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Formulating City Development Strategies in China: Methodological Steps

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Formulating a Vision

- A Vision is a forward-looking ideal of where a community wants to be. It not only inspires & challenges but is meaningful enough that all residents can relate to it
- “What does the region have the potential to be”
- Preferable Spatial Definition: EUR
- It reflects the unique attributes of the urban region: (i) comparative and competitive advantages, (ii) values & preferences of its residents, (iii) its relationship to the global, domestic, and sub-national economies, (iv) its history, & (v) its physical characteristics

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Vision (Cont.)

- Shanghai projects a clear vision as international gateway to China, symbolized by Pudong
- Why?: To align stakeholders' energies to work cohesively for the good of the urban region
 - ◆ Visions becoming more important as master planning gives way to anticipation - foresight - response guidance systems
 - ◆ Foresight is a process of *systematically* considering the future
- Time Horizon: 10-20 Years (longer than Missions & Strategies)

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Steps in Developing an Urban Vision

- Identify key stakeholders & seek their involvement
- Provide the community with basic information based on: (i) state of region, (ii) environ scan, (iii) resource audit
- State of Region: Past & Present factors
- Environmental Scan: Emerging trends, events & developments: the change drivers
- Resource Audit: What does the region have the capability & capacity to do in the future
 - ◆ Implementation resources

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EXHIBIT IV-F
Regional Strategic Planning Manual

Regional Strategic Planning Screening Committee Exercise

Example: Tourism In The Bahamas

Trend/ Event/ Development	Nature of Trend (Evolving, Mature, Past)	Probability of Trend (H,M,L)	Time Frame of Trend (Year, Duration)	Critical to Future Direction of Region (H,M,L)	Capacity to Influence (H,M,L)	Overall Ranking (H,M,L)
<u>Social</u> Growing Bahamian National Travel	E	M	Ongoing	H	M-H	M-H
<u>Technological</u> Super Planes	E	H	2000; ongoing	H	M	M-H
<u>Regional</u>						
<u>Attitudinal</u> Increasing Safety Concerns	E-M	H	Ongoing	M	M	M
<u>Demographic</u> Aging Baby Boomers	M	H	Ongoing	M	L	L-M
<u>Economic</u> Continuing United States Recession	M	H	Ongoing	H	L	L
<u>Governance</u> Government Transition in Cuba	E	H	1995?	H	L	M
<u>Environmental</u> Solid Waste Management	E-M	H	Ongoing	M-H	M-H	M-H

Source: Govt. of Bahamas

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Steps: Developing an Urban Vision (Cont)

- Key variables: Utilize Templates
 - ◆ Economic - Competit., Physical - Environmental, Demographic-Social, Governance (Capac., Fiscal
- Blend anonymous (e.g., delphi), small group, & large meeting inputs
- May invite external comment (lateral thinkers, other cities, international expertise): larger picture, missing opportunities, realism
- Produce SHORT Vision: may include graphic(s)
 - ◆ Ensure internal logic

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Ulaanbaatar Vision 2020

Vision 1: The City to be a well-developed capital city of international level; to have a vibrant economy; to be a world-class business center having a competitive position in the areas of education, information, science and technology.

Vision 2: The City to have an appropriate policy for land management and urban development, including developing the “Ger” Area with appropriate infrastructure, and for improving housing conditions of all citizens.

Vision 3: The City to be healthy, to have a safe environment, a well-knit social life and a progressive legal framework.

Vision 4: The City to have a responsive and efficient public administration having a participatory approach involving the community and the private business sector in civil services.

Vision 5: The City to be an attractive tourist destination in the Asian region.

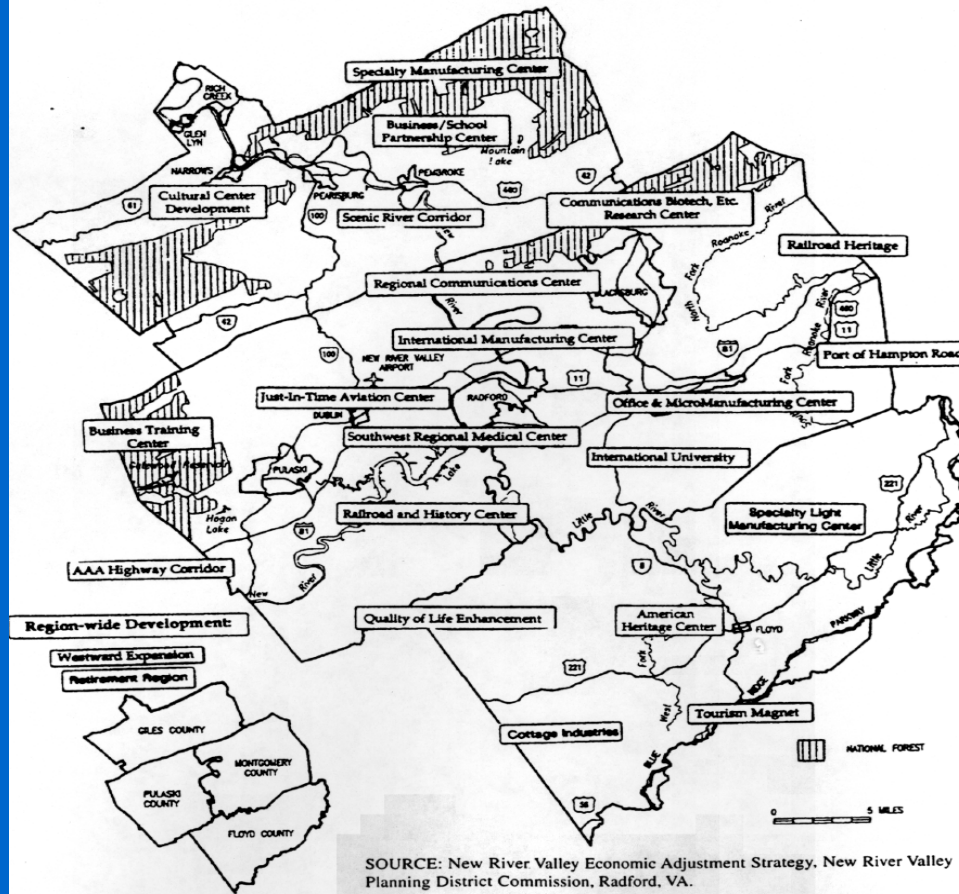
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Characteristics of a Good Vision

- Futuristic & Visionary, but REALISTIC
- Looks long term (10 Years or more) but motivates short term action
- Easy to understand
- Indicates roles for many key stakeholders, not just local governments

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A Vision for the New River Valley



SOURCE: New River Valley Economic Adjustment Strategy, New River Valley Planning District Commission, Radford, VA.

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Implementing the Vision

- Publicize it widely using multi-media
- Establish & fund a group (civic) responsible for keeping Vision alive
 - ◆ Monitor Vision achievement & report back to community (report cards, recognize contributions)
 - ◆ Work with key stakeholders developing Strategies & Missions reflecting their role in implementing the Vision
- Revisit Vision if circumstances change significantly
 - ◆ BUT constant change in the Vision will devalue it

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PART II

- FORMULATING STRATEGIC INITIATIVES

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SWOT ANALYSIS

- SWOT KEYS OFF VISION: How do external & internal factors affect Vision Achievement?
- Establish Task Force (inter-departmental + possibly consultants) charged with SWOT & formulating Strategic Initiative
- Stakeholders need to be involved regularly, especially at decision-making points

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SWOT: External & Internal Environments

External Environment

(factors outside control of municipality)



Internal Environment

(factors under control of municipality)

OPPORTUNITIES

STRENGTHS

THREATS

WEAKNESSES

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SWOT: What is it?

- Strengths: What are the Municipality's strengths in terms of implementing the Vision?
- Weaknesses: What are the Municipality's weaknesses in terms of implementing the Vision?
- Opportunities: What are the main opportunities in the Municipality's environment (both external & internal) related to Vision Achievement?
- Threats: What are the main threats in the Municipality's environment (both external & internal) related to Vision Achievement?

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Rationale

- SWOT enables an institution to:
- Build on & leverage Opportunities
- Avoid Threats *or* take actions to minimize them *or* even reverse their impacts
- Build on internal elements of the institution with most capacity & potential: especially for key strategies
- Avoid internal elements of the institution with least capacity *or* take immediate steps to strengthen these elements: especially for key strategies

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Ulaanbaatar

Opportunities

- A center of industry, trade and commerce, education and health services in Mongolia.
- Proximity to two big markets: China and Russia
- Abundant labor force with advanced skill and education within Mongolia
- Presence of an international airport, international railway and Asian Highway.
- Potential for tourism development with rich Mongolian heritage and culture.
- Relatively better living condition, business opportunities, and infrastructure of urbanized area.

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Insert 4 (continued)

Threats

- Lack of infrastructure in “Ger” area and outdated infrastructure in urbanized area.
- Weak urban planning and land management system.
- Inefficient organizational structure and insufficient fiscal power of city government.
- Rapid population growth causing pressure on infrastructure.
- Lack of knowledge, training and technology for a market oriented economy.
- Severe climate condition (causing high cost of living and lack of year-round attraction for tourists)

IDENTIFYING STRATEGIC INITIATIVES

- Strategy: A set of *means* (actions), pursued with *discipline* and *intent* to produce *results* within a given *time period*, *measurable against targets*
- Strategic Initiatives should be limited in number (<6), & high leverage
- “Trend Benders”
- Strategic Initiatives are product of a Vision informed by SWOT analysis
- Effective Strategies almost always involve a mix of means: Regulation, Market Based Instruments, Investment, Awareness, Community Action

Strategy Formulation: Steps

- Derive Objectives from Vision, informed by SWOT
 - ◆ May involve Standards
- SWOT should guide **How** to pursue Vision
- Identify Strategic **PRINCIPLES & ELEMENTS**
- Identify Resources (financial, personnel, equipment) available, assuming that resources are more elastic in longer run, esp. with successful track record
- Formulate Initial Strategic Initiatives: Then more **focus & depth**: consider alternative strategies to achieve objectives

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Competitiveness Elements - Philippines

- ⑩ Recognition that areas of competitive economic advantage in the urban Philippines are changing rapidly. Urban employment creation facilitation needs to shift emphasis from manufacturing to services. In particular, information and communications technology (ICT) enabled services offer considerable potential, given the Philippines current competitive advantage in this cluster. Other clusters have potential, such as logistics, advertising, accounting, agri-processing, etc. At the same time, clusters of competitive advantage in manufacturing, e.g., electronics equipment manufacture, should be enhanced.
- ⑩ Security in Philippines' urban areas for local residents, and domestic and international visitors needs to be significantly improved.
- ⑩ Dependent on improvements in the security situation, the potential for substantially increased tourism should be realized based on comparative advantage, e.g., diving, beaches, colonial architecture, agricultural landscapes etc. Tripling the number of tourists visiting the Philippines is not unrealistic if the right conditions existed. Urban areas would benefit enough through multiplier and "pass through" effects.
- ⑩ Major urban areas should seriously pursue efforts to make their urban environments more attractive. This will make cities more livable for residents and more attractive to outsiders.

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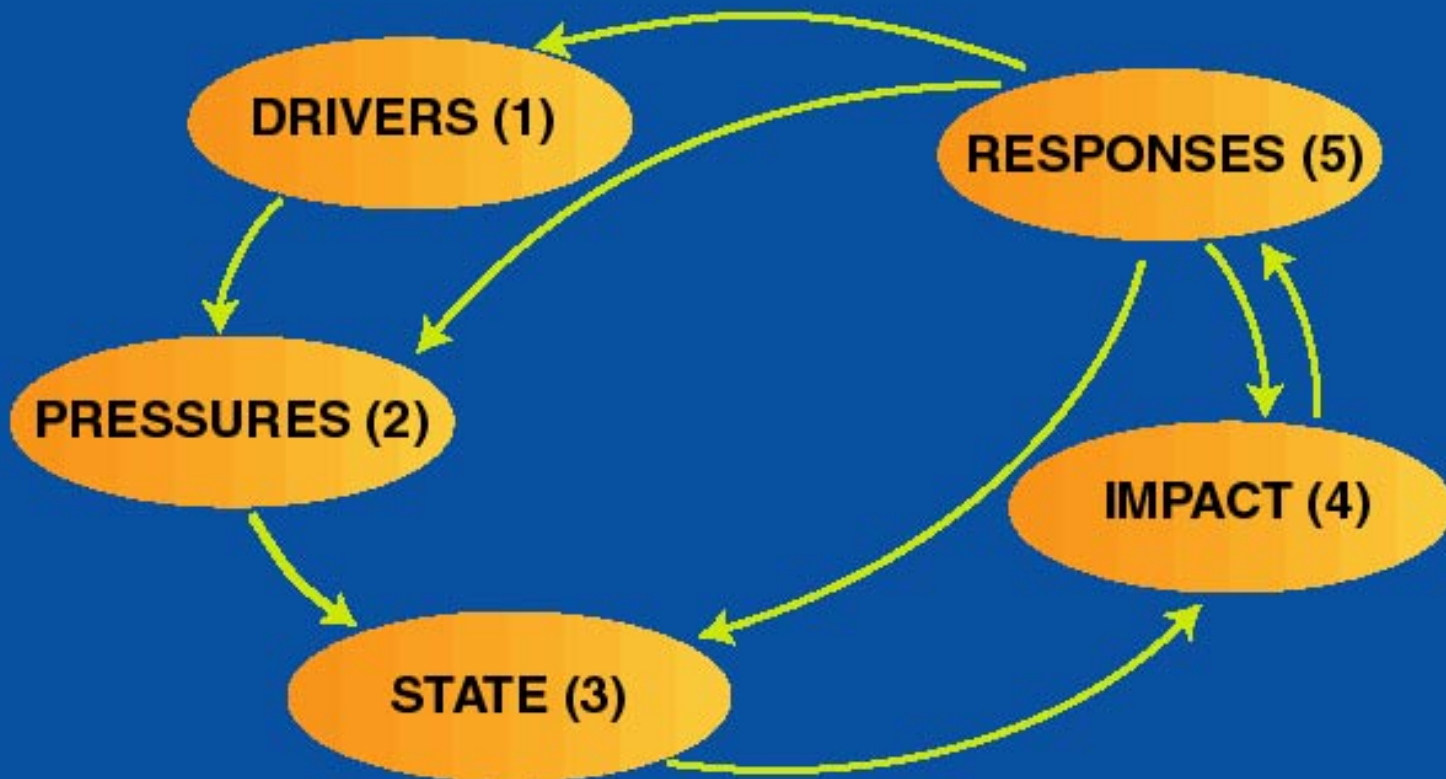
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- ⑩ Inter-urban transportation systems should be a major focus of government infrastructure spending. Virtually every urban area in the Philippines is at a competitive disadvantage relative to comparable urban regions in East Asia because of high costs (in terms of time and money) associated with transportation of goods and people, and transmission of information. Similar challenges exist at the intra-urban scale in the larger urban areas.
- ⑩ Technical education should be increasingly aligned with emerging extended urban region economies, based on early recognition of cluster-led development. The quality of technical education should be improved, particularly in terms of consistency of graduates.
- ⑩ The quality and extent of English language education should be improved so that urban Philippines will retain a competitive edge relative to competing urban systems.
- ⑩ East Asian and global economic change needs to be monitored and assessed carefully and in close to real time. Areas of competitive advantage that people and firms in the Philippines urban areas can pursue will continue to shift rapidly.

Strategy Formulation: Steps (Cont.)

- ♦ Focus on being AHEAD OF CURVE: ahead of future demand, problems, changed drivers
- ♦ Take Institutional S & W into account
- Technical analysis of activity areas (sub-systems subject to strategic intervention)
 - ♦ e.g., cluster analysis (business services, automobile manufacturing) *or* air pollution status / trends, *or* transportation system technologies
- Identify best practices (means, results achieved) in China & elsewhere to achieve identified objectives

Insert 8: The DPSIR Strategic Planning Framework



Strategy Formulation: Steps (Cont.)

- Identify points of highest leverage for action
 - ◆ Focus on DRIVERS, not symptoms
- Model expected impacts: e.g., B/C, Economic Modeling, Environmental & Social Impact Assessment, Financial Feasibility

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Criteria for Evaluating Alternative Strategies: Strategic Planning Process, Hennepin County, Minnesota

Public Acceptance: The resolution of some strategic issues will result in varying levels of public acceptance. The most desirable strategy is the one you perceive will have the greatest public acceptance.

Financing: If additional funding is required, is nonproperty-tax-derived funding desirable? A desirable strategy will identify alternative financing and / or will not require additional property taxes

Capital Expenditures: A desirable strategy will better utilize existing county-owned or managed space and available equipment rather than require increased additional capital expenditure. However, in certain cases it may be financially and programmatically prudent to commit to an increased capital expenditure rather than utilize or attempt to upgrade existing assets of questionable value or benefit.

Long-Term Impact: The major thrust of strategic planning is to anticipate future issues that will confront the county and to respond effectively to those issues. The desirable strategy will offer long-term (more than five years) solutions to the issue and have a lasting positive effect.

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Insert 6 (continued)

Staff requirements: A desirable strategy will allow the resolution of issues by better utilizing existing county staff capabilities rather than hiring new employees.

Compatibility with Mission Statement: A desirable strategy is one that can be accomplished within or is appropriate to the department's mission statement.

Relevance to Strategic Issue: It is assumed that every strategy will respond to the issue; however, some strategies will better solve the issue than others. The desirable strategy is the one you anticipate will best resolve the issue as a long-term solution with lasting effect.

Cost effectiveness: A countywide policy objective is to provide cost-effective service delivery and management. A desirable strategy will improve or increase service and management within the existing budget parameters, or realize cost savings in the long run.

Flexibility: Flexibility in implementing a strategy is a desirable feature. A desirable strategy should lend itself to a trial or test before full implementation.

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Insert 6 (continued)

Timing: When implementing a strategy, timing is often critical. The desirable strategy should enable you to satisfactorily respond to the strategic issue within known time / response constraints.

Client or User Impact: If the delivery of client services is a part of the strategy being considered, a desirable strategy should have a positive effect on the client group.

Coordination/ Integration with Other Services or Programs: A desirable strategy would allow for coordination and/ or integration with services provided by other agencies.

(Source: Hennepin County Strategic Planning Manual, Minneapolis, Minnesota, 1983, pp 2-28 and 2-29.

Source: Strategic Planning: Threats and Opportunities for Planners, edited by Bryson and Einsweiler, "Strategic Planning in Hennepin County, Minnesota: An Issues Management approach" by Eckhert, Haines, Delmont and Pflaum (p. 172)).

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Characteristics of a Good Strategy

- Reflects tough choices: NOTHING IS OF EQUAL IMPORTANCE
- Is realistic, but challenging
- Limited number of actions with high probability of producing results
- Mixes means
- Clearly identifies institutional responsibilities & provides incentives for performance
 - ◆ Not solely based on voluntary cooperation
- Flexible & Revisable: reflecting environ. changes

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Strategy: Competitiveness and Employment Creation

A coordinated, multi-pronged approach to urban system competitiveness and employment creation is needed, involving both the national and local governments. Inter urban and export market accessibility costs must be reduced, otherwise local efforts to enhance economic activity, and export, will bear little fruit. Secondly, assuming improved accessibility to the outside world, local governments need to place greater priority on economic development, not only by improving local conditions through catalytic investments, but also by marketing the advantages of their extended urban regions. Thirdly, there is also a need for all stakeholders to recognize and encourage economic differentiation within the Philippines urban system. For example, only a limited number of areas (three) can be world class export manufacturing zones, only Manila can be an East Asian producer services center, other cities have distinct comparative advantages in tourism (e.g., Vigan) or agri-industry (Davao, General Santos). National and local efforts should thus focus on realizing the *distinct* potentials of individual urban areas, and positioning them at the forefront in terms of role, in the Philippines, and in many cases, East Asia. For example, CALA needs to be able to compete with other special economic zones in East Asia, core Manila needs to be able to compete with other regional business and producer service centers, etc. With increased economic integration in ASEAN, “winner takes all” dynamics will increasingly come to play. Naively trying to spread all types of economic activity throughout the urban system, or inaction, will result in loss of competitiveness. One of the biggest challenges will be positioning some of the smaller, and especially the more isolated Philippines cities for economic growth and employment creation.

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PART III

- IMPLEMENTING THE STRATEGY

IMPLEMENTATION & MONITORING

- Definitions: Implementation: “Organized initiative (intervention) to realize an objective”
- Monitoring: Regular measurement, e.g., quarterly or annually of outputs & outcomes related to strategies
 - ◆ Can be done by those implementing strategy or independent agency
- Evaluation: Assessment of strategies to modify them or extend them into future (step by step)
 - ◆ Best done by independent agency

IMPLEMENTATION WORK PLAN

- Outlines What, When, How Much, Whose Resources by Year
- Outlines Expected Impacts & Indicators of Achievement
- Outlines Monitoring & Assessment System
- Identify Negotiation - Conflict Resolution Process among Agencies / Stakeholders

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EXHIBIT VI-G (1)
Regional Strategic Planning Manual

Pittsburgh Regional Library Center Strategic Target Implementation Work Program 1992-3 Program Year

1. Revised Strategic Target
(Based on updating environmental scan, resource audit, mission and vision and evaluation of 1991-2 implementation activities)

2. Strategy

What? (Policy, Program, Practice, Probability Action (Listed In Order of Implementation) Current (1991-2) Proposed (1992-3) Proposed (1994-6)	Who? (Individual, Organization)	When? (Start, End)	How Much? (Dollars, Workload,	Whose Resources? Internal (Fund, Other) External (Source, Probability) (Including contributed time, services and equipment)
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(Based on listing 1991-2 implementation activities, brainstorming candidate policies, programs, practices and actions for 1992-3 and beyond, revising selection criteria, selecting priority activities and developing detailed strategy for 1992-3 and more general for 1994-6, and completing table)

– Continued

INSERT 9 (continued)

EXHIBIT VI-G (2)
Regional Strategic Planning Manual

3. Potential Impact (with quantitative and qualitative measures)

- Actual (1991-2)
- Estimated (1992-3)
- Estimated (1993-4)
- Estimated (1995-6)

4. Monitoring/Evaluation Activities

Based on addressing questions such as:

- What will be monitored during implementation? (output measures et al) Who will monitor? How will monitoring results be used?
- What will be evaluated during implementation? (impact measures et al) Who will evaluate? How will evaluation results be used?

5. Implementation Negotiation Process

Based on addressing questions such as:

- Which stakeholders need to be involved in implementation of strategy, especially those not involved in selection of strategic target or design of strategy? How will they be involved?
- What implementation obstacles need to be overcome? Legal, fiscal, administrative, political, attitudinal, etc.? What contingent activities can be undertaken if the obstacles can not be overcome?
- What staff and financial resources will be needed to manage the implementation process during 1992-3? From internal and external sources?
- How will implementation priority and funding be negotiated with key stakeholders? Should a mediator be used?

6. Other Work Program Guidelines

MISSION STATEMENT FORMULATION

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- A Mission Statement guides an Institution in implementing a strategy
 - ◆ Clearly indicates priority commitments of the LGUs, e.g., “we commit to”
- Nested EUR + LGU Mission statements

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Characteristics of a Mission Statement

- Tells WHAT the agency does
- Tells WHO the agency serves
- Tells HOW the agency provides services
- Tells WHY the agency exists

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Strategic Accountability: Steps

- Strategy must be matched with institutional responsibilities: Champions / Leadership
- Strategic elements must be translated into measurable expectations (outcomes), preferably quantitative
- Measures such as Results based Budgeting can be introduced: Contract with sanctions & rewards
 - ◆ Results based budgeting requires input, output, & outcome monitoring

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Strategic Accountability: Steps

- Performance expectations: both short term (aligned with budget year) & medium term (3 -5 yrs)
 - ◆ 5 year strategic plan, annual performance plan indicates role/contribution to 5 year strategy

• • • INSERT 10: US GOVERNMENT PERFORMANCE ACT

- Adopted in 1993
- Most Agencies Must Prepare Strategic Plans (5 year horizon with revision every 3 years)
- Strategic Plans: Articulate the fundamental mission of the organization, describe its medium-term goals & the resources needed to reach these goals”
- Annual Performance Plans: Linked to budgets
- Contribution to Strategic Plan must be explained annually (against Annual Performance Plan)
- Deviations from objectives explained: or sanctions