

COMPANION PAPER 8

# WHAT MAKES A GOOD CITY STRATEGY?

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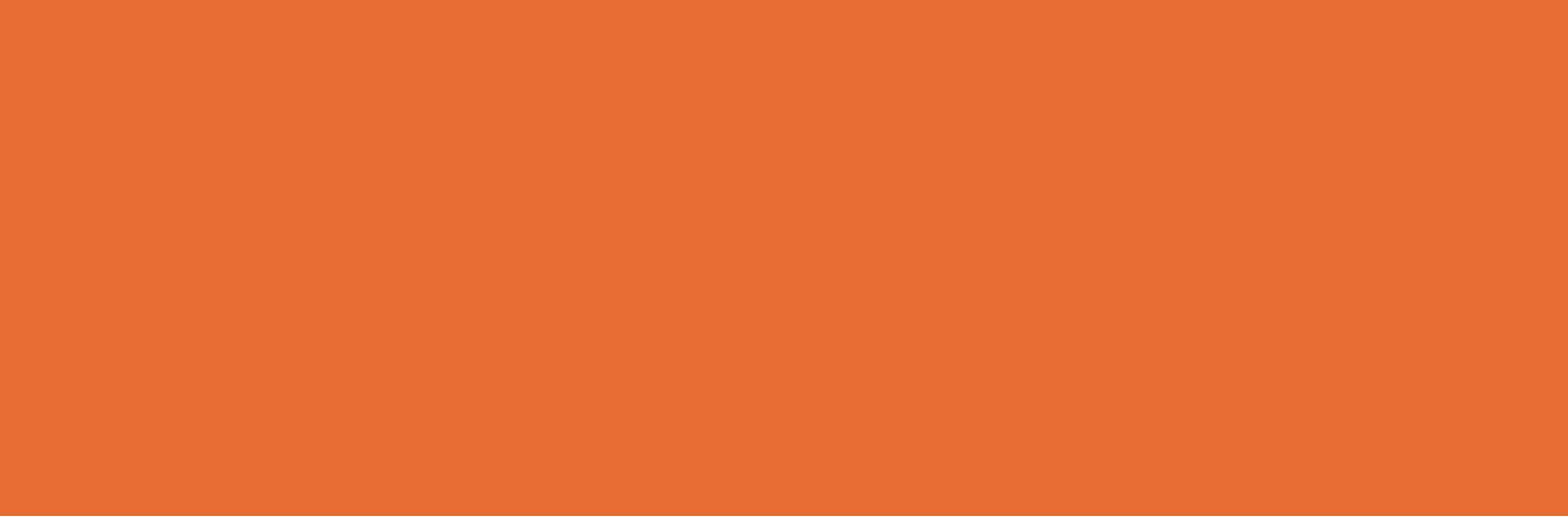


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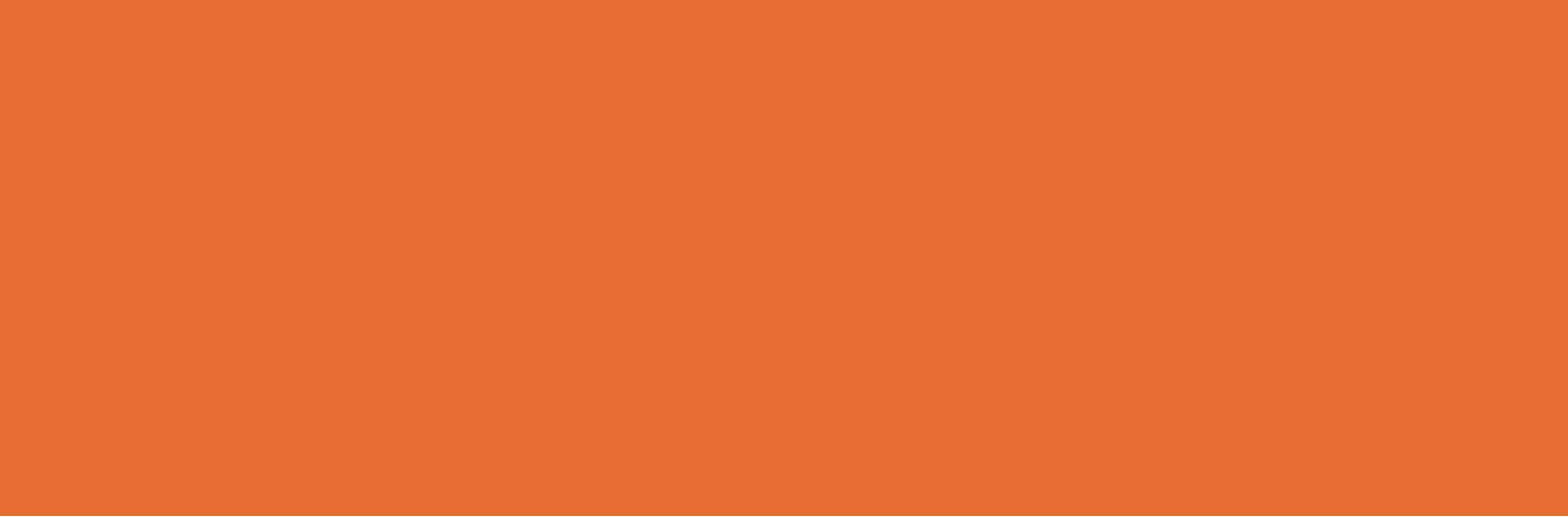
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# BACKGROUND AND ACKNOWLEDGEMENTS

**I**nterest in studying city competitiveness has skyrocketed in the last few years, although the topic itself is far from new. Mayors and city leaders have long worried about the obstacles to job creation, competitiveness and economic growth that plague their cities.

**This paper is part of a broader research initiative, the “Competitive Cities Knowledge Base” (CCKB)** project, managed jointly by the Trade and Competitiveness Global Practice and the Social, Urban, Rural and Resilience Global Practice of the World Bank Group. Its objective is to create a knowledge base on competitive cities, to improve the understanding of job creation at the city level, and to serve as a foundation for a Community of Practice on this topic for World Bank Group staff, academia, donor partners and practitioners.

**Our attempt in this initiative has been to focus our energies on bringing a robust body of knowledge to our clients** — to address their questions on benchmarking their performance, on understanding what has worked elsewhere and what has not, and on how to organize for delivery in different contexts.

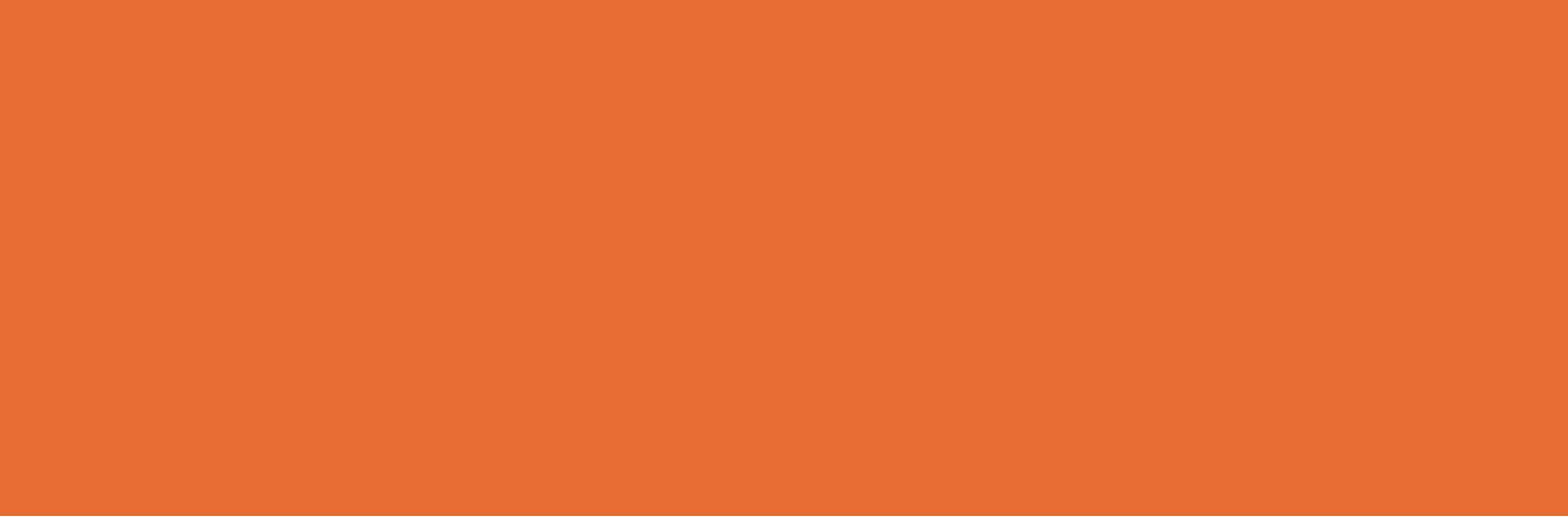
**Our approach has focused on using different methodologies to tackle these questions, based on best practices, data availability, replicability and simplicity.** In many cases, we have leveraged new and existing data sources to shed light on some unanswered questions; in others, we’ve conducted primary research, since the available data were inadequate. We have looked at global and regional trends, comparing different typologies of cities – by income, sector, region and so on. And we have buttressed these

findings with econometric “deep dives” and case studies in selected countries and cities. We are now able to inform the continuing debates on what really matters for economic outcomes in cities with an analysis of over-arching trends and associations, supplemented with rigorous analyses to identify causal relationships. We also try to “stand on the shoulders of giants” where possible: We use and refer to existing resources (research, analysis, toolkits and experts).

The summary findings of the overall research are presented in the framework paper, “Competitive Cities for Jobs and Growth.”<sup>1</sup> **The objective of this paper is to review and analyze the best practices in developing and implementing city strategies, particularly in lower-income environments. It reviews available evidence to formulate the list of basic criteria that good strategies should meet, discusses three key questions that city strategies should address, and suggests how the widely applied LED and CDS approaches can be improved in the future.**

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# EXECUTIVE SUMMARY

The increasing recognition of the importance of cities, and the **global trend toward devolution, has led to a proliferation of various city-development strategies**. City strategies can be powerful tools for making cities more competitive, but the story of city-level strategic planning knows as many failures as successes. Thus there is a need to understand what makes a good city strategy.

There are a number of **methodological issues associated with evaluation of the quality of strategies**. Because of this factor, most literature sources use process-based, rather than outcome-based approach to evaluating strategies.

This paper uses a review of conceptual and case-study evidence and adopts the process-based evaluation approach to identify a **list of 12 key components of good city strategies**. The analysis is broken down into three broad groups of factors: *preconditions, content and implementation*.

Main *preconditions* for a successful strategy include strong leadership and a well-designed participatory process that engages the private sector early on and that links to the national policy context.

In terms of its *content*, a good strategy should offer deep analytics, strong grounding in the local context, and a vision of the city's future. Clear priority actions and measurable targets are required to make sure that this vision can be achieved.

The *implementation* of a strategy should be planned early on, with close attention given to the institutionalization of strategies and to securing sources of funding. These measures protect strategies from unexpected political and economic shocks.

**Three key problems** of city strategies are discussed in more detail:

*What is the right balance of private- and public-sector engagement?* Institutional structures for implementation of city strategies may vary dramatically. It is most important that the selected structure reflect the capacity of local actors and that it suits local conditions.

*What analytics to use?* It is more important to make sure that the analytical process follows the full cycle from data collection, to data cleaning and analysis, to data interpretation, concluding with the application of results in policy prioritization. The choice of specific analytical techniques is less important.

*How to fund strategy implementation?* Funding sources may include a combination of national, local and donor funding. However, it is important that strategic priorities be reflected in local budgets, and that funding for key initiatives be secured early on.

Local Economic Development (LED) and City Development Strategy (CDS) approaches that were widely popular over recent decades have not achieved notable success in improving the competitiveness of cities. The revision of *the way multi-lateral and donor agencies approach city strategies should focus on offering more analytical, prioritization and funding tools along with less rigid and more adaptable implementation structures*.

## Introduction

**City strategy is a structured attempt at planning and organizing interventions at a city- or metropolitan-area level with the purpose of improving economic development and competitiveness outcomes.** In recent decades, city strategies have become a popular concept. As cities are gaining recognition as places that have the greatest growth potential, but that simultaneously face the toughest development challenges, a number of donors and development agencies have become very active in the field of strategic planning for cities. A number of methodologies have been developed and a vast number of strategy-development projects have been implemented across the world. The most popular approaches to strategic planning include Local Economic Development (LED) and City Development Strategy (CDS) (See Box 1). In this paper, we investigate the state of strategic planning for cities through a review of theoretical and empirical literature, a review of development strategies of world-leading cities, and lessons from case studies of successful cities from around the world.

**The global trend toward empowering local governments has helped lead to the proliferation of various LED strategy methodologies.** The global trend toward the decentralization of governance functions is in full swing today.<sup>2</sup> A number of countries in Latin America have gone

through these exercises over the last two decades and, currently, a number of African countries (including Kenya and Ethiopia) are in the process of localizing government powers and responsibilities. As a part of the devolution process, local governments have been charged with various strategy-development exercises. As a result, a host of strategies are being delivered by cities of all sizes in countries spanning all continents and all income levels. A number of development and donor institutions have been active in this field, offering cities in the developing world their methodologies for designing and implementing strategies for local development.

**Are these strategies of good quality?** A good strategy can play a crucial role in directing and organizing economic development efforts as part of a city's journey toward competitiveness. But poorly organized strategic exercises may lead to a major waste of resources and may cause more harm than good to city economies.

**So, what is a good city strategy?** To answer this question, this paper looks at the theoretical and empirical LED and CDS literature, strategies of cities that are recognized as world leaders, and recent case studies from successful cities. What should cities keep in mind when designing a strategy? And how should development partners improve their efforts to support cities in organizing city strategies that work?

### Box 1: Defining Local Economic Development and City Development Strategies

**'Local Economic Development' is one of the methodological approaches to organizing policy measures and interventions to promote economic growth and poverty alleviation at the subnational level.** This approach has been promoted by major development institutions, including the World Bank Group, and has been widely used for strategic planning at the city level. It focuses on enhancing competitiveness, increasing sustainable growth, generating employment, and ensuring that growth is inclusive. It is based on a participatory approach to planning and offers local government, the private sector, the not-for-profit sector and local communities the opportunity to work together to improve the local economy. While strategic planning is an important aspect of LED, the concept is broader, because it covers the way of managing and supporting a local economy.

**'City Development Strategy' is a strategic planning tool for cities that focuses on developing a coordinated institutional framework to help a city make the most of its opportunities.** Just like LED, CDS has been

adopted by a range of development institutions, including the Cities Alliance and the Asia Development Bank. In essence, the CDS approach is very similar to LED, and they share the principles of participatory planning as one of the core values. Unlike LED, however, CDS looks at a broader array of development outcomes, often prioritizing service provision and poverty alleviation over economic growth indicators.

We note that there is an extensive literature on each of the components associated with LED and CDS, including real-estate development and finance, infrastructure provision, SME support and cluster development. In this paper, we focus on LED and CDS literature with capital letters — i.e. development literature that focuses on a city (or other subnational administrative unit) as the unit of analysis, and that aims to develop a whole city rather than a single industry or group of industries, or to target a different specific issue of urban growth.

## What is a good city strategy and how can we measure it?

A strategy can be defined as “a method or plan chosen to bring about a desired future, such as **the achievement of a goal or the solution to a problem.**”<sup>3</sup> This understanding of a strategy implies that we can evaluate a strategy only by linking the actions that it inspired to the outcomes that it delivered.

**Various institutions promoting strategic planning for cities recommend a set of methodologies for designing strategies.** The World Bank Group, OECD, Cities Alliance, the Asian Development Bank and others have been playing an active role in helping cities shape strategies. Each has developed and branded a separate methodology. Each organization frames its own set of priorities and even its own understanding of what LED and strategic-planning exercises should entail. Over the past 20 years, a number of cities have designed strategies following these methodologies. Has it paid off?

**Assessing the quality of these methodologies – and the resulting strategies – has been difficult.** There are several reasons for this difficulty, as suggested by the available literature:

- 1) **Selection Bias. Organizations promoting LED or CDS have an incentive to report the success of the strategic projects that they have been involved with.** Most reviews of the strategies are conducted by organizations that provide LED or CDS services as a part of their operations. This means that their reviews focus on the strategies that those organizations, themselves, have helped develop and implement. On the one hand, this means there are plenty of studies that purport to evaluate city strategic plans. On the other hand, these evaluations do not use counterfactuals to rigorously assess impact. This evaluations may not be particularly reliable, because the institutions have an incentive to exaggerate their successes and to downplay difficulties to promote the quality of their work. Often such evaluation papers are predominantly descriptive. They provide stories of “good practice” – and thus there is a bias toward presenting successful cases, rather than examples of failure. It is hard to find examples of failed strategic exercises.
- 2) **Comparability. Comparability of results between and among organizations is limited, because each organization’s understanding of a successful strategy differs.** City Alliance City Development Strategies (CDS) has a very strong poverty-alleviation focus; the International Labor Organization version of LED strategies targets job creation as the key indicator of success; and the World Bank Group’s LED approach targets a wide range of economic outcomes. Sometimes the objectives can even differ between different evaluation documents from the same organization.<sup>4</sup>

- 3) **Focus on Process rather than Economic Outcomes. Projects are sometimes assessed as successful if they comply with methodological recommendations for project design and implementation without fully assessing economic outcomes.**<sup>5</sup>

- For example, in Karu, Nigeria, the LED process has been evaluated as successful because it created a “Business and Economic Development Committee” to ensure a participatory process, but the overall longer-term economic outcomes resulting from this strategy are not clear.<sup>6</sup>
- In Rosario, Argentina, the city was praised because it successfully managed to frame the LED process in a strategic document signed by major stakeholders, which was used to negotiate loans from development institutions – but, once again, it is difficult to find information on the economic outcomes that resulted.

- 4) **Focus on the Public Sector’s Role. Most prior studies focus on the role of local government, while missing the dynamics of interaction with the private sector.** Although a participatory planning process is one of the key focuses of most LED and CDS methodologies, the cases in which the private sector facilitates city-wide strategic exercises appear to be underrepresented in this literature, as are bottom-up initiatives in general.

**There is thus a need for a more rigorous evaluation of the impact of city strategies.** Ideally, the strategy-evaluation exercise should have started with the collection of strategies from 10 to 15 years ago, the recording of their characteristics, and the collection of data on the performance of cities in the 10-to-15-year period since the initiation of the strategy. It would then require a counterfactual to “test” the impact of the strategy, rather than simply following a “before and after” approach. Such a rigorous evaluation process has not been possible, mainly because of the difficulty of isolating the impact of the strategy from various other countervailing and intermediating factors. Strategies by definition are aimed at the medium to long term, and, during this period of implementation, governments can change (often resulting in changes to the city strategy) and exogenous effects can have a large impact (which makes it difficult to understand the impact of the strategy itself). Furthermore, if a strategy is not implemented in full, or if it is dropped halfway, there is no way to evaluate whether it has delivered on the original promise. For these reasons, this exercise was ended, even after experimenting with tracking performance of cities in the years after they adopted such strategies.

**This paper, instead, uses a review of evidence from various process-based (as opposed to outcome-based) assessments of LED strategies and from case studies of economically successful cities.** The limitations to this exercise are duly noted, but it is used to gain insight and guidance for cities attempting to undertake a strategic economic planning exercise.

## Key success factors for city strategies

### Methodology of analysis

This section develops a list of key success factors for successful city strategies. This analysis is structured around three key aspects of strategy development:

- **Preconditions:** What are the institutional characteristics that should be in place before the strategy is developed in order for it to be a success?
- **Content:** What should go into a strategy? Which themes should be covered, how should priorities be identified, and how should targets and policies be formulated?
- **Implementation:** What are the most important things to consider and include within the strategy to make sure that it is implemented and that its targets are achieved? <sup>7</sup>

We use the following four sources of evidence:

- 1) **Methodological documents.** In recent years, a number of development organizations – including the World Bank Group, UN-Habitat and Cities Alliance – have issued methodological guides for LED strategies and CDSs. These documents offer step-by-step recommendations for strategy development, often as detailed as instruction on how to conduct roundtables and specific analytical exercises. Comparative analysis of these documents helps identify difference in their understanding of key priorities in the city strategy development process.
- 2) **Reviews of implemented LED and CDS projects.** Since a number of development and donor bodies have been closely engaged with strategy development initiatives for the past two decades, a significantly large number of projects have, by now, been implemented. Development organizations as well as independent researchers have made attempts to look back and learn from the experience of strategic planning initiatives at the city level. These documents are subject to a number of biases, as discussed in the previous section, and they use a predominantly process-based approach to their evaluation of strategies. However, they provide the most comprehensive empirical body of knowledge about the factors that are associated with good city strategies.
- 3) **Development strategies of world leading cities: New York, London and Sydney.** There is no precise way to prove that the approaches used by New York, London or Sydney represent best practice. However, the prominence of these cities, their status as global economic hubs, their reputation for good governance and their well-established strategic planning process suggest that they are representative of the global frontier in development strategies for cities. Of course, these cities have the resources and the technical capacity for the design and implementation of strategies that most developing-world

cities can only dream of. The lessons from these world leaders will not apply across the board, yet they help verify the findings from other literature and check whether the strategic-planning thinking in the developing world is evolving in the right general direction.

- 4) **Evidence on the importance of strategic planning from the case studies of six successful cities in different regions of the world** including Bucaramanga (Colombia), Changsha (China), Coimbatore (India), Gaziantep (Turkey), Kigali (Rwanda), and Tangier (Morocco). The case studies were developed as a part of the Competitive Cities initiative of the World Bank Group. They had the ambition of identifying the factors behind the success of top-performing cities. The role of strategic planning was one of the factors investigated in the case studies. The conclusions of the case studies help identify which specific aspects of the strategic-planning process are the most important in the developing-country context. They also offer the only piece of evidence on the role of strategic planning where cities are not selected because they have used a structured planning process, which adds an important perspective to the evidence base.

### Identifying success factors

In the rest of this section, the key findings will be summarized for each of the groups of characteristics: Preconditions, Content and Implementation. See Table 1 for a more detailed summary of characteristics that are associated with good city strategies across various sources of evidence.

#### Preconditions

**Across all different types of evidence, there is a unanimous agreement that certain institutional characteristics are crucial for the success of strategic-planning exercises at the city level.** These are:

- the leadership and commitment of the local government and the city leader(s) (mayor or otherwise);
- the inclusivity and participatory nature of the strategy-design process; and
- the close dialogue between public and private actors.

It is most striking that these issues come up as the most important across cities at different income levels.

**London, New York and Sydney clearly demonstrate the commitment of city leaders to strategies.** The commitment of a city's leader to the strategy sends a strong signal to the private sector, to public-sector employees and to the residents of the city. This helps organize the implementation effort, gives the strategy additional momentum, and reduces the level of uncertainty about a city's future, which is important for the private sector. This factor proves to be equally important in developing and developed countries. Reviews of city strategies suggest that strong leadership may be one of

the make-or-break factors in the success of strategic planning. This was clearly the case in Colombo (Sri Lanka), where the election of a new mayor in 1997 led to the reshaping of the governance structure, which allowed for a more inclusive and productive strategic-planning process.<sup>8</sup>

**The participatory approach to designing a strategy grounds it in the local context and helps create a coalition around it.** Only a strategy that accounts for the interests of businesses and community groups can make the best use of local knowledge that cannot be accessible to city government, analysts and experts. And only through resolving the conflicting interests of different groups through debate and dialogue can a city build a coalition that will support the implementation of high-priority projects in the strategy. In Cali (Colombia), a series of workshops organized as a part of the strategy-development process helped overcome the atmosphere of distrust between key local actors and helped define shared priority areas.<sup>9</sup>

**When talking about job creation and economic growth, the private sector is the key counterpart for the city.** Businesses know best what is important for their growth. That is why establishing private-public dialogue is an important component of successful strategic actions in places like Bucaramanga and Gaziantep.<sup>10</sup> It is also recognized as an element of critical importance in the London Economic Development Strategy.<sup>11</sup>

**Experience on the ground shows that leadership and dialogue can take many different shapes.** Most of the LED and CDS literature insists on the central role of the city government in the strategic-planning process, but the experience of successful cities in developing countries shows that, when public officials struggle to get their act together, private actors can lead the way, as they did in Bucaramanga.<sup>12</sup> This points to the need for more flexibility in the way that the coalitions and institutions that take charge over developing and implementing strategies are perceived and structured.<sup>13</sup>

**The capacity of local actors is one of the crucial factors for the success of strategies,** because it defines both the ability to identify the correct strategic interventions and to implement them. The low capacity of the local government is one of the key constraints for strategic planning in developing countries.<sup>14</sup> Although it is clear that public-sector capacity should continue to be addressed through training and other capacity-building exercises, more attention should be given to the ability of private actors to form coalitions and to play a greater role in developing and implementing strategies. Thus, what should matter most is the cumulative capacity of local growth coalitions, rather than of the city government on its own.

**A number of sources point out that coordination with national and regional governments is an important success factor for a strategy-development process.**

Coordination protects strategies from potential conflicts among different levels of government and helps attract national and regional resources for strategy implementation. Vertical coordination was identified as one of the crucial enabling condition in Qazvin City<sup>15</sup> in Iran and across a range of cities in Southeast Asia.<sup>16</sup>

**What is often missing from the debate, however, is the importance of national regulations as a potential major constraint for the design of and the efficient implementation of city strategies.** Often, city governments do not have full control over the content of the strategy, its implementation process or its funding. In many cases, national governments require cities to develop a strategic document following certain guidelines. Requirements for these documents are sometimes poorly designed, and not enough support and resources are provided to local governments in order to produce high-quality strategies and implementation plans. Box 6 offers an example of CIDPs in Kenya. The experience of Kenya clearly shows that strategies developed without clear guidance, under capacity restrictions and misconstrued incentives, will struggle to lead to improved competitiveness of cities. (See box 2)

## Box 2: Challenges in the Kenya CIDP process

As a part of the devolution reform implemented in 2012, counties in Kenya were required to produce Community Integrated Development Plans (CIDPs). Counties were informed that the distribution of national grants and fiscal transfers would be guided by projects included in the CIDPs and that projects that were not presented in CIDPs would not be funded.

The deadline for submitting CIDPs for national government approval was set at six months from the date when the counties (which were new territorial units) were established. New governments were expected to assemble teams and conduct thorough studies of local conditions in less than six months – yet counties

lacked the resources and skilled staff, and were offered little technical assistance. Three national ministries issued CIDP guidelines, but unfortunately these contradicted one another in parts. In addition, the process of submission and approval of the CIDPs, as well as their legal status, was not clear to all counties.

As a result of this process, most of the CIDPs produced were of relatively low quality, and they contained “shopping lists” of projects rather than focused strategic priorities. Counties saw national grants as the only way of attracting funding, and thus they were motivated to include as many projects as possible into the CIDPs.

Source: World Bank (Forthcoming) Kenya Urbanization Review

## Content

**One of the key conclusions of this review is that, while methodologies and approaches collected under various city-strategies banners share many common features, they are also very different.** In order to tackle the question of the scope of city strategies, an attempt was made to identify the thematic areas they traditionally cover. While strategies share common themes, their focus and priorities differ substantially across different approaches, and it is scarcely possible to define a complete vocabulary of subject areas. In the documents reviewed, the following types of interventions and policy levers appear to be included in strategy documents most frequently:

- Infrastructure and service-provision upgrades;
- Industrial policy, including the development of industrial zones, investment promotion and other forms of support;
- Support for SMEs and entrepreneurs;
- Skills development and job-creation programs;
- Regulatory and business-environment reforms;
- Institutional reforms, change in governance practices and capacity-building; and
- Regeneration, quality-of-life and environment-related interventions.

**The precise choice of levers included in a given strategy will reflect local conditions, and thus they will be different in each strategy.** *The content of effective strategies is largely defined by the power available to local governments.* For example, in South Africa, local administrations chose to act in areas where they had leverage, rather than in areas where the challenges appeared more significant or urgent but where the city had little control over them. By contrast, other strategies included interventions that were outside cities' authority, and for these reasons were "wish lists" for national governments. This observation implies the need for the inclusion of many stakeholders and the national government in the strategic-planning process, which should expand the leverage available to strategy-makers.<sup>17</sup>

**While the content of each city strategy should be unique, certain rules about the content of city strategies are universally accepted.** The importance of strong analytical exercises as the foundation of any strategy is recognized across all sources of evidence.<sup>18</sup> Similarly, most sources recommend focusing on formulating a vision for the city that is ambitious yet realistic, capturing a set of clearly measurable targets. That vision should also ensure that some of the targets can be achieved quickly, to prove the potential of the strategy and strengthen public support for it.

**However, a number of questions about the content of city strategies remain a subject of debate.** The literature on city strategies appears to offer disparate views on whether a strategy should be focused on a limited set of issues or should be comprehensive, covering a wide range of local socioeconomic issues. Cities Alliance's CDS approach recommends identifying a limited number of key avenues along which the strategy should evolve.<sup>19</sup> On the other hand, a review of CDS projects conducted in the 1990s shows that one of the key difficulties was associated with moving the

debate beyond the main issues and with acknowledging the wide range of problems that the city should address.<sup>20</sup> Those two approaches, however, are not necessarily contradictory.

**Cities should aim to combine broad comprehensive analytics and prioritized interventions.** The recent case studies of successful cities showed that successful cities often have a main "theme" – something that they systematically pursued: For Gaziantep in Turkey, it was export-led growth driven by the carpet-making sector; for Changsha in China, it was the development of a world-class construction-machinery sector; for Kigali in Rwanda, it was maintaining an image of a clean and orderly city.<sup>21</sup> However, that didn't necessarily mean that those cities were limited to those subjects in their strategic thinking: They considered and analyzed a wide range of issues and market opportunities, and they combined interventions that targeted general improvements to the business and social environments with targeted support for businesses and sectors with high growth potential. While there is no clear, universal answer, it appears that a good strategic exercise would adopt a rather broad and open-minded approach in the analytical stage; however, it would limit the number of priority projects that it would aim to achieve in the implementation stage.

**While each city strategy should be unique, it is important that every strategic-planning exercise maintain a strong focus on economic growth and job creation.** City strategies, by their very nature, are multidimensional exercises, and they should include a range of subjects including spatial patterns of development, service provision and infrastructure planning. However, the experience of most competitive cities, as well as the examples of strategies of world leaders, shows that economic-development considerations should play a prominent role and should act as an organizing framework for identifying top-priority interventions. Sometimes it is difficult for cities to adopt such an approach, because the most urgent issues may be related to service provision and housing (that was the case, for example, in Colombo<sup>22</sup> in Sri Lanka) and because the economic-development mandate of a city government may be limited. However, in the long run, only economic growth can guarantee job creation and the expansion of budget revenues that will be needed to improve infrastructure and service delivery.

**The debate about balancing the growth and the poverty-alleviation agendas in urban strategy is particularly relevant in the context of developing countries.** One viewpoint suggests that, under the particularly difficult conditions of urbanization in Africa, when cities become welfare centers for the displaced rural poor, social services and the poverty-alleviation agenda should take center stage in city strategies.<sup>23</sup> As a result, a distinction emerges between "pro-growth" approaches to urban strategies (which are more typical in cities in the developed world) and "welfarist" or "pro-poor" strategies (which are prominent in cities in developing countries). In fact, this has manifested itself in a new brand of strategies focused on "self-reliance, survival and poverty alleviation, rather than participation in the global economy, competitiveness, and finding market niches."<sup>24</sup> In this case,

again, the problem should not be envisioned as a choice between two absolutes. Overall, a well-designed strategy should pay attention to the social distribution of economic benefits while maintaining a focus on growth and job creation. Finding a balance between the two is the most difficult part.

**Successful cities combine cross-cutting improvements to the city's business environment with targeted interventions to support businesses with the highest growth potential.**

There often are debates about the tools that should be used to support the city economy. Targeted industrial-policy interventions, such as industrial zones, can show quick results, but they are often blamed for “picking winners and losers.” Cross-cutting interventions – such as streamlined regulatory processes and road improvements – are necessary, but they often take time to promote economic outcomes. The answer is simple: There is no need to choose. Successful cities in the developing world<sup>25</sup> and cities that are world leaders<sup>26</sup> combine both types of interventions.

**Observations of various strategies show that the format of the strategy is not one of the things that matters very much.**

Guidelines for strategy development, and particularly recommendations that national governments give to cities, often focus on such factors as the way that strategies should be structured and the choice of documents they should be associated with. But strategies in many different formats have sometimes proven successful and have sometimes proven disastrous. In fact, some of the cities studied didn't even have a formal strategy, but rather had a widely shared understanding, among key actors, of the guiding vision and key priorities. In the end, it is not a thick strategy volume that helps a city develop, but a well-grounded understanding of the local economy and its growth potential that is shared by key stakeholders.

## Implementation

**A good strategy is a strategy that can be implemented.**

It is crucial that the development of implementation plans and the setup of institutional structures for implementation be a crucial part of the city strategy-development process. This can be done in many different ways. Sydney's and London's<sup>27</sup> development strategies are accompanied by separate implementation plans that are revised on a regular basis; New York's strategic plan includes a detailed implementation framework with clear targets and timelines for high-priority projects.<sup>28</sup>

**A major part of planning for implementation is setting up a monitoring and evaluation framework.**

While importance of M&E is widely accepted, the debates about relevant indicators are extensive. Approaches differ in complexity and level of detail. However, it remains most important that the framework be well-linked to high-priority actions and that it be implementable within the available capacities for monitoring. (For example: Are there enough staff members to track key outcomes?) The capacity of local actors should be accounted for within the implementation framework, and the capacity-building of M&E units should be part of the strategy implementation process – especially in low-income countries, where capacity is one of the main restrictions.

**In addition to measuring the progress of strategy implementation, successful cities should be able to learn from their mistakes and adjust policies and projects and their implementation strategies.**

If certain initiatives have failed, a city should be able to accept failure and go back to the drawing board, as Changsha did when it refused to extend incentives for an electronics manufacturer that departed after the initial incentives package expired.<sup>29</sup>

**The empirical literature highlights the risks of a lack of continuity in strategy implementation.**

Political change often leads to a change in direction. Strategies designed by outgoing governments are often abandoned for purely political reasons, which was the case in Santiago, Chile<sup>30</sup> and more recently in Tbilisi, Georgia. While it is counterproductive to restrict changes to strategic priorities for new governments, it is important to limit the possibility of drastic and rapid changes of direction. This can be done through the institutionalization of strategy, building it into the day-to-day practices of governance, and possibly through the introduction of formal rules that need to be followed to change the strategy, including conducting analysis and consultations and gaining the approval of key partners.<sup>31</sup> A drastic change of direction is far less likely if strategy is owned by a diverse public-private growth coalition, rather than if it is contained within government.

**Another important aspect of the continuity of implementation is the security of funding sources.**

High-priority projects can only materialize if they are tied to a predictable source of funding. In the developed-country context, this is done through tying priorities to the budgeting process and through developing separate funding mechanisms for long-term investments. In the developing-country context, this is more difficult to accomplish, and implementation is often shaped by the availability of resources.<sup>32</sup> Whether a project gets implemented or not is often a matter of the participation of donors and development partners, which is the case, for example, with most of the CIDPs of the counties in Kenya.<sup>19</sup> While this is not necessarily bad, cities should make an effort to tie strategic priorities to sources of funding.

**In ideal conditions, continuity should be a characteristic of the overall strategic-planning process.**

The presence of a continuous strategic-planning process is something that usually distinguishes cities in the developed world. The plans of world-leading cities that this analysis reviewed are not “one-off” documents: They are instead part of a continuing long-term planning and economic-development process. Strategic documents build on previous strategies and the results of their implementation. Strategic planning is recognized as one of the crucial functions of urban governance, and it is performed on a continuing basis by a unit within the government that is specifically set up for that mission. While such an approach may appear ambitious, particularly for low-income countries, it should be seen as a key ambition of any city's strategic-planning projects. The priority should shift from developing strategic documents to creating infrastructure and building local capacity for continuous strategic planning.

Table 1. Key success factors in city strategies		Preconditions	Content	Implementation
<b>Conceptual methodologies</b>	LED (WB) <sup>34</sup>	<ul style="list-style-type: none"> <li>↘ Strong leadership/Commitment of the head of the city government</li> <li>↘ Participation and ownership of key local actors</li> <li>Private sector inclusion</li> <li>↘ Support from national/regional government</li> <li>↘ Focus on capacity building,</li> </ul>	<ul style="list-style-type: none"> <li>↘ Strong focus on economic growth</li> <li>↘ Holistic, approach combining “horizontal” and “vertical interventions</li> <li>↘ Strategy should build on existing institutional structures and ongoing interventions</li> <li>↘ Strong analytical base</li> <li>Future foresight analysis</li> <li>↘ Inclusion of informal economy</li> <li>↘ Clear priorities</li> <li>↘ Clear measures of success</li> <li>↘ Clear strategic vision</li> <li>↘ Quick visible results</li> </ul>	<ul style="list-style-type: none"> <li>↘ Implementation structures/clear distribution of responsibilities and institutions structure</li> <li>↘ Monitoring and evaluation</li> <li>↘ Clarity about sources of funding, links to budgeting process</li> <li>Institutionalization to ensure continuity / establishing a permanent planning process</li> <li>↘ Flexibility, adaptability &amp; revisions</li> </ul>
	CDS (Cities Alliance) <sup>35</sup>	<ul style="list-style-type: none"> <li>↘</li> <li>↘</li> <li>↘</li> <li>↘</li> <li>↘</li> </ul>	<ul style="list-style-type: none"> <li>↘</li> </ul>	<ul style="list-style-type: none"> <li>↘</li> </ul>
<b>Reviews of LED cases</b>	LED (UN-Habitat) <sup>36</sup>	<ul style="list-style-type: none"> <li>↘</li> <li>↘</li> <li>↘</li> <li>↘</li> <li>↘</li> </ul>	<ul style="list-style-type: none"> <li>↘</li> </ul>	<ul style="list-style-type: none"> <li>↘</li> </ul>
	OECD LED review <sup>37</sup>	<ul style="list-style-type: none"> <li>↘</li> <li>↘</li> <li>↘</li> <li>↘</li> <li>↘</li> </ul>	<ul style="list-style-type: none"> <li>↘</li> </ul>	<ul style="list-style-type: none"> <li>↘</li> </ul>
	GHK CDS review <sup>38</sup>	<ul style="list-style-type: none"> <li>↘</li> <li>↘</li> <li>↘</li> <li>↘</li> <li>↘</li> </ul>	<ul style="list-style-type: none"> <li>↘</li> </ul>	<ul style="list-style-type: none"> <li>↘</li> </ul>
	SUDDP in IAC <sup>39</sup>	<ul style="list-style-type: none"> <li>↘</li> <li>↘</li> <li>↘</li> <li>↘</li> <li>↘</li> </ul>	<ul style="list-style-type: none"> <li>↘</li> </ul>	<ul style="list-style-type: none"> <li>↘</li> </ul>
	LED review (ILO) <sup>40</sup>	<ul style="list-style-type: none"> <li>↘</li> <li>↘</li> <li>↘</li> <li>↘</li> <li>↘</li> </ul>	<ul style="list-style-type: none"> <li>↘</li> </ul>	<ul style="list-style-type: none"> <li>↘</li> </ul>
	LED (UN-Habitat) <sup>41</sup>	<ul style="list-style-type: none"> <li>↘</li> <li>↘</li> <li>↘</li> <li>↘</li> <li>↘</li> </ul>	<ul style="list-style-type: none"> <li>↘</li> </ul>	<ul style="list-style-type: none"> <li>↘</li> </ul>
	CDS (ADB) <sup>42</sup>	<ul style="list-style-type: none"> <li>↘</li> <li>↘</li> <li>↘</li> <li>↘</li> <li>↘</li> </ul>	<ul style="list-style-type: none"> <li>↘</li> </ul>	<ul style="list-style-type: none"> <li>↘</li> </ul>
	CDS in south Mediterranean <sup>43</sup>	<ul style="list-style-type: none"> <li>↘</li> <li>↘</li> <li>↘</li> <li>↘</li> <li>↘</li> </ul>	<ul style="list-style-type: none"> <li>↘</li> </ul>	<ul style="list-style-type: none"> <li>↘</li> </ul>
	Rasoolimaneh et al. city strategies <sup>44</sup>	<ul style="list-style-type: none"> <li>↘</li> <li>↘</li> <li>↘</li> <li>↘</li> <li>↘</li> </ul>	<ul style="list-style-type: none"> <li>↘</li> </ul>	<ul style="list-style-type: none"> <li>↘</li> </ul>
	<b>Strategies of advanced cities</b>	New York City Strategic planning <sup>45</sup>	<ul style="list-style-type: none"> <li>↘</li> <li>↘</li> <li>↘</li> <li>↘</li> <li>↘</li> </ul>	<ul style="list-style-type: none"> <li>↘</li> </ul>
The London Plan <sup>46</sup>		<ul style="list-style-type: none"> <li>↘</li> <li>↘</li> <li>↘</li> <li>↘</li> <li>↘</li> </ul>	<ul style="list-style-type: none"> <li>↘</li> </ul>	<ul style="list-style-type: none"> <li>↘</li> </ul>
<b>Case studies of six successful developing world cities</b> <sup>48</sup>	Sydney Economic Development Strategy <sup>47</sup>	<ul style="list-style-type: none"> <li>↘</li> <li>↘</li> <li>↘</li> <li>↘</li> <li>↘</li> </ul>	<ul style="list-style-type: none"> <li>↘</li> </ul>	<ul style="list-style-type: none"> <li>↘</li> </ul>
		<ul style="list-style-type: none"> <li>↘</li> <li>↘</li> <li>↘</li> <li>↘</li> <li>↘</li> </ul>	<ul style="list-style-type: none"> <li>↘</li> </ul>	<ul style="list-style-type: none"> <li>↘</li> </ul>

*This table is a product of a literature review, and reflects author's interpretations of different approaches to LED strategy. Different authors use different language, when describing seemingly similar success factors, interpretation and matching of such instances is a product of author's best judgment. Only factors that are mentioned in more than two sources were listed in the table*

## Focus on three critical areas

**In the previous section, we offered an overview of the parameters that, according to several sources of evidence, are associated with good strategies. This section focuses on three specific elements of strategies that, judging by the literature and the empirical evidence, are identified as the most significant concerns for LED and CDS practitioners.** Each of them relates to a separate broad aspect of strategic planning (pre-conditions, content and implementation). They are:

1. the role of **public and private stakeholders** in the development and the implementation of the city strategy (Preconditions);
2. the role of **analytics** in strategy development (Content); and
3. the **sources of funding** for strategy development and implementation (Implementation).

### *Who should take the lead in the strategic planning and implementation process, and how should it be organized?*

**Most LED literature suggests that the public sector should lead the strategic planning process, but that private-sector involvement both in planning and implementation is crucial.** However, the literature also claims that there are no pre-set roles and that arrangements should be flexible, reflecting the capacity of local actors and the nature of local networks.

**In many cases, the LED approach is defined by its collaborative nature.** The World Bank Group's Local Economic Development Primer asserts: "By its nature, local economic development is a partnership between the business sector, community interests and municipal government. LED is usually strategically planned by local government in conjunction with public- and private-sector partners. Implementation is carried out by the public, the private and the non-governmental sectors according to their abilities and strengths."<sup>49</sup> This definition sums up several key ideas about the roles that different actors play in the LED process, as will be discussed in further detail below.

**The conventional LED wisdom suggests that, for a collaborative process to run smoothly, it must be underpinned by a well-designed, sustainable institutional structure.** Most of the LED literature recommends that such collaboration and coordination bodies be designed and established early on. A UN-Habitat study suggests that LED processes that are carried out on a project-by-project ba-

sis tend to be less successful.<sup>50</sup> The examples of organizations that can take charge of the LED process include community organizations, business associations or chambers of commerce and local government departments.<sup>51</sup> Another option is to use purpose-built collaborative entities, which allow for a high level of flexibility in terms of the roles of different stakeholders. These institutions can be geared toward resolving particular collaboration challenges specific to the local context. Real-world examples of such entities include<sup>52</sup>:

- Social Impact Project (a government-community-business-NGO partnership for sustainable development in Poland);
- The government-business partnership in Lontras, Brazil that has decision-making powers over the Local Sustainable Development Plan;
- The government-private sector participatory planning committee for sustainable growth in Ol Kalou, Kenya. The citizens were informed of the challenges of the planning process and budgetary shortfalls, which led to a substantial increase in tax collection.

**Most of the LED and CDS literature starts with the premise of the importance of public-sector leadership, but it also devotes significant attention to techniques of building partnerships with private-sector and other local actors.** OECD research suggests that the development of new forms of partnerships should be considered one of the key innovations in the LED field in recent decades. (See Box 3 for the characteristics of good partnerships in LED.) However, the report is more nuanced, and does not suggest that all partnerships are good. It clarifies this point: "The best partnership is not necessarily the most inclusive. By contrast, successful partnerships tend to be based around a limited set of core partners whose strategic involvement is essential and who offer major or strategically significant resources."<sup>53</sup>

**Building a partnership with the private sector doesn't guarantee success.** There are plenty of examples of failed partnerships. In South Africa, the model of a dedicated LED Unit/Department was commonly used, and was premised on the idea that local governments with wide networks of stakeholders would advance development within the municipality. Most LED initiatives had formalized partnerships, most commonly with business, chambers of commerce and/or educational authorities, but also with City Improvement Districts, community groups and foreign agencies. However, in practice, this model suffered from a lack of clear objectives and a lack of leadership, because municipalities preferred to take the role of participants rather than of facilitators.<sup>54</sup>

**The notion of public-sector leadership and a key role in partnership-building becomes problematic in low-capacity environments.** Here, local governments may struggle to structure the involvement of the private sector in a strategic-planning process. A study of CDS initiatives in East Asia revealed that, while local authorities were eager to engage the private sector, they were uncertain of how to proceed beyond involving the private sector in the provision of infrastructure or in the quest for general advice.<sup>55</sup>

**Case studies of six successful cities performed by the World Bank Group suggest that a successful local-led process is often led by private-sector coalitions and can rely on informal networks and connections.** Coimbatore in India, Gaziantep in Turkey and Bucaramanga in Colombia are examples of places where local governments were not the leading force behind those cities' very successful economic development efforts, which were driven by continuing dialogue that largely relied on informal links among stakeholders.<sup>56</sup> Private-sector-led strategic economic-development initiatives at the city level are underrepresented in the literature, and LED/CDS methodologies only allow for limited engagement of private-sector actors.

### Box 3: What makes a good partnership in LED

- Strong community support. Resolution of problems.
- Recognized and legitimated roles for each actor. Each actor must have a clear idea of the benefits for them of this form of cooperation, and no one partner must be overly dominant.
- Results-oriented partnerships. The partners should aim at defined goals. They should put their resources in "a pool," accept a certain leadership and create a functional structure.
- A degree of autonomy for the partnership, despite their public funding element. Often, partnerships will choose to adopt the form of a "separate legal entity," a non-profit-making body managed like a private company.
- A permanent communication system among the partners.
- Networks of committed individuals, not merely networks of organizations.
- Professional management and transparent structure.

Source: Goldman, I., Rogerson, C., & Frey, A. (2005). Investigation of Pro Poor Local Economic Development in South Africa Research Partners ;, 27(October).

**The strategy-implementation structure should allow for some flexibility to suit the local context.** There is no one-size-fits-all organizational model for strategic economic planning, given the variation in local conditions, the capacities of key actors, and the relationships among those actors. A review of five strategic initiatives in South East Asia concluded that "although there are standard methods and [although] supporting guidelines were provided, each of the five participating cities prepared its CDS in its own way. . . . [The] actual implementation has varied between cities. A successful CDS is one that is owned by the stakeholders, and, as no two cities are the same, different approaches are to be expected."<sup>57</sup> The City Alliance approach similarly incorporates some flexibility, thus improving the process – and the institutional structure should always be seen as part of a continuing process.<sup>58</sup> (See Box 4 for examples of implementation from the Southern Mediterranean.)

Overall, the evidence on the public- and private-sector roles in the strategic planning suggests:

- **LED methodologies usually imply that local governments should take the lead,** because (in most cases) they ensure broader inclusion, participation and continuity. **Cases in which the private sector has superior capacity and is well-positioned to lead LED are, with rare exceptions, overlooked in the literature,** while evidence collected from the cases that didn't use the methodological guidance of development agencies shows that private-sector-triggered PPD can be a success.
- **Private-sector participation is encouraged in the form of consultations during the development stage and through coordination committees,** but there is little clarity on ways to engage business in the implementation process.
- **It is recommended that the approach to strategy design and implementation be flexible.** Even if rigid guidelines are offered, they are rarely followed in practice, especially because the capacity and attitudes of private- and public-sector actors vary greatly.
- Institutional structures represent the most constant component of any strategic-development effort. Policies, interventions and actors may change in response to changing conditions, but **strong and visible institutions, underpinned by partnerships, is what makes strategies endure.** It also is important to mention that some strategies can often rely on informal structures and institutions.

## What analytical tools should be used?

**A strong analytical foundation is important for city strategies, but it needs to go beyond data collection and it needs to be well-linked to the strategy-development process.** The evidence from the LED case studies suggests that the analytical components of city strategies are often the weak links. Box 5 offers some examples of this factor.

**Most approaches to LED and CDS include an analytical component.** Overall, a combination of qualitative and quantitative assessments is common, and a SWOT analysis is the most widely used tool for data aggregation. However, analytical techniques vary significantly in accordance with the focus of a given methodology (e.g., poverty alleviation or economic growth).

**From the review of LED methodologies mentioned above, it appears that there is more attention given to data collection than to the process for structuring data in a way that best informs and supports decisions.** All the methodologies of the studies in our review include analytical components that combine the use of primary and secondary data, both qualitative and quantitative. However, their primary focus is often on methods of data collection rather than on analytical tools. There is less detail on the process of converting data points into decisions and priorities. A SWOT analysis is the most widely suggested aggregation tool, and more sophisticated analytical techniques are rarely mentioned.

**The depth of analytical exercises often reflects the capacity of local governments. Secondary cities in lower-income countries tend to struggle the most.** This can clearly be seen in the case of Kenya, where the County Integrated Development Plans (CIDPs) of Nairobi and Mombasa – the country's two largest cities and economic hubs – include much more sophisticated and detailed analytical exercises than do the strategies of smaller counties.<sup>59</sup>

**Examples of the city strategies of advanced cities show that the analytical process should be a permanent function.** In New York, London and Sydney, economic performance is monitored and strategies and priorities are re-evaluated on an annual basis, even though the overarching strategic development priorities remain unchanged.

**In addition, world-leading cities use future-foresight exercises, as well as analysis of current situation and lessons from the past.** London's plan uses multi-scenario forecasts to prioritize interventions. Sydney's strategy discusses likely global trends that will affect the city. New York's plan looks into the growth potential of individual sectors. In summary, the following conclusions can be made about the analytical components of LEDs:

- *There is a consensus about the crucial importance of thorough analytics.*

### Box 4: Strategy implementation structures

A review of CDS in the Southern Mediterranean region offers a breadth of examples of different implementation arrangements, illustrating that there are few fixed rules for the design of an LED structure.

- In Tetouan, Morocco, the Morocco Urban Forum (a public-private sector association) acted as the executive leader.
- In Sfax, Tunisia, two different attempts at CDS were led by the local mayor and the National Federation of Tunisian Cities.
- In Settat and EL Jadida, CDS efforts were led by city governors and were implemented by teams of local officials.
- In Alexandria, tree committees were set up for each of the pillars of the CDS, using external consultants to provide expertise and training to improve capacity.
- In Aleppo and Ramalah, CDS benefited from the support of GIZ, an association of German development agencies.

*Source:* Urban Development Strategies in the Mediterranean. (2011). For a full classification of implementation structures see The User's Guide to Implementing City Competitiveness Interventions, developed by the CCKB team.

- *A good analytical process is not defined by the use of specific techniques, but rather by an adherence to the key stages of the analytical exercise: data collection, aggregation, analysis that goes beyond purely descriptive processing, and the interpretation of results that can inform selection of strategic priorities. All of these factors can only be possible if strong technical experts are available.*
- *However, in developing-country environments, analytical tasks are often implemented poorly due to two main factors: lack of data and lack of technical capacity. This leads to the following trends in the existing city-strategy cases from low-income countries:*
  - *Focus on collecting data and lack of focus on analysis;*
  - *Weak links between analysis and strategies, and analysis for the sake of analysis.*
  - *Analysis is often outsourced, which means that the analytics can't be performed continuously throughout the lifecycle of a strategy. This highlights the need for building local technical capacity for data analysis in order to make data analysis a permanent function of city administrations.*
- *Examples of world-leading cities show that the analytical process should not be seen as a one-off exercise but should be a continuing process that combines tracking the current state of the economy with forecasting potential events.*

## Box 5: Analytical shortcomings of CDS and LED strategies – some examples

- ADB study of CDS in small cities in Asia: “Most city stakeholders participating in the RETA agreed that a CDS should address the issues of economic development and poverty reduction. However, many of the . . . **cities had neither analyzed the economic base nor made appropriate projections of economic activity. Development prospects were merely based on what was thought to be likely and not on hard data.**” In general, the analysis part of the CDS was inadequate. Very little data on the socioeconomic and physical aspects of the city, and the likely changes, were collected and analyzed. Except for overall population projections, no estimates of future economic activity or demand for services and utilities were made. SWOT analyses were based on incomplete data on current conditions within the city and on likely external (national or regional) influences on growth. In some cities, this led to a number of problems in identifying and focusing on real concerns and then prioritizing problems and action areas.”
- The UN-Habitat review of CDS in Bamako, Mali suggests that, even though the process included a long analytical phase, the final outcome was insufficient to inform the long-term program because it offered just a **compilation of data rather than a strong analysis.**
- A GHK group review of CDS in a number of cities in South America, Africa and East Asia highlighted the need for better analytics to inform choices: “However, there is a need to **bring more rigor into the decision-making processes;** good technical information is important in order to make informed choices and understanding tradeoffs. In a number of the case-study areas, key problems related to identifying and focusing on what matters, and then prioritizing problems and action areas.”

Sources: Asian Development Bank. (2004). City development strategies to reduce poverty. UN-Habitat. (2002). City development strategies: Lessons from UMP/UN-HABITAT Experiences. Nairobi: UN-HABITAT. Cities Alliance. (2005). The Impacts of City Development Strategies. GHK Group of companies. (2000). City Development Strategies (CDSs) Taking Stock and Signposting the Way Forward. United Cities and Local Governments, & Centre for Mediterranean Integration. (2011). Urban Development Strategies in the Mediterranean.

## How should a strategy be funded?

**The review of evidence has found a broad range of examples of funding mechanisms that can be used for LED strategies.** For example:

- In EU countries, European grants play a major role in funding strategy development and implementation. However, in most cases, national and municipal budgets contribute as well.<sup>50</sup>
- In South Africa, the funding for strategies predominantly comes from public budgets, and there is a large gap between large and small cities. Resources available to government LED units ranged from R100 000 in Umhlatuze (R0.3 per capita) to R51.8 million in Cape Town (R15 per capita) in 2004-5 – which is 45 times more per capita.<sup>61</sup> There is clear gap in financing of the operations of LED units between the smaller cities and the larger ones.<sup>62</sup>
- In the Southern Mediterranean, city strategies offered good examples of combining various funding sources. Alongside local budget funding, certain strategies proposed projects that would be implemented if funding from international donors was secured (e.g., Alexandria), while others included sectoral projects that were to be implemented as part of national programs funded by national ministries (e.g., Settat, El Jadida, Tetouan, Sfax).<sup>63</sup>
- In Southeast Asian countries, secondary cities tend to struggle with identifying funding sources for LED, and thus strategies sometimes lack detailed funding plans. Local authorities appear to be overly reliant on external sources of funding, while the opportunities to raise funds locally were underused.<sup>64</sup>

**Overall, LED and CDS reviews have tended not to focus on the issue of funding, yet funding is often mentioned as being crucial to successful implementation.** A review of a large number of cases where problems with the implementation of (or even the termination of) the strategy were a result of the disappearance of funding. Most reviews mentioning funding thus recommend securing funding upfront and linking strategy-implementation plans to cities’ future budgets. However, the techniques for doing so are often not clearly addressed.

**A lack of clear funding sources and strategies for fundraising often means that the strategy becomes predominantly a “wish list” of ideas that are likely to remain merely aspirational.** This can be extremely damaging for any city strategy: Stakeholders become disillusioned and drop their support for the strategic-development process when they realize that words are not followed by action.

**Given the emphasis on a strong sense of ownership among local actors, it is advisable that local funding sources (public or private) be seen as a priority for a city strategy.** The local funding is likely to increase both stakeholder engagement in implementation and accountability for spending. However, secondary cities, particularly in low-income countries often cannot sustain a strategy implementation process without external support – so this recommendation will need to be balanced by the realities of what is financially feasible.

## A checklist for a good city strategy

The findings of this chapter can be summarized as a checklist of 12 key elements that city strategies in developing-world cities should aim to include. While these principles are mostly intuitive, they offer a good first-level filter for evaluating the quality of strategic documents. We group them as follows:

### Preconditions

- ✓ **Commitment** and guarantees from the leader of the city administration.
- ✓ **Engaging the private sector** (on development and implementation stages) and civil society in the strategy-development process early on
- ✓ Focus on local institutional structures and their development, and particularly on **local-government capacity-building**, which is most relevant for low-income countries.
- ✓ Clear links between city strategic-planning process and the **national policy context**, along with the support or approval of regional and national governments.

### Content

- ✓ **High-quality analytics** that follow the full cycle from data collection to processing, analysis and interpretation, include some form of future foresight that can inform the priorities of the strategy.
- ✓ Strong **grounding** in the continuing local development process (leveraging successful initiatives and using existing networks and institutions), thorough an understanding of the **local conditions** and stage of development rather than aspirations.
- ✓ A **vision** for the city's future and a road map for achieving it through **strategically prioritized interventions** and **clear measurable targets**.
- ✓ **Balance** between long-term goals and short-term interventions that can lead to quick results, thus helping reinforce public support for the strategy.

### Implementation

- ✓ A detailed yet flexible **implementation plan** and a structured **monitoring and evaluation** process.
- ✓ An **institutionalization mechanism**, to protect the strategy from political and economic changes.
- ✓ A **stable stream of funding** and clear links to the budgetary process that will ensure the implementation of strategic initiatives for years to come.
- ✓ The **ambition** to establish a recurring economic-development planning cycle.

## Concluding remarks: Improving Strategic Planning for Cities

LED, CDS and other methodologies have become widely used in developed and developing countries for strategic-planning exercises. Evidence collected in this paper shows that, while the use of these approaches has been beneficial for cities, there are gaps that need to be addressed by donors and development partners to make them more efficient.

### Strengths

- LED and CDS methodologies help cities focus on conditions that are unique to each city, and help them design interventions that reflect each city's capabilities and that fit with their networks of stakeholders and institutional structures.
- LED and CDS initiatives have been useful in facilitating the greater inclusion of businesses and community groups into the strategic-planning and process and into city governance overall.

### Gaps

- LED and CDS methodologies paid a lot of attention to participatory approaches, ways of developing partnerships and developing ownership across various groups of local actors. However, they often provided scant guidance on analytics, on prioritization and on costing, budgeting and funding initiatives.
- Within the recommendations of LED and CDS methodologies on process and institutional structures, the role of the public sector tends to be emphasized strongly, while the role of the private sector is rarely expanded beyond consultations. Greater attention can be paid to mechanisms of engaging private sector in decision making and implementation, and even allowing it to lead the strategic planning exercise.
- The role of national government in designing the framework for city strategies is often overlooked. That role deserves greater attention. Poor national frameworks for city strategies can often distort city-level initiatives.
- The mainstream understanding of city strategies remains rather rigid and restricted. In most cases, it implies government leadership and the presence of a written strategy document. City strategies should evolve to incorporate the possibility of a more informal private-sector-driven process (which is illustrated by the processes in Bucaramanga and Coimbatore). Through such processes, formal strategic documents can be replaced by a shared vision of a city's future and action plans. Implementation structures can be advanced through informal networks that draw on the strengths of personal connections.
- An improved version of LED and CDS could be based on offering menus of options for every stage of the strategy development and implementation process, while paying much more attention to analytical and prioritization techniques, to funding options, and to more flexible institutional frameworks that are open to more informal planning and implementation mechanisms.

## Notes

- <sup>1</sup> World Bank Group (forthcoming): “Competitive Cities for Jobs and Growth: What, Who and How?”
- <sup>2</sup> Rodríguez-Pose, A., & Gill, N. (2003). The global trend towards devolution and its implications. *Environment and Planning C: Government and Policy*, 21(3), 333–351.
- <sup>3</sup> <http://www.businessdictionary.com/definition/strategy.html#ixzz3Wqs5UMvh>
- <sup>4</sup> For instance: Cities Alliance (2005, *The Impacts of City Development Strategies*) identifies the following sets of indicators of success of City Development Strategies (CDS): Shelter • Social development and poverty reduction • Environmental management • Economic development • Governance. A different study commissioned by the Cities Alliance (Kim, K. (2002). *China CDS Performance Indicators Manual*, (December)) has developed a way to evaluate the success of CDS efforts in China. Their methodology, developed for three Chinese cities suggests tracking at least 20 indicators in four broad categories, only one of which relates to economic performance.
- <sup>5</sup> Cities Alliance. (2005). *The Impacts of City Development Strategies*.
- <sup>6</sup> Cities Alliance. (2006). *City development strategy guidelines : driving urban performance* (September 2005).
- <sup>7</sup> See Table 1 for references to all of the literature sources reviewed.
- <sup>8</sup> GHK Group of companies. (2000). *City Development Strategies (CDSs) Taking Stock and Signposting the Way Forward*, 44(July).
- <sup>9</sup> GHK Group of companies. (2000). *City Development Strategies (CDSs) Taking Stock and Signposting the Way Forward*, 44(July).
- <sup>10</sup> Kulenovich Z.K., Cech, A (2015) *Six Case Studies of Economically Successful Cities*.
- <sup>11</sup> Mayor of London (2010) *The Mayor’s Economic Development Strategy for London*
- <sup>12</sup> Kulenovich Z.K., Cech, A (2015) *Six Case Studies of Economically Successful Cities*.
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