. Here, residents were mostly in line with results in the other seven cities (excluding Smolyan and Pazardjik), apart from two statements: They do not support very much the statement that the Mayor and the City Council solve the crucial problems of the city, and, which might be even more dramatic, residents ranked their Council lowest for the statement that the Mayor and the Council know well the problems of the city.

A rather positive result for the Mayor and the City Council was also achieved in Poznań (Poland) and in Košice (Slovakia). The other cities, among them both Latvian cities, ranked rather average.

Overall, citizens rank city promotion better as well as city development. They agree less to citizen-oriented issues and to actual problem-solving.

The Mayor and the City Council...

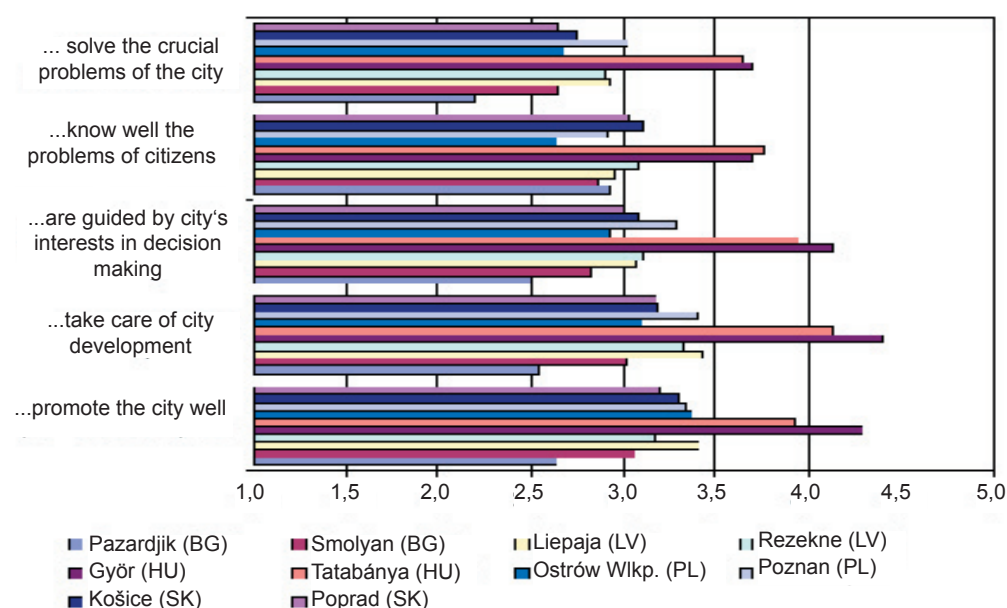


Exhibit 7: Mayor and City Council

Respondents could answer “definitely yes“ (5), “rather yes” (4), “don` t know” (3), “rather no” (2) and “definitely no” (1). Legend reads from left to right for each line, i.e. Tatabánya represents the sixth column from bottom.

5. EVALUATION OF CITY STAFF

Another question in the study asked whether city staff

- is accessible,
- is effective at work,
- is doing business fast,
- is professional and competent, and for
- employee courtesy.

In general, residents in both the Hungarian cities evaluate their city staff better than in any other city within the sample. Also the Latvian cities rank very high, and also Ostrów-Wielkopolski (Poland).

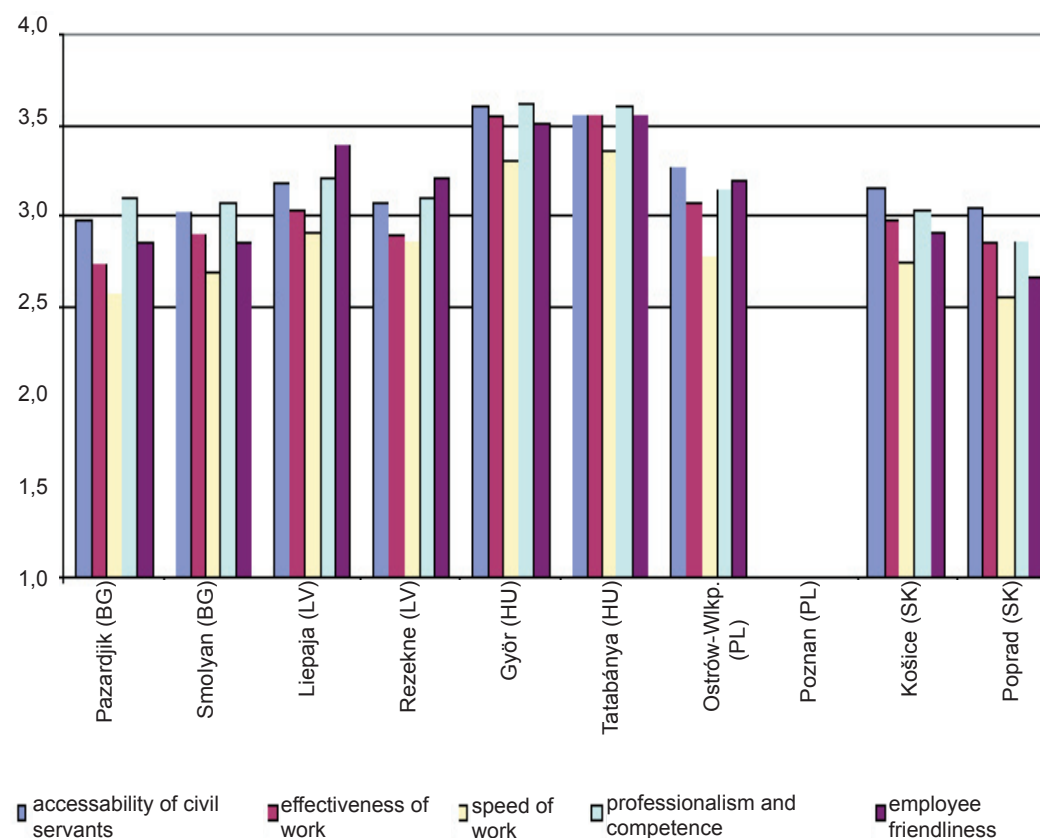


Exhibit 8: Evaluation of City Staff

Respondents could answer in five categories, whereby very good represented “5”, and very bad “1”. There is no data available for Poznan.

The evaluation of city staff is rather low in the Bulgarian cities, and in the Slovak cities, whereby Poprad staff ranks very low compared to the other cities. It is interesting, that in those cities where respondents were rather satisfied with employee courtesy, all other aspects ranked also rather high.

In all cities, respondents ranked the speed of work lower than any other aspect the questionnaire asked for.

The exhibit 8 includes all responding data, although a more differentiated analysis would have been possible extracting only those respondent which really had contact within the last three years.

6. THE CITY AS A PLACE FOR DOING BUSINESS

The City is important for businesses, as well as a vital business community is important for cities. The results show differences between cities (see exhibit 9) – and to a lesser extent between countries, as this had been the case for a number of other questions.

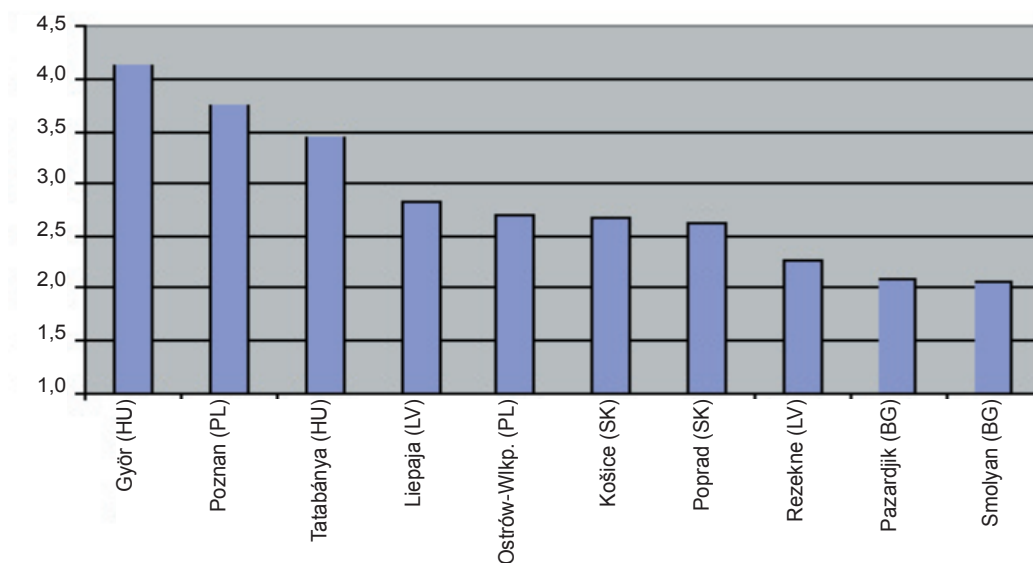


Exhibit 9: The City as a business location

Respondents could answer between “1“ (very bad) to “5“ (very good), “3“ meant “neither good or bad“. Median over all cities 2.86.

Again, both the Hungarian cities Győr and Tatabánya, and Poznań (Poland) rank over the median. Liepāja (Latvia) ranks very well given the fact that results for many other questions showed much more average or below average results for the Latvian cities.

The Bulgarian cities rank lowest, and also the Slovak cities, together with the other Latvian city included in the quality of life study, Rezekne.

7. EVALUATION OF PUBLIC UTILITIES

Another part of the quality of life study considered several public services and utilities, like fresh water supply, sewage, street cleansing and public transport as an important feature for municipalities in transforming countries.

The fresh water supply and the sewage system is evaluated best in the Hungarian and the Polish cities, much better than in the Bulgarian and Latvian cities.

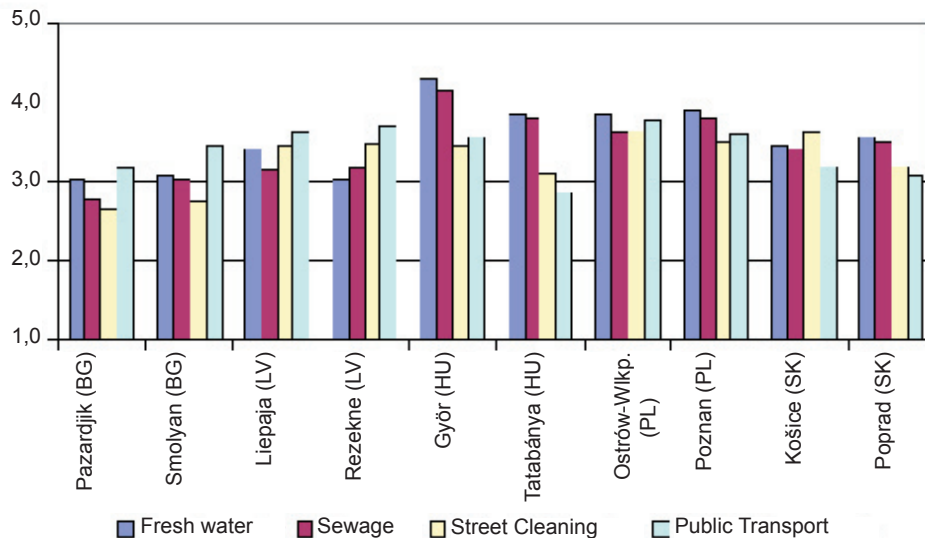


Exhibit 10: Evaluation of selected public services and utilities

Respondents could rate between “1” (very bad) bis “5” (very good), with “3” as “neither good nor bad”.

Public transport is considered rather good in the Latvian and Polish cities, also in the Bulgarian and Slovak cities. Public transport is considered much worse in the Hungarian cities. This could be due to the growing individual transport, whereby the economically disadvantaged residents suffer from decreasing mobility. However, the study did not examine the extent of public transport offered.

8. EVALUATION OF PUBLIC AND PRIVATE SERVICES

Besides infrastructure related utilities and services, the quality of life study asked also for a number of public and private services.

Schools have been rated good compared to other services (see exhibit 12). In some cities, cultural institutions have been rated also rather good. It should be noted, that the overall offer has been rated by residents, private and public services. The evaluation of numbers – availability of services – has been asked in another question (see further down).

Health services had been rated rather bad. A reason might be the transformation of the health system in all the transformation countries.

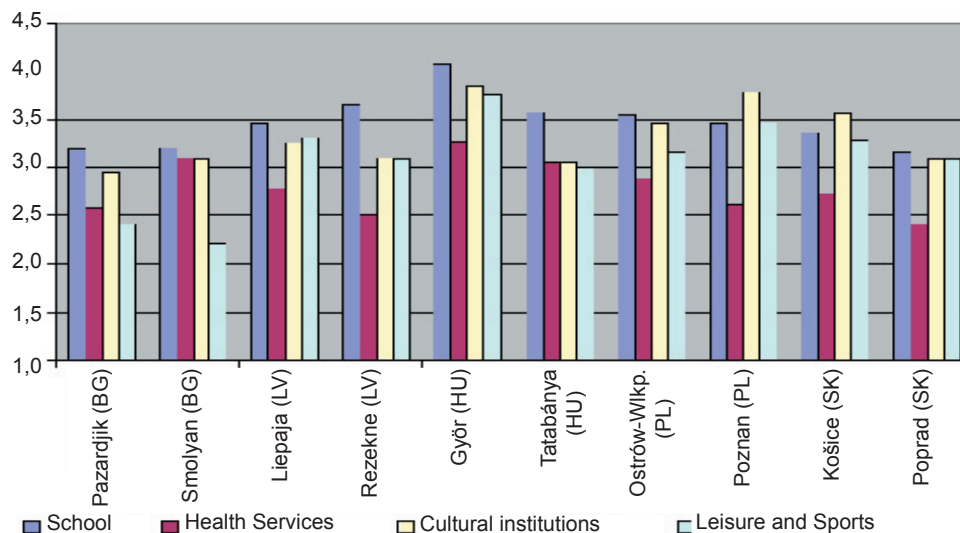


Exhibit 11: Evaluation of public and private services

Respondents could rate between “1“ (very bad) to “5“ (very good), with 32“ as „neither good nor bad“.

In both the Bulgarian cities, sport and leisure opportunities were rated lowest.

Citizens in Győr rated the services rather good, while the other Hungarian city rated not as good as Győr.

9. SPORT AND LEISURE OPPORTUNITIES

Some questions in the quality of life study asked whether there are sufficient facilities accessible for citizens.

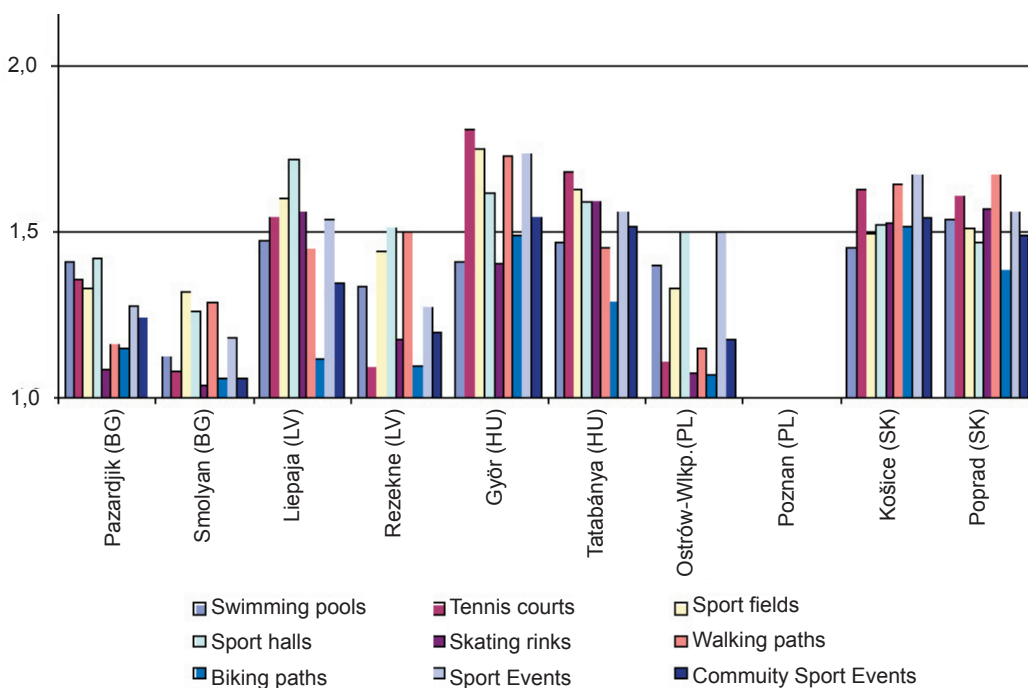


Exhibit 12: Sport and leisure opportunities

Respondent could answer whether there are “too many“ (3), “too few“ (1) or whether there is the ”right number“ (2) of facilities. The exhibit has not been reduced in scale to allow better comparisons with the next exhibit. There was no data available for Poznan.

Respondents were asked to rate the availability of specific services and facilities between “too many” (3), “right number” (2) and “too few” (1). Exhibit 12 shows the results. The exhibit uses as a scale the original three point scale to demonstrate, that in none of the cities respondents thought the sport and leisure facilities to be sufficient. However, citizens often ask generally for more facilities and services.

Apart from the need for a careful interpretation, there are some interesting differences between the cities.

Győr and Tatabánya (Hungary), as well as Košice, Poprad (Slovakia) and Liepāja (Latvia) show more balanced results, with the exception that citizens ask for more biking paths in their cities. In the other cities, citizens rated availability lower, and only some sport and leisure facilities were close to the needs articulated by respondents.

Community sport events, events that include citizens as active participants, were rated higher in those cities in which citizens were more satisfied with the availability of other sport and leisure facilities.

In an overall perspective, sport and leisure facilities could be altered and increased in numbers in almost all cities included in the study. The need for improvement becomes clearer when comparing the results shown in exhibit 12 with the next, similar question summarised in exhibit 13.

10. CULTURE, GOING-OUT AND TIME OFF

The next question asked for the amount of facilities and offers for going-out like culture – museums and galleries, concerts, restaurants, bars, and so on.

Exhibit 13 uses the same scale as exhibit 12. The first impression is clear: The availability of services and facilities here has been rated much better in all cities compared to sport and leisure services and facilities.

Results above “2,0“ indicate that respondents tend to see too many offers or facilities. In both the Bulgarian cities the “supply” with restaurants and bars is evaluated by respondents as “too many”, but also in all other cities, people evaluated the amount of bars and restaurants better than for any other facility or leisure opportunity.

Only Győr (Hungary) and Košice (Slovakia) receive a rather balanced evaluation.

The number of youth clubs is evaluated rather good, possibly a legacy of the former organised youth leisure facilities typical for Eastern European states.

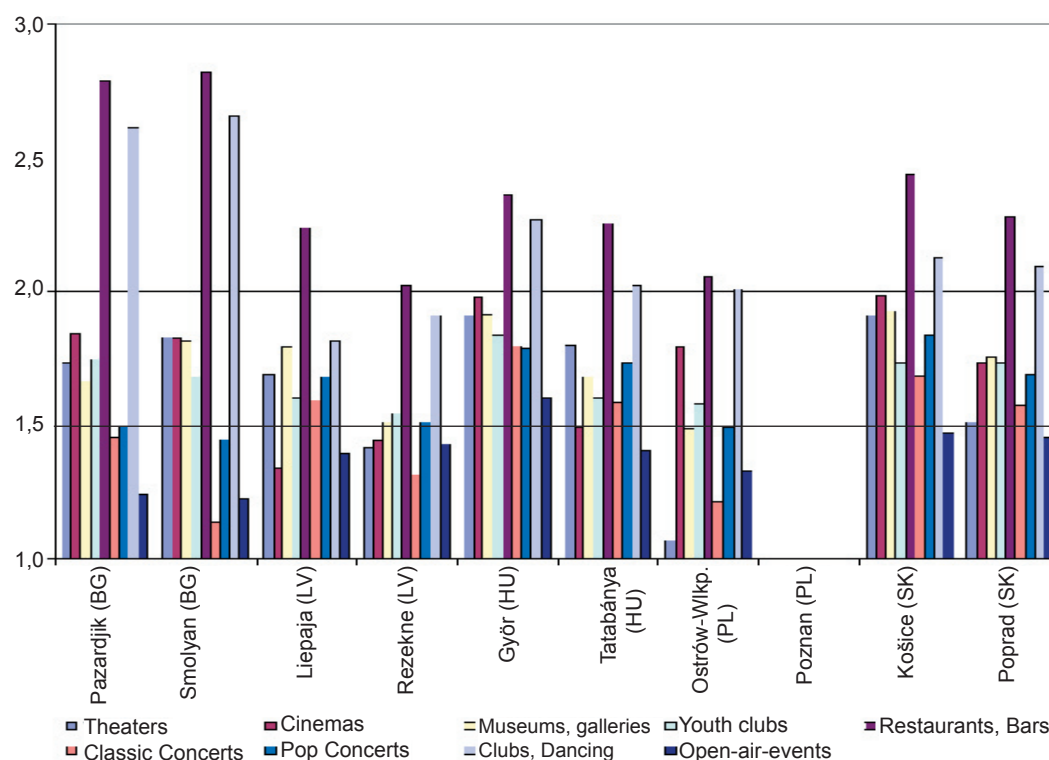


Exhibit 13: Going-Out

Respondents had the opportunity to answer either “1” for too few, “2” for right number and “3” for too many.

Open-air events rate lower than any other aspect being asked for, and also the number of classic concerts rates usually lower than other aspects.

11. ECONOMIC SITUATION OF HOUSEHOLDS

The transformation in the Eastern European states meant tremendous changes in the income situation due to growing unemployment, devalued pensions and increasing cost of living.

For example, Hungary experienced a decline of household income: The income, indexed in 1990 as 100, declined until 1996, since then it increased again, but did not reach the 1990 level. According to the World Bank, 1.3% of the Hungarian population had less than \$ 2.15 per day and capita, which served as definition for “poor”. 0.8% of the Hungarian households were identified as “poor” according to this definition. In Latvia, 5.9% of the population had less than \$ 2.15, representing 5.2% of all Latvian households. The economic situation in Poland has been better, household income increased between 1990 and 1998 from the indexed 100 to 132 in 1998. The increase of the household income, however, did not keep pace with the costs of utilities and the general cost of living.

The transformation meant for a relatively large number of households a decline in income, in some countries both in absolute and relative terms.

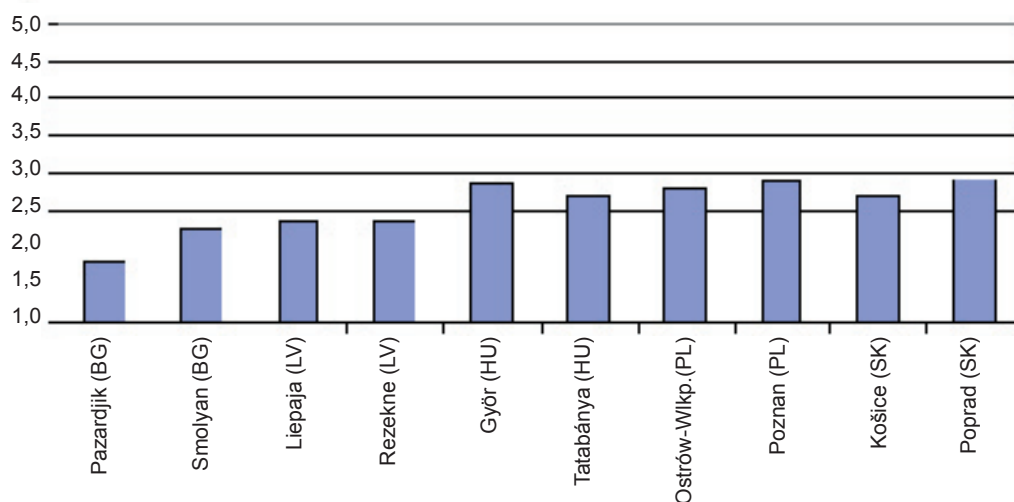


Exhibit 14: Economic situation of households

The Quality of Life study asked for a self-assessment of the economic situation; respondents could select between the following statements:

- (1) We live poor, money does not fund our basic needs
- (2) We live very modestly, we have to manage our budget carefully
- (3) We live on an average level
- (4) We live on a good level
- (5) We live on a very good level and can afford some luxury

The own economic situation has been valued rather low. Given the fact of 400 respondents in each city, people might have underestimated their economic situation compared to others. In general, however, compared with OECD statistics, the household income in the countries included in the quality of life study is extremely low.

Residents in Poprad (Slovakia), in Győr (Hungary) and Poznań (Poland) evaluated their own economic situation around “average level”, while citizens in all other cities rated themselves “modest” or even “poor”.

12. PROTECTION OF THE ENVIRONMENT

A quality of life study has to include some aspects of sustainable development. From the number of question around one aspect of sustainability, environmental protection has been chosen here to show the results.

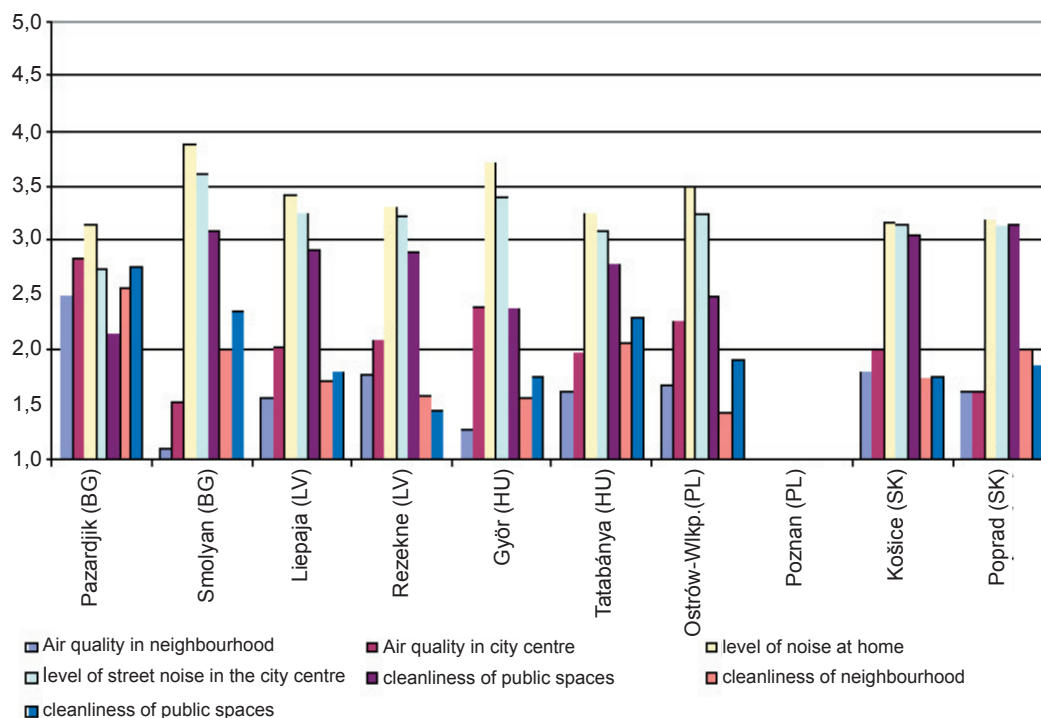


Exhibit 15: Environment and environmental protection

Respondents could answer between “1” (very low) to “5” (very high), “3” meant “neither good or bad”. The exhibit reads as follows: The air quality is considered best in Pazardijk, and lowest in Smolyan. The level of street noise is considered “best” (meaning lowest street noise) in Smolyan, and worst in Pazardijk. There was no data available for Poznań.

People in Pazardijk are very much satisfied with their natural environment and environmental protection, but most annoyed by noise pollution. Air quality seems to be a bigger problem in most of the participating cities. In general, residents are less annoyed by noise, but much more by air pollution. A rather balanced result could be achieved in both Slovak cities, while in all others at minimum one aspect of environment has been rated rather poor.

4. Conclusion: What to do next?

The results from the Quality of Life Study are intended to offer Councillors, Mayors and City Managers an additional, representative set of data what citizens and residents think and value.

Any Quality of Life Study in the first run has to be broad in order to cover as many topics as possible. After the first run, more detailed instruments can be used. These instruments can be

- a more specified questionnaire (specific topics in detail),
- more targeted evaluation methods (specific groups of citizens and residents),
- or creation of focus groups, client surveys, and other instruments most suitable to gather detailed information.

The Quality of Life Study offered insights for many topics what people think and where Council and City administration could address key problems of citizens.

Dr. Alexander Wegener

5. Useful links

Center of Excellence for Sustainable Development:

www.sustainable.doe.gov/measuring/melocal.shtml

Cities21® Assessing Mutual Progress Toward Sustainable Development:

www.iclei.org/cities21/index.htm

ICLEI is the International Environmental Agency for Local Governments:

www.iclei.org/iclei/news22.htm

ICLEI members` community indicator projects:

www.iclei.org/cities21/member_indicator.htm

International Institute for Sustainable Development:

www.iisd1.iisd.ca/

“Local Sustainability” - the European Good Practice Information Service:

www.iclei.org/egpis/

PASTILLE: Promoting Action for Sustainability Through Indicators at the Local Level in Europe:

www.lse.ac.uk/Depts/geography/Pastille/

Redefining Progress – Community Indicators Project:

www.rprogress.org/progsum/cip/cip_main.html

Sustainable Cities Information System:

www.sustainable-cities.org/

Sustainable Community Indicators:

www.crle.uoguelph.ca/indicators/english/News/news.html

Sustainable Communities Network SCI

www.sustainable.org/

Sustainable Development Communications Network (SDCN):

www.sdgateway.net/project.htm

Sustainable Measures:

www.sustainablemeasures.com/

United Nations – Sustainable Development News:

www.un.org/esa/sustdev/cppnt5.htm

United States Environmental Protection Agency

www.epa.gov/ecocommunity/states/projects.htm

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