

Chapter 2

Identifying the Options for Intervention

by
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The process of defining alternative options and selecting a preferred choice is a critical element in the overall process of strategy development. However it has not traditionally received a great deal of attention, because of factors such as partners being reluctant to subject tried and trusted approaches to more objective assessment.

A number of key principles should be adopted to help identify options. The process of identifying options should be as transparent as possible and it should involve reflecting backwards to defined objectives and forwards to anticipated impacts. It is also important to accept that doing nothing may be the best solution – at least in the short run.

In building up options, partners need to reflect on a range of criteria including the areas of intervention being addressed; the balance between harder physical investment projects as opposed to softer skills associated with enhanced competitiveness; assumed beneficiaries, geographical scale, time horizons, any financial and legal considerations; actors and agencies needed for the effective implementation of options; appropriate management and strategic steer and sustainability.

In selecting the preferred option, partners will need to consider the degree to which options achieve defined objectives and the full costs and benefits of risks associated with different options.

The impact and outcomes of different options is briefly considered here but discussed at length in the next chapter.

Introduction

Identifying possible options and subsequently selecting a “best fit” solution is a key process in making good local development strategies. Yet despite its importance it is probably true to say that it has received **less attention** than many other steps in the strategy development process. This is because of a number of **obstacles**, including:

- There can be a tendency to go along with the “conventional or accepted view” of what makes a good strategy; stakeholders may believe that there is an “obvious” way of doing things.
- Devising options can be seen as difficult and time consuming.
- Partners may be unhappy about long-standing favoured projects being subject to what they can see as irrelevant appraisal.
- Actors may be simply unaware of the importance of identifying options for appraisal.
- There may be a lack of specialist skills in this area, which can prove to be a particular problem for smaller organisations.

As a result of the impact of these kinds of factors the **evidence base for devising options and selecting a preferred option is thin**. Nevertheless identifying and appraising options is a **critical element** in the process of strategy development. In particular it should:

- Provide an ideal opportunity to think of new ways of doing things and of avoiding past errors.
- Ensure that different options are subject to fair and rigorous assessment.
- Help achieve value for money.
- Ensure all key partners have a voice in driving forward the preferred strategy.
- Bring new thinking to the table.

This chapter explores options for intervention within **four sub-themes**:

1. Key principles underpinning the identification of options.
2. Criteria to be employed in building up options.
3. Bringing together key criteria through three practical examples.
4. Identifying the preferred option.

Identifying options: some key principles

In identifying options and selecting a preferred strategy, it may be useful to bear in mind a number of **key principles** which should help partners develop a robust approach. Four are outlined below:

It's part of a bigger process

Identifying options is only one element in making good strategies; it is important therefore both to:

- **Reflect backwards** to ensure that defined options can meet the overall objectives of the development strategy, a process discussed in the previous chapter. In many circumstances the more precise the objectives, the easier it will be to select options and to identify a preferred strategy. Vague overarching objectives are often of little value in assessing options.
- It is also important to **look forwards** to make sure that the preferred option has a plausible chance of meeting anticipated impacts, an issue which is considered in detail in the next chapter.

Defining options thus plays a role in linking together different components in the strategy making process. In particular it bridges two key components in the overall process: “defining objectives” and “assessing impacts”.

Proportionality

Identifying options is clearly a centrally important element in strategy development. However it is important that partners adopt an approach which is proportionate to the strategy concerned. More substantial local development strategies impacting wide areas and longer time periods, usually involving a range of sectors, will generally justify considerable investment in defining and assessing options; smaller proposals will merit less effort.

Transparency

Subject to any commercial confidentiality, the processes by which options are identified and a preferred choice selected should be as transparent as possible. This helps to create trust across partners, maximises contributions from different actors, and ensures that a full range of options is addressed. Whilst transparency may seem an obvious principle to adopt, there can be circumstances where some partners prefer to contain the process in order to reduce the range of options and hence to improve the

chances of their “own approach” being adopted; such pressures should be resisted.

It may be best to do nothing, at least for now

Partners will generally assume that economic and employment problems necessitate development strategies. In most circumstances this will be a perfectly reasonable assumption to make. But there may be instances where doing nothing makes sense, at least in the short to medium term. For instance new transport infrastructure may be about to come on stream in the near future or recently launched national policy initiatives will have implications for proposed local development strategies. There could also be cases where partners may wish to see how previous interventions pan out before committing to new strategies or reconfirming support for existing initiatives. Doing nothing is unlikely to appeal to many partners, but it may have merits in the shorter run; at the very least benefits arising from identified options should be compared with a “doing nothing” scenario.

Building up the options: key criteria

Identifying options for local development strategies will normally involve the consideration of a number of criteria, nine of which are considered below. Options for local development strategies will rarely need to refer to all of these. But those charged with creating options for appraisal may find this a useful checklist:

- Areas of intervention.
- Harder edges or softer skills?
- Beneficiaries.
- Geographical scale.
- Timing.
- Financial and legal considerations.
- Actors.
- Management and governance.
- Sustainability.

Areas of intervention

Local strategies will vary in the degree to which they focus on different **sectors of the economy**. In some instances partners will be seeking to

intensify, or diversify away from, agriculture. There may also be opportunities for enhancing some manufacturing activities. However, increasingly there is likely to be more of an emphasis on increasing economic activity and employment in various service sectors. Sometimes this may involve looking to build on relatively low-value service sector employment and activity such as retailing, warehousing or call-centre employment. In other instances partners may wish to emphasise education and training, and in others provide a framework within which innovative business services can thrive. In practice many local development strategies will of course be seeking to enhance activity across a range of sectors.

Harder edges or softer skills?

Actors need to ensure they achieve an appropriate balance between harder edged physical investments on the one hand, with strategies designed to boost skills, innovation and social capital, on the other. Particularly in relation to regional or sub-regional development, there has been an inclination in some quarters to support harder edged developments: roads, infrastructural projects, new commercial or tourism development projects, and so on. Increasingly, however, the emphasis has shifted towards enhancing economic competitiveness across regions and cities. In order to do this agencies will need to understand the importance of a different set of interventions designed to build innovation, create robust and mutually supportive business institutions, and boost social capital. In practice, of course, many development strategies will of necessity look to both supporting physical investment, whilst at the same time driving forward “softer” skills.

Beneficiaries

Some local development strategies may be targeted at specific socio-demographic groups. Instances where this might occur include:

- Integrated training, basic education and job search initiatives for residents in deprived localities.
- Language courses, job training initiatives and job search programmes for immigrant populations.
- Schemes to enhance skills and job awareness amongst young people.
- Programmes specifically designed to boost female employment on specific sectors such as engineering.
- Job search projects for older male workers made redundant from contracting industrial sectors or from agriculture.

Developing options will often require partners to be explicit about whether particular groups are to be targeted and how.

Geographical scale

In developing options for appraisal, partners will need to make clear the geographical boundaries within which interventions are to occur. These can vary considerably:

- Some initiatives, such as training projects, may be designed to cover entire cities or regions.
- Other projects, such as schemes to provide personalised job mentoring, may be directed at those living in specific neighbourhoods.
- And some initiatives may focus on more narrowly circumscribed localities: the physical redevelopment of a redundant industrial site in order to create an integrated business park and educational facility, for instance.

Defining geographical scale is important in informing the development of options. It allows partners to appreciate the scale of activity; it helps focus intervention on specific areas; and it clarifies which partners are to adopt which particular remits within which defined intervention areas.

Timing

Time horizons are important in developing options for appraisal. Some proposed interventions, such as training or business support schemes, can be devised and implemented over relatively short time horizons. Others, such as major redevelopment proposals, will take longer to devise and implement.

Partners need to be clear about the time horizons involved, not least because these will have implications for the phasing of demands on agency resources. In this context it makes sense to see the time equation impacting in two rather different circumstances:

- One where similar development proposals are being considered.
- As opposed to circumstances where different approaches are being proposed to meet longer term objectives.

Here is one example to illustrate the former. A new training programme is required to meet the labour demands of a major inward investment project involving some research and development and production of a new generation of flat screen TVs. Partners are faced with several options:

- A substantial “front-loaded” programme designed rapidly to boost local skills across the board.
- An initial universal “first base” training programme followed up by more specialist inputs for some.
- Developing longer term training modules in local schools and adult education colleges.

Timing becomes important here in at least two ways: ensuring that training packages meet the immediate labour demands arising from inward investment projects; and also making certain that the funding packages for different training schemes complement the availability of resources from development agencies.

There can however be circumstances when ultimate objectives can be met through markedly different options. To give one example: a major port is implementing new dock facilities specifically designed to allow easier access for larger ships. This will lead to the closure of an established port area close to the city centre. The ultimate outcome is to revitalise this redundant area for new economic activity. Partners are hence faced with real choices. The area could potentially be developed as a new “e-business” project; an educational and training hub; a centre for arts and cultural activities; a major retail park; new business units; or a mixture of some or all of these activities.

In this context, time represents one of the key criteria by which different options will be assessed:

- Some schemes could be implemented more rapidly than others. Partners may find developers happy to build, say, standard business units as quickly as possible, but would the interests of the city and its region ultimately be better served by looking to develop an “e-business” or cultural facility which will take more time to implement, but which might be more sustainable in the longer run?
- Partners may be reluctant to look too far ahead because of uncertainty about the continuing availability of some funding streams. They may consider it better to implement less than perfect proposals immediately, rather than face the danger of funding sources being reduced or eliminated.
- And it can be also be difficult to delay too long if proposals require political approval in some form or other; understandably politicians are generally reluctant to appear indecisive.

There is a further issue within the overall dimension of timing. There can be circumstances where it is important to make a distinction between the time required to carry out interventions, as opposed to the time horizons involved in the realisation of impacts. To give one example, a largely rural region has seen further rationalisation of land ownership, enhanced mechanisation, and associated reductions in agricultural employment. Programmes are put in place to enhance entrepreneurial skills, help new “non-rural” firms, boost rural tourism, retrain ex-rural workers, and so on. These interventions can be implemented relatively quickly. But outcomes in the way of, say, moving ex-agricultural workers into new sectors, reversing population loss, instilling entrepreneurial attitudes, building social capital, creating non-rural jobs, and so on, may take many years to feed through. If partners identify options designed to achieve deep-seated change, they need to accept that whatever interventions are adopted, outcome change can take many years to occur.

Financial and legal considerations

In some instances the financial and legal implications of options will need to be considered. A number of questions surrounding **financing** are likely to emerge in developing options for appraisal. In particular there will be a need to carefully:

- Estimate the full costs of options.
- Identify which costs fall on which partners and when for each option.
- Highlight any financial contingencies: for instance it may be that some sources of funding can only be employed if “matched” funding has been secured from elsewhere.

In some instances options will also need to address legal implications and impediments. These will vary depending on the prevailing legal system, the scale of the local development strategy being considered, patterns of land ownership, and so on. But issues which may crop up include:

- Establishing land ownership, which can constrain the timing and nature of development, especially in older, mixed use, industrial areas where identifying ultimate land ownership can be costly and time consuming.
- It may become obvious that the implementation of some options requires land acquisition; this can be achieved through normal market processes. More often it will ultimately require some form of compulsory acquisition which can prove expensive in terms of resources and time.

- As is discussed immediately below, many strategies require active support from a wide range of key actors and agencies. In many cases co-operation across agencies can be achieved on a purely informal basis. In some instances however there may be a need to create some form of legal entity through which to implement larger projects. Although this process will take time and will have financial implications, it may be necessary in order to provide a clear indication of the timing and scale of financial and other commitments falling on partners.

Actors and agencies

Implementing local development strategies will require the involvement and support of different **actors and agencies**. Agencies provide the overall framework within which local development strategies are implemented. But the influence of key individuals should not be underestimated. In some circumstances one key actor having senior responsibility in a development agency can play a quite decisive role in devising options and selecting a preferred strategy.

Naturally the impact of actors and agencies will vary considerably across different regions and countries. It will generally be the case too that the more complex the proposal, the more actors and agencies will need to be involved. In theory those involved may include:

- **Local government**, which will often prove to be a key agency. Typically local governments know more about the issues surrounding particular problems; they will often have access to, or influence over, financial and legal resources; they are democratically elected and thus represent a source of political legitimacy and accountability; and they can help push developments along if delays are encountered. In many circumstances local government will be the key facilitator in driving forward the process of defining options and identifying an agreed approach.
- **Regional and national government**, which can also play a critical role in pushing forward larger development strategies. In some countries regional tiers of administration play little, if any, role in development; in others they have an important function in funding and facilitating development. In virtually all states national governments have some influence over the legal and financial frameworks within which local schemes are implemented. Options will need to be embedded within the wider institutional context: there is no point in proposing possibilities when it is known they will run into barriers set by regional and/or national governments.

- **Local business**, whose role will vary across both countries and strategies. But the private sector can play the key role in helping to fund projects where commercial returns are possible; in providing expertise in relation to markets, business needs, prospects, and risks; and in easing constraints on development. In some more disadvantaged localities or areas where traditional industry or agricultural output has declined, the local business sector may be limited in size and scope. But options for development need to set out the degree to which proposals are based upon the needs of, and the extent to which they will in turn support, local business. In many instances one effective way of getting the views and involvement of business will be through direct contact with chambers of commerce or their equivalents.
- **Local communities** can have an important function in helping to devise options. In some instances local communities, or perhaps key players within the locality, may have strong evidence-based views on the desirability and impact of different options. Across the developed world some of the most iconic urban developments have emerged from the strongly held views of local community groups.
- **Voluntary and “third arm” organisations** can be important in helping to drive forward local development. Some cities and regions have thriving “informal sectors”. They may be important in helping to devise and select options. For instance they may have access to particular funding streams not available to other organisations. There may too be instances where projects such as, say, training schemes or initiatives designed to boost small businesses would have a different cost basis if implemented by the “informal sector” than would be the case if run by the private sector. There may too be implications for the sustainability of strategies if these are implemented by informal sector organisations. The latter tend to have a long term commitment to an area or client group and often plan to re-invest any surpluses into ensuring the sustainability of the scheme involved. These objectives may be rather different to those assumed by the private sector or indeed local government.
- In some countries **social partners**, notably trade unions, have a role to play in devising options. Social partners can have important insights into options for local development. These might especially revolve around the need for labour market interventions including the desirability of new training or job mentoring schemes, for instance.
- Finally **delivery agencies** should almost always be regarded as key actors in devising options. Circumstances will vary across states. In some countries local government is likely to have a key role in implementing changes across a wide range of agendas including

economic development, education, training, transport, land development, and so on. But in many countries there has been a trend for local government to lose some functions to dedicated delivery agencies with a specific remit for, say, labour market training, land acquisition and development, public transport, and so on. Furthermore in many countries planning and development powers for specific, often rundown, localities may well have been vested in dedicated development agencies. Options need to be embedded in the plans and funding streams of these organisations.

In many circumstances local development strategies will not require a substantial input from the full range of actors and agencies outlined above. But in devising options it is important to ensure that those key to implementation are involved from the outset in helping to define possibilities, and in selecting a preferred solution.

Because of this potential range of organisations involved it may often be the case that local development strategies require the creation of a formal or informal **partnership** across different agencies. This can have implications for devising options. To give one example, a local development strategy is needed to increase formation and survival rates of new companies emerging from more disadvantaged groups and localities. This could be implemented in at least two ways:

- By building on an existing local business development agency funded by central government which has a well-established programme, but which does not provide much longer term “hand-holding” support to new firms.
- Through a more time-consuming route based on a partnership across a range of local agencies including local government, community groups, local businesses and third arm bodies in order to implement a strategy to create and support new firms emerging from disadvantaged groups in the local labour market.

These strategies present different options for addressing a particular need. The first may require relatively little in the way of partnership work. The latter will entail time and effort in building up and sustaining a partnership across a range of agencies. But in the longer run the second option may be more likely to achieve defined objectives.

However, although partnership working may often appear a sensible way forward, this type of working **can impose “costs”**:

- It will take time to establish and run an effective partnership.

- Some agencies can see partnership working as lacking focus and direction.
- Agencies will need to be convinced that resources they might be putting into partnership working represents value for money.
- There can be particular problems in maintaining a collaborative approach when partnerships include agencies with very different skills, capacities and attitudes.

Ultimately some larger planned developments may well require a partnership of some kind. In other instances it may be that a lead agency is best placed to devise options and drive forward a resultant strategy, consulting where necessary with other relevant bodies. Partnership working is not a “cost-free” approach.

Management and governance

Local development strategies will need day-to-day management, but often also a strategic steer. Considerations which need to be taken into account in devising options here might include:

- **The quality of management:** in devising options it may be necessary to consider the experience, expertise and leadership qualities of managers in driving forward agreed local development strategies, as well as their technical competencies in areas such as resource planning, human resources and information technology.
- **Strategic steer:** depending on the nature of the strategy, it may be that options need to consider the issue of strategic direction; this could become especially significant where a range of agencies is involved. In such circumstances it may be important to establish some kind of “Project Board” to regularly review progress and to address constraints undermining progress.
- **Monitoring and evaluation:** larger projects in particular should provide a clear indication that they have thought through financial and output monitoring, how evaluation might best be undertaken, and mechanisms by which changes can be introduced if monitoring and evaluation point to problems in implementation.

Sustainability

An increasing emphasis will need to be placed on all aspects of sustainability. In many instances the development of options and the selection of a preferred approach will need to consider the impact of proposals on:

- The local ecology.
- The totality of environmental change arising through land use, transport and energy implications of different options.
- The degree to which strategies can be sustained through time.
- The implications of proposals on all sectors in society.
- And hence an assessment of the full environmental consequences arising from each proposed option.

Pulling it all together: some examples

The criteria explored above provide an indication of factors to be taken into account in developing options for local development strategies. In practice these criteria will need to be pulled together to create a series of potential options from which one is ultimately selected. Practical examples are one way of illustrating how the process might operate. Four examples are outlined below:

1. Strategies to enhance local skills.
2. Strategies to boost local entrepreneurship and innovation.
3. Options for evolving rural regions.
4. Options involved in redeveloping outmoded urban economies.

Case Study 1. Upgrading the local skill base: boosting local economic development

The problem

There are often substantial pockets of unskilled people in many developed cities and rural regions. Some may be economically inactive, others working in sectors requiring few skills. Yet at the same time there can be regional skills shortages in other sectors. There is often therefore a need to provide suitable training for unskilled groups which can both assist in their own personal and economic development, whilst at the same time help to ease local labour market bottlenecks. Government wishes to establish a sustainable training strategy for unskilled people, with a particular emphasis on supporting pockets of new immigrants from less developed countries.

Several options are possible

Do nothing. If labour shortages become acute, firms may in the end enhance their own training programmes. But experience suggests firms may be more inclined to poach trained labour, thus creating inflationary pressures in the labour market.

Use one supplier to provide a standardised training programme. In many developed countries there will be a private sector infrastructure through which “standard” training programmes can be carried out. Those charged with the local development strategy know these courses can be put on relatively easily and they appear to have a successful track record. But there are concerns that private trainers may simply “cream off” those easiest to train, will not really attack the issue of new immigrant communities, and once targets have been achieved, will simply move on.

Pull together key delivery agencies. One option would be to pull together all existing development, educational and training agencies in the region. In many countries there can be a relatively sophisticated network of agencies with some role to play in training. There are advantages to this “agency partnership” approach in that it uses existing networks of agencies which are going to be around for the longer haul. On the other hand relationships between agencies may not always run smoothly; this approach will require careful partnership working; and not all agencies will have strong records of successful engagement with more deprived communities.

Use social enterprise. A more radical solution would be to create or build on local social enterprises. In some countries this may not be an option. But in others there will be an existing or potential network of social enterprises or voluntary sector bodies through which training programmes might be implemented. Such an approach may be seen as riskier than some other options, and there may be concerns about the management and regular delivery of the programme. But there could be real advantages too. Social enterprises and voluntary groups tend to have more of a local presence in deprived localities. They often have a history of working with immigrant communities. They will also be more inclined to address the problems of the most unskilled. They will not be driven solely by throughput targets. And they will stay around to help build up social capital.

Case Study 2. Entrepreneurship and local innovation*The problem*

Many older industrialised cities and regions are seeking to enhance entrepreneurship and innovation. As traditional manufacturing employment

and economic activity contracts, regions can find themselves lacking firms likely to create new jobs and boost economic activity in innovative sectors.

Options

Do nothing. This would not generally be an option here. Market forces are of themselves unlikely to resolve this problem for many older industrial regions.

Upgrade the existing economic base. One option would be to try and upgrade the existing economic base by using innovation and development agencies, loans, grants, beacon schemes, learning projects and so on to encourage existing firms to become more entrepreneurial and innovative. This would have the advantage of building on existing firms and sectors and it may help these companies to survive within their existing markets. But as an approach it is unlikely to enhance innovation in new or more advanced sectors, and may well lead to a further reduction in employment.

Create business incubators. One micro-approach would be to bring together local government, development agencies and the private sector in order to create a series of business incubators solely housing firms in pre-defined innovative sectors. Innovation would be encouraged through technical and financial training and support, assistance in marketing, mentoring of smaller firms by larger ones, mutual help across firms, and so on. But the evidence base suggests that many enterprises which start off in incubators do not always thrive or even survive; hence this option might best be seen as only part of a long-term programme of change.

Support innovation clusters. Clusters have attracted considerable interest in many developed countries and regions. Typically governments and development agencies, working with the private sector, attempt to support firms within specific pre-defined innovative sectors such as biomedicine, pharmaceuticals, and electronics. Support here may include providing land and infrastructure; a high-quality architectural and physical environment; creating an agency through which to develop, finance and market the defined sector, etc. Such an approach has the merits of focus and creating clear market messages. But those considering this option should also be aware that the evidence is very mixed regarding the value of clusters, other than those located in specially favoured localities such as Cambridge in the United Kingdom.

Encourage inward investment. Finally there is the option of seeking to enhance the entrepreneurial base through the inward investment of new projects. Deprived cities and regions may be in a strong position here in that partners are often in a position to offer attractive packages based on immediately available serviced land, infrastructural investment, local

university “know-how”, relatively cheap labour, and a regime of grants and loans available to incoming firms. On the other hand, competition for inward investments in innovative sectors is fierce, not simply within, but also across, countries. In addition such investments may not be sustainable in the longer run: the more distant a production facility is from company headquarters, the more likely it is to be closed in times of economic retrenchment. And the evidence is by no means conclusive that having a new major production facility will create positive spill-over effects in the region concerned in the way of encouraging innovative small and medium-sized enterprises (SMEs).

Case Study 3. Options for evolving rural regions

The problem

Rural regions in developed countries have been subject to considerable change: rationalisation of land ownership, further mechanisation, ecological problems, changes in subsidy regimes, new health and safety regulations undermining local markets, declining agricultural employment, depopulation, and so on. A common underlying imperative is the need for economic diversification.

Options

Do nothing. This is unlikely to address the inter-related set of problems impacting on many rural regions.

Downstream agricultural diversification. There may be some opportunities to support spin-offs from mainstream agricultural productions: further processing of agricultural products, enhanced output of organic produce, and so on. But this is unlikely to make many inroads into rural unemployment. Some activities such as organic produce may also be dependent on a range of specialist requirements: production skills, an ability to operate in niche markets, and favourable prevailing regulations.

Stimulate local demand. One approach would be to push forward diversification through “bottom-up” demand from farmers, entrepreneurs, local authorities, and so on. Typically demand is likely to revolve around small-scale tourist projects, conversion of farm buildings into small workshops, leisure activities, and so on. Demand for training or infrastructural support would be met by local agencies on an *ad hoc* basis. This incremental approach may be a realistic option in many circumstances. But it not going to change things radically.

Opt for an integrated approach. Agencies may decide that the scale of rural change and depopulation requires a more integrated approach. Typically this might revolve around a partnership of agencies devising a development strategy based on dedicated projects in one or two pre-defined regional “hubs”. Development agencies and business would agree to focus investment in these defined localities. Such investment might include new retail complexes, housing projects, new markets, business centres, entrepreneurship training, business support, and so on. Defining such centres may be the most plausible way of dealing with decline across regions. But there will be opposition from “non-selected” towns and regions. And of itself, it may not lead to regional transformation.

Consider iconic development. There may be an opportunity to be more radical in some regions. Policies designed to focus growth in one or two regional centres might be complemented by one major national or even international development. This option may not be available for all regions. But there will be possibilities for some. These are generally likely to be based on leisure, tourism, gambling and “sustainable development” projects. It seems highly likely for instance that there will be continuing demand for major leisure complexes offering a range of pursuits for different social groups. There may be other possibilities, too. If national and regional governments can agree, a new rural university, for instance, can have all kinds of educational, reputational and entrepreneurial benefits.

Case Study 4. Reinvigorating depressed urban economies

The problem

One issue affecting many urban economies is what to do with specific localities subject to severe economic retrenchment. Even in successful cities there will often be rundown areas where integrated local development strategies are needed. It may be that a port area has closed, or a major industrial zone declined, or older commercial and retail developments lost their economic rationale. A number of possible options are likely to emerge.

Options

Do nothing. Market investment is unlikely to occur unless some infrastructural and human capital investment is undertaken.

Acquire land and install infrastructure. One relatively minimalist approach might be for government and development agencies to acquire and develop disused or underused land, and install appropriate physical infrastructure. This should provide a development framework for private investment. Such an approach will probably receive general support. In

addition it will help ensure that limited public sector resources are used to lever in private investment. There can be technical problems however, including identifying prevailing land ownership. Leaving the market to invest is likely to also lead to a somewhat *ad hoc* mix of land uses and activities. A more focussed approach might lead to longer term economic benefits for the city/region concerned.

Opt for an integrated approach. Government, development agencies, the private sector and voluntary groups may decide to implement a holistic strategy managed by a partnership of key players. Such an approach might focus on physical developments, associated training and educational programmes, support for innovative SMEs, etc. This option would give players a better handle on guiding longer term strategic development. But it may be hard to sustain a successful partnership through time. For instance government may wish to take a longer term view, whereas the market will want to see developments occurring more quickly. There are often also tensions between, on the one hand, governments and development agencies looking to support new, advanced sectors, and, on the other hand, local businesses and local communities wishing to renew existing economic activity.

Consider “smallholding”. In some circumstances, especially in very depressed localities, there may be a case for “opening up” parts of larger development sites for new economic activity. Subject to health and safety regulations, in principle any use would be allowed. This may be seen as an effective way of encouraging entrepreneurship and in focussing environmentally unappealing activities in one locality. However, in most circumstances partners will be looking to improve environmental standards as an instrument through which to create sustainable development for the benefit of all groups in society.

Support mega developments. In many cities, especially those subject to considerable economic restructuring, there will be pressure to use developable sites for mega projects such as convention centres, new stadia, casinos, major leisure facilities, large retail projects, and so on. Benefits can flow from such options: development is likely to occur quickly; these schemes can have an iconic status; and they will provide unskilled jobs for local people. But there can be a downside, too. These kinds of projects are land hungry, making more integrated, balanced approaches difficult to implement. They will compete with similar facilities in other cities. They may not be sustainable. They tend to offer limited opportunities through which to enhance innovation in the wider region. And generally they offer relatively little in the way of more highly skilled and paid jobs.

Consider the eco-park. Finally some cities will increasingly look to “the sustainable market” as a rationale for new developments. Projects embedded within such strategies might include sustainable energy schemes, eco-tourist activities, sustainable sports and leisure activities, incubators through which to support new enterprises in sustainable sectors, and so on. Such options may well be entirely appropriate and reflect emerging markets. But there is not a strong evidence base against which to test such ideas and some partners may regard this kind of option as having unproven longer term benefits.

Identifying the preferred option

Finally it is important here to consider some of the issues involved in selecting a preferred option. The next chapter addresses mechanisms through which to identify impacts and outcomes arising from different options. In many instances those assessing options will use evidence in relation to expected impact as the most important criterion by which to select a preferred strategy.

But option selection will often need to encompass other considerations. This may be especially true where larger scale proposals are being considered. In these instances, in addition to each option being subject to an impact assessment, partners may also wish to reassure themselves regarding three further considerations:

- Achieving objectives.
- Identifying the full costs and benefits of schemes.
- Risk analysis.

Achieving objectives

It remains critically important that the preferred option actually achieves the objectives assumed of the development strategy. Case Study 1 above provides a classic instance where assumed impacts can hide ultimate objectives. There can be a tendency to assess training programmes in terms of immediate impacts: numbers trained, jobs secured, and qualifications attained. However the anticipated impacts apparently arising from some options may appear less impressive when subject to more searching questions as:

- Are those who receive training those most likely to get jobs anyway?
- Do training schemes, and jobs which may flow from them, focus on problems faced by those most distanced from the labour markets?

- Is training necessary to get the jobs that are on offer?
- Are any jobs obtained by those undergoing training sustainable in the longer run?

Perhaps the key message from all of this is the critical importance of **defining accurate objectives**. An objective “to provide training in order to improve labour market opportunities for the economically inactive” is likely to garner general support across partners. However more explicit objectives make the whole process of defining options and selecting a preferred choice altogether more transparent. In this example for instance an alternative objective might be: “to provide customised training to 400 currently inactive residents in district x, of whom half will be women, and 25% from immigrant communities; this training will lead to 200 full-time job equivalents lasting at least one year, of which 100 will be in the healthcare sector.”

Identifying the full costs and benefits of schemes

One of the mechanisms through which to help guide the choice of a preferred option is to carry out a **full** assessment of costs and benefits. This should be done as part of impact assessment. However there can be a tendency to look at impacts in rather a narrow fashion without fully identifying **all of the benefits** arising from different options.

Clearly the degree to which a full cost-benefit assessment might be carried out will vary across development strategies. In many instances impact analysis will point to a preferred option.

But where major developments are proposed it may make sense to put preferred options through a more rigorous assessment of the full benefits arising from options.

Considerations might include:

- Over what time period will benefits occur?
- Are there likely to be any **unplanned benefits**? For instance if training programmes are designed for women, is this likely to boost child-minding activities?
- What are the **distributional implications** of proposals? Some options may appear to create modest impacts, but will actually generate greater benefits to society as a whole in the longer run. Intensive training programmes which provide jobs for those marginalised from the labour market will ultimately bring greater rewards than will programmes focussing on those who are likely anyway to get back into work.

- Is the preferred option **sustainable**? It may be that a redevelopment programme based on new roads would be easier and cheaper to implement than one which put in place a dedicated light rail project. But which will be most sustainable in the long run?

Risk analysis

There is a well-known tendency for appraisals to be overly optimistic. This is not surprising. Agencies and key actors will want to see local development strategies agreed and implemented. Rigorous appraisal can be seen as inhibiting that process. Benefits can thus be assumed when it is by no means assured that they will actually occur.

Once a preferred option has been agreed there may therefore be a need to undertake an appropriate **risk analysis**. This is likely to consist of various elements including:

- A critical overview of both full costs and assumed benefits. What does the evidence base say about similar schemes elsewhere? There can be a tendency to underestimate costs and over-assess benefits.
- Are objectives and budgets plausible?
- Are some elements of the strategy dependent on factors beyond the control of partners?
- Is there an appropriate financial and legal basis to the preferred option? Is the funding in place? Could implementation face any legal challenges?
- Are key staff in place? Will there be any critical delays if “the right person” cannot be recruited? Are some elements of the strategy especially dependent on specialist skills? Are these in place?
- Does the management team seem appropriate? If the project requires a partnership of agencies and actors, is that in place? What would be the implications of some partners leaving the project? Are some absolutely essential, and if so, how can they be tied into the preferred option?
- Will any delays prove critical? For instance do some financial streams have to be spent within a particular time period?
- Has the scheme identified possible “escape routes” if problems occur? What is option “B”?

Finally too it will be important to consider unintended consequences. These can have a quite profound effect on development strategies. Some might prove beneficial. For instance programmes to create innovative firms

might bring other players to the table, such as local universities. But sometimes unanticipated consequences can raise difficulties.

A new training programme might prove so “successful” that it puts other suppliers out of business. There are two key lessons here: monitoring and evaluation systems need to be in place through which to identify unintended consequences; and managers need to be given the freedom to move quickly in order to maximise beneficial, and moderate negative, effects.

In conclusion

This chapter has considered issues surrounding the identification and selection of options for local development strategies. Three key issues merit emphasis at this stage:

- For understandable reasons there has been far less emphasis on devising options than implementing strategies: as a process it has not received the attention it deserves.
- It need not necessarily be a complex process. Major projects will require a proportionate allocation of resources in order to identify plausible options, but for many schemes it can be a relatively straightforward exercise.
- But it is also a critically important activity because it opens up the possibility of selecting a preferred option which is much more likely to result in cost-effective solutions: an early commitment to devising and selecting options can pay for itself many times over in the longer run.

Identifying Options – Summary of Do's and Don'ts

Do's

- Make sure options reflect defined objectives.
- Take steps to make the overall process of defining and selecting options as transparent as possible.
- Ensure that the preferred option will achieve the desired outcomes.
- Make sure options address the needs of specific social groups.
- Insist that all key stakeholders have a role in defining and selecting options.
- Involve those often neglected actors and agencies: voluntary and community sectors and business.
- Insist that options consider questions of management and strategic governance.
- Make sure that options set out the full costs and benefits to society as a whole.
- Place sustainability at the centre of option selection.
- Accept that it may take a long time to achieve some outcomes.
- Remember that options need to have effective monitoring and evaluation systems in place.
- Be prepared to set up formal partnerships if that seems the best way to implement some options.
- Use the evidence base to assess options.

Don'ts

- Don't ignore the value of "doing nothing" – at least in the short run.
- Don't devise options which might help improve infrastructure but which don't address issues of social capital and innovation.
- Don't neglect the emerging issues of competitiveness, innovation and social capital.
- Don't be afraid of radical options.
- Don't just go with the tried and trusted.
- Don't ignore the views of key local, regional or national politicians.
- Don't forget to look at the risks involved in options.
- Don't forget that some more innovative options may need a plan "B" if things go wrong.

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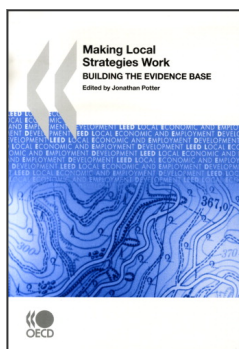
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