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Guide to Local Economic Development: Participant Workbook

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Forward

The *WSI Guide to local economic development* is an integrated set of materials that include a resource handbook and participant workbook that provide practical ideas, tools and techniques to local government officials and business leaders in Central and Eastern Europe who are seeking to improve the economic conditions of people and businesses in their communities. It is one component of the “USDOL/WSI Integrated Adjustment Program,” an innovative approach to assist workers, enterprises and communities impacted by economic restructuring in Central and Eastern Europe. (The other two operational components of the USDOL/WSI Integrated Adjustment Program are a Rapid Response Worker Adjustment Component and an Enterprise Restructuring and Competitiveness Component.).

The local economic development component was developed in the mid-1990’s by Dr. Gary B. Hansen, first as part of a project for the International Labor Office, and, subsequently, made available to the United States Department of Labor’s Hungary Rapid Response Project. The original Guide was designed to facilitate the successful economic adjustment of communities transitioning from command to market economies.

Beginning with its first use in Hungary in June 1996, four editions of the predecessor guide, *A Guide to Community Economic Renewal*, were written, translated and widely used during the ensuing eight years to assist leaders, citizens and communities in six Central and Eastern European countries to undertake local economic renewal and development, strengthen enterprises and create jobs. These countries are: Hungary, Romania, Poland, Bulgaria, Macedonia and Ukraine.

Thanks to the efforts and support of USAID and USDOL, it has been possible in the Spring of 2003 to prepare a new version of the Guide that could be used in the future by others in the Central and Eastern European Region. This new version of Guide has been specifically designed to assist those national and local leaders in other CEE countries that may want to undertake local economic development efforts. Although shorter in length, it contains much of the material in the earlier versions, plus some new material and some additional examples from the completed and ongoing USDOL/WSI adjustment projects.

The contents of this new version of WSI Guide--*Participant Workbook* and *Resource Handbook*--are presented in non-technical language and in a step-by-step format, outlining how to implement the concepts and techniques discussed. It combines basic information about planning and organizing for local economic development with successful examples and practical techniques that have been developed and used by leaders and communities in Central Europe and North America faced with economic decline and structural changes.

The *WSI Guide to local economic development: Participant Workbook*, introduces workshop participants to the principles and concepts of local economic development, or community economic renewal as it is called in this guide. It outlines the assessment, organization, and strategic planning process needed to undertake renewal, describes how community workshops can be used to plan economic renewal, explains some innovative institutional structures to promote economic development, and provides examples of how these innovative approaches have been carried out in North America, and, more recently, in Central and Eastern Europe.

The companion *WSI Guide to Local Economic Development: Resource Handbook*, presents selected examples of successful “business-oriented” approaches, institutions, and innovative techniques being used to generate employment and economic growth in a number of countries, including western and central Europe, North America and Asia. It also contains “Getting Started” sections that spell out “step-by-step” how to implement or these approaches and establish these facilitative institutions.

In addition to the two primary components of the WSI Guide, three other resource items have been prepared to facilitate the successful implementation of economic renewal and development efforts at the community level. These are:

1. A *Workshop Facilitator training manual*, contains tools and techniques that are used by workshop facilitators selected to help the LED workshop participants more effectively carry out their community assessment, planning and project development work during Phase I.
2. The document *Tools and tips to build successful programs*, contains tools and techniques that can be used by communities to achieve more successful economic development programs. One important tool is getting the word out and building support in the community for economic renewal and development. Section 3 in this guide provides guidance in communicating more effectively with the community through the local media.
3. Finally, a *Teambuilding training manual*, contains workshop and other materials needed to train community economic development teams and project implementation teams so that they can function more efficiently and effectively when participating in the LED process, and when implementing their projects and sustaining their LED activities on a continuing basis.

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Overview

The USDOL/WSI integrated enterprise, worker and community adjustment program

Introduction

This *WSI Guide to Local Economic Development* is an integrated set of handbooks, workbooks and training materials that provide practical ideas, tools and techniques to local government officials and business leaders in Central and Eastern Europe who are seeking to improve the economic conditions of people and businesses in their communities.

Experience gained during the early 1990s by United States Department of Labor ((USDOL) technical assistance experts working in Central and Eastern Europe (CEE) to help workers, enterprises and communities severely impacted by economic restructuring led to the development of a comprehensive adjustment “model” comprised of four components. The objectives of this program and strategy are to overcome or reduce the serious worker and community adjustment problems caused by the privatization and restructuring of state-owned (SOEs), and to strengthen the competitiveness of all remaining enterprises in order to preserve and create jobs in the community. When governments adopt this program and use it in a systematic and integrative way with other active labor market measures, it reduces the economic and social costs of adjustment, shortens the time required and facilitates the transition to a market economy, and provides a framework for achieving economic renewal and job generation at the local level.

Four very important lessons were learned from the USDOL technical assistance experts’ work in CEE countries over a five-year period.

1. The delivery of such basic labor market measures as employment services, unemployment compensation and severance pay are important and necessary, but not sufficient to achieve successful worker adjustment.
2. Projects using discrete or separately administered adjustment programs (e.g., displaced worker assistance, vocational training, financial restructuring of enterprises, business incubators, or local economic development planning) to facilitate enterprise restructuring are less successful than projects using a more comprehensive, integrated

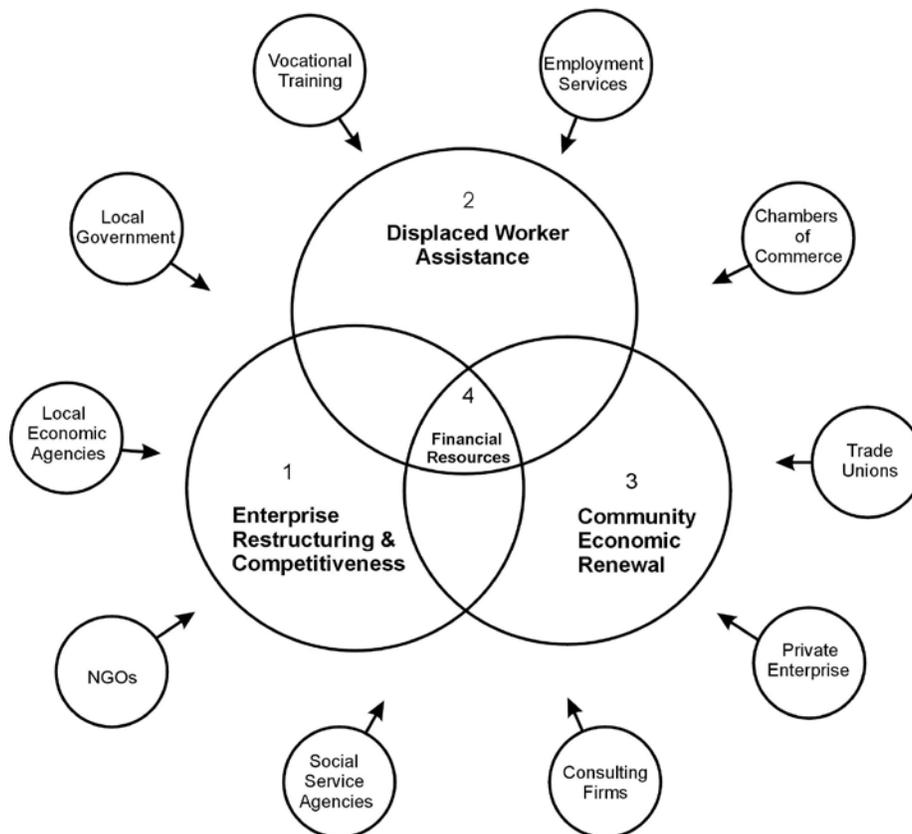
- approach—one that addresses enterprise, worker, *and* community, adjustment needs in a systematic and holistic way.
3. Successful restructuring requires the active participation of employers and other interest groups (i.e., workers, community leaders, social service agencies, NGOs, etc.).
 4. The most successful alleviation of the negative impacts of economic and enterprise restructuring and privatization on managers, workers and their communities requires the effective use of four adjustment components and the full participation of community leaders. These four components constitute the key elements of the integrated community adjustment program (ICAP) are described below.

Components of the USDOL/WSI integrated adjustment program

Chart 1-1, graphically presents the interrelationship between the four components of the integrated enterprise, worker and community adjustment program. Each of the components is described in greater detail on the subsequent pages.

Chart 1.1

Integrated Enterprise, Worker and Community Adjustment Program in Central and Eastern Europe



The integrated community adjustment program is comprised of the following four components:

- I. ***Enterprise Restructuring and Competitiveness Component*** to strengthen local enterprises in order to (a) make them more competitive, and (b) preserve and create jobs;
- II. ***Rapid Response Displaced Worker Assistance Component*** to plan, organize and facilitate the transition of displaced or redundant workers to new jobs;
- III. ***Community Economic Renewal Component*** to stimulate local economic development efforts and generate new jobs in communities impacted by enterprise restructuring; and
- IV. ***Financial Resources Component*** to provide funds to implement the worker, community and enterprise adjustment components.

Beginning in 1995 with the introduction and testing of the Rapid Response Displaced Worker Assistance Component in and elements of the Enterprise Restructuring And Competitiveness Component Hungary, this integrated worker, community and enterprise adjustment program has been developed and successfully used by the USDOL and Worldwide Strategies to implement adjustment projects in six countries, Hungary, Romania, Bulgaria, Poland, Macedonia and Ukraine.

The Community Economic Renewal process

The community economic renewal (CER) component of the USDOL/WSI Integrated Adjustment Program helps communities and regions experiencing economic restructuring, enterprise downsizing or closures to develop and use a systematic business growth, job retention and job creation strategy to begin or expand local economic development efforts.

Industrial Adjustment Specialists (IAS's) work with government, business, and labor leaders in communities experiencing economic restructuring and privatization to help them better understand the essential local economic development (LED) principles and processes required to improve the business climate and revitalize their economies. Implementing the three phase CER process creates a new sense of "community," and greater purpose and direction to the community's response in the face of serious economic threats.

Phase I of the CER process starts with IA specialists inviting local government, community and business leaders and other people in affected communities to participate in a series of four grassroots participatory workshops. The economic development workshops help the members of this ***Community ER Team*** learn how to systematically assess their situation, develop a strategic plan for local economic renewal, generate project ideas, screen and select suitable projects for further development and implementation.

Phase II. Communities completing the four Phase I CER workshops are invited by the IA Specialist and USDOL/WSI Adjustment Project Country Director to participate in Phase II of the CER process. Workshop E is the first step in Phase II. The ***Community ER Team*** is provided training and technical assistance to help them complete their strategic economic renewal plan, refine their project design and then implement a CER project

Four steps are taken by community team members as part of Phase II during and after they complete Workshop E: (1) complete the strategic plan for the community and write a formal CER project proposal, (2) develop a project implementation structure and select an “**action or implementation team**” to carry out the approved project, (3) implement the project, and (4) document and evaluate the results of their efforts.

Phase III. While the *Action Team* is implementing the approved CER project, the broader *Community ER Team* participates in Workshop F, the first step in achieving sustainability. During Workshop F, the *Community ER Team* is provided training and technical assistance to help them (a) conduct a sustainability analysis, which includes making an assessment of the community vision, goals, organizational capacity, structure, financial support and sustainability; (b) consider organizational changes and financial support needed to continue CER; (c) consider what is needed to attract donor/investor financial support for their continued activity, and (d) prepare a summary report of their findings. The second step is to revise and update their strategic plan. The third step is to develop and learn how to market new project proposals. The fourth step is to obtain the skills and training needed to continue their ER efforts on a long term basis after the USDOL/WSI adjustment project ends.

CER: A practical process for economic restructuring, creating jobs and strengthening local economies

When the four-component USDOL/WSI Integrated Adjustment Program described above has been embraced by progressive business, labor and community leaders seeking to restructure their economies and enterprises, and has been implemented in a systematic way by a “team” of skilled local leaders and Industrial Adjustment Specialists trained by international experts and led by capable project directors, the results have been impressive. This innovative approach can provide countries undergoing economic restructuring with a powerful tool to restructure and modernize their economies and facilitate the successful adjustment of workers, communities and enterprises.

It is the challenge of local community leaders to make this happen in a timely, effective way.. The remaining chapters of this guide have been developed to help you accomplish this objective when implementing the Community Economic Renewal Component.

Chapter 1

Introduction to Community Economic Renewal

Changing social and economic conditions have become defining themes of the past twenty years. The social and economic fabric of our world has become so interwoven that no person or community can blissfully ignore these forces. Individuals and groups either effect change or are affected by it. No community can remain isolated from the forces of a global economy. In a globally competitive economy, local areas and communities must look beyond their traditional market boundaries to discover and develop new markets and opportunities.

Local governments and community groups are examining their opportunities for improving their economic and employment base. Depressed neighborhoods, rural unincorporated areas, and industrial regions are devising their own strategies to stimulate local business. Forward looking communities are forming new alliances and institutions to meet their goals and needs. Often these new partnerships involve other communities within a region, or involve higher levels of government.

The organizational structures and initiatives are as diverse as the goals and objectives of the communities. Regardless of the institutional organization selected or the development activities targeted, the idea and goal is always the same—that by working together the people of a neighborhood, locality or region can initiate, conduct and sustain efforts to improve their situation and generate a greater capacity to determine their economic well-being.

National, provincial, state, and local policymakers are being urged to pursue economic strategies to promote economic growth. The performance of local economies is very closely tied to the condition of the national and provincial or state economies. In addition, the combination of national economic interests and the motivations of national and multinational firms do not always conform to the needs and interest of local communities, workers, or disadvantaged groups. All too often economic development theories and programs have relied too heavily on the belief that the benefits of national economic growth will “*trickle down*” to the local economy and eventually improve conditions for the poor and disadvantaged.

This handbook is based on three premises: First, the assumption of a market driven economy. Second, that local actors and participants drive successful community economic development. (The conceptual framework presented herein for local economic development has emerged from basic development and regional growth theories and forges a link between these theories and a new paradigm for local development called the “*enterprise approach*”.) Third, that local economic development is process oriented. Thus step-by-step procedures and case studies

explain how to undertake the various component processes of successful local economic development strategies.

The basic concept of community economic renewal

In market economies where private sector firms compete with each other, communities are also marketplaces. That is, communities must market their own resources to gain *competitive advantages* to create new businesses and retain their existing base of economic activity. Communities must intelligently use their human, social, institutional and physical resources to transform their local economic system into one that is self-sustaining. Shaffer and Summers¹ refer to this as community *vitality*, the ability to survive and persist in generating desired outcomes.

Community economic vitality encompasses the maintenance of community resources and adaptation to changing conditions from both within and outside the community. It is the ability of the social system to continue generating income and employment in order to maintain or improve its relative economic position. Vital communities possess social institutions and organization that encourage and permit the long-run orderly and efficient use of economic resources, ensure their maintenance, and allow for adaptations to dynamic changes to generate profits.

Most people agree that local and regional institutions, governments, and others need to be involved in economic development. However, a problem often arises about what economic development means. Often various interest groups have a narrow perception of economic development based only on their personal exposure and point of view. Thus, their definition generally consists *only* of agricultural or natural resource based activities or of *only* industrial recruitment efforts rather than a viewpoint that explores all options.

An “economy” at its most basic form is really a system for meeting the needs and wants of the people in a specific geographic area (community, region, state, nation, etc.). Often “development” and “growth” are used synonymously to mean an improvement in the welfare of the residents in a particular geographic region. The actual development activities depend on the goals and needs of the residents.

“Economic development” refers to an expansion of the economic base through efficient allocation and use of available resources. In layman terms, economic development can be any activity that provides additional jobs and income that improve the residents’ quality of life. In its broadest sense, economic development suggests an improved way of living for which the people have indicated a preference.

¹Shaffer, Ron, and Gene F. Summers, in *Community Development in Perspective*, eds. James A. Christenson and Jerry W. Robinson, Jr., (Ames, Iowa: Iowa University Press, 1989).

Regardless of what form it takes, local economic development has one primary goal: to help people improve their social and economic situations. The underlying idea of community based economic development is to help people act upon their situations instead of simply reacting to them.

Locally based economic development represents a new way of thinking about community growth and stability. In discussing local government efforts in the United Kingdom, Cochrane (1992) describes the pattern that is gaining prominence throughout North America and Europe:

It is not difficult to see the period since the late 1970s as one in which the links between business and government have begun to be forged rather more effectively than the past, as part of the process of moving toward an “enterprise” state. The language of welfare has been replaced by the language of growth, regeneration, and public/private partnership...²

The central feature of this enterprise approach to locally based economic development is an emphasis on *endogenous* development—using local human and physical resources to create new employment opportunities and to stimulate new, locally based economic activities.

Successful local community economic renewal and development is process oriented. It involves bringing to life new and existing institutions, developing and nurturing new and alternative industries to further diversify the existing economic base, maintaining and enhancing the competitiveness of local businesses, identifying and developing new markets, and providing technical and educational assistance to local firms and local units of government. To perform these activities, local governments and/or community groups must be active and take the initiative rather than assuming a passive role.

Emerging framework for community economic renewal

Community economic renewal and development is an outgrowth of theories on development and regional growth such as *neo-classical economic theory*, *economic base theory*, *location theory*, *central place theory*, *industrial attraction models* and *cumulative causation theories*. However, these theories have proven to be inadequate for local development activities. Therefore, the enterprise approach in this handbook is a synthesis and reformulation of existing concepts and serves as a basis for thinking about and taking action in local economic development.

Blakely (1994) suggests that the enterprise approach contains four components:³

- Employment
- Development base

²Cochrane, Robert, in Harold Wolman and Gerry Stoker, “Understanding Local Economic Development in a Comparative Context,” *Economic Development Quarterly* 6 (4):415 (1992).

³Blakely, Edward J., *Planning Local Economic Development*, 2nd ed. (Thousand Oaks, CA: Sage Publications. 1994.)

- Location assets
- Knowledge resources

Employment

The primary reason that many communities and regions undertake economic renewal and development activities is to solve local unemployment problems. The neo-classical model suggests that lower wage rates and cheaper costs are sufficient to create jobs because firms seek out lower cost areas. This model focuses on the demand for local labor. It suggests two courses of action: (1) attract firms by offering special locational incentives, or (2) increase the value of the labor force.

Community economic renewal and development shifts the focus from demand to the supply (labor and natural resources) side in creating solutions. The goal of local economic development is to enhance the value of people and places. This concept suggests that economic opportunities be shaped to “fit” available human resources and to efficiently utilize the natural and institutional resource base.

Development Base

Economic base theory is a demand side theory and postulates that economic growth is directly related to the demand for locally produced goods and services from outside the local area. This means that local growth is driven by the demand for the product of local firms that utilize local resources, including labor and materials. This approach focuses on transactions within the economic system rather than on the failures and inadequacies of the system in which the transactions take place.

While there must be a demand for local goods and services, local economic development theory starts with the position that local government and community groups must form the major component in identifying problems in the local economy and then altering the institutional arrangements to overcome those problems.

Building new institutional arrangements is the substance of economic development. Communities can take control of their own destiny only when they assemble the information and resources necessary to build their own future, including new forms of enterprise ownership (i.e., co-operatives, employee ownership, public/private enterprises, etc.), new alliances between the public and private sector to develop access to needed resources, or new institutional arrangements to overcome regulatory obstacles. This implies an open political process, a process that places local citizens in a position to shape and control of their own economic destiny.

Location Assets

The traditional saying is that there are only three important variables in regional growth—location, location, and location! This statement holds some truth, particularly in the context of industrial site location where the primary objective is to minimize costs. In the past this central place theory of the *hierarchy of places* was of primal concern in determining the growth of a

community or region. This theory still plays a role in differentiating the functions of different communities and neighborhoods to produce a stable and viable community.

However, the traditional view of location as a major determinant of regional growth is breaking down as technology reshapes the way we work, think and live. Advances in transportation, telecommunications and computer technology have untethered workers from the traditional workplace. Even large manufacturing firms are no longer firmly anchored to traditional locations as they once were. Thus, the view that transportation and market system availability determine the economic viability of a community is outdated.

The new community economic renewal or development model suggests that there are *location-inducing* factors. Therefore, the local physical and social environments are more important than geographical considerations. Developing community recreational, housing and social institutions are important determinants of economic viability. Building social and institutional networks create an *inviting environment* for a firm to develop or locate in a community. The net result is that when community structures address the needs of community citizens and enterprises, economic vitality can be maintained.

Knowledge Resources

We live in an information age. Our economy is “knowledge intensive,” and information, more than goods, is exchanged. Jobs and wealth are created in communities by converting the knowledge that they house into goods and services that can be sold.

No idea, regardless of how brilliant, contributes any economic value to a community or the world until the idea is made into a product and delivered to consumers through the marketplace. Leonardo da Vinci may have sketched an early helicopter design in 1483, but it was not until the 1930s that the first helicopter was produced and another fifteen years passed before the helicopter became a marketable product with economic value.

Rather than attracting a new factory that may initially employ hundreds at low wages, a community may be better off attracting (or creating) and retaining a few small research labs in leading-edge technologies. The center of economic innovation product development has moved from the realm of the shop and field into the research laboratory.

Research institutes, research units of business and industry and major research universities are of immense significance to local economies. New alliances and partnerships must be established in local communities to tap into these intellectual resources centers. This is the whole idea behind forming partnerships and alliances with the knowledge resources of research institutions. They have the potential to create jobs and stability for an entire region for many years to come.

The quality of the human resources in the community can be a positive attraction to industry. A high quality human resource base will either create new firms regardless of the location, or else it will attract new firms to migrate to reap the benefits of a quality work force. It is therefore imperative that communities build institutions to expand the capabilities of the population as well as creating jobs that fit this population.

Many rural communities and urban neighborhoods may not have the resources to support major independent higher education or research institutions, but they can capture the benefits through distance relationships. Distance education systems which take advantage of new telecommunication technology can bring higher education to people throughout many regions. The development of new information is of enormous value in the fields of biotechnology, telecommunications, computing, and electronics.

Comprehensive strategies for community economic renewal

As has been noted, this framework for conceptualizing local economic development suggests a condition of change and dynamics. Communities that foster and sustain economic vitality engage in policies and strategies that provide long-term jobs and income opportunities. This suggests that community and other leaders must have a multi-dimensional vision so as not to limit opportunities and potentials.

Business activity is the engine of economic development. Transactions among individuals and businesses provide the energy to lift the incomes and well-being of the residents. A community can actively improve its income and employment by:

- attracting a new basic industry or business;
- capturing local income, (reducing the leakage of money spent elsewhere);
- improving the efficiency of existing firms;
- encouraging the formation of new enterprises; and
- reacquiring money taxed away by higher levels of government through grant and loan programs. (This is particularly true when considering institutional and infrastructure investment.)

These five activities are not mutually exclusive. Their greatest potential to strengthen a community is realized when they are used together in one combination or another across a community and region. No one solution exists, and regional and community economic development plans vary depending on existing local strengths and weaknesses. An active economic development effort includes shifting emphasis as needs, resources, and opportunities dictate. There are specific methods a community can follow to pursue goals related to each of these activities.

At least one additional option can be added: investment in existing resources, especially human resources, or people prosperity. There are always natural, man-made, and human resources in established communities. Natural resources include land, minerals, water, scenic beauty, etc. Man-made resources include infrastructure: roads, utilities, schools, public services, etc. Human resources are the people—labor and family base.

Investment in each of these resource areas is a commitment to the long term outlook; initial costs can be quite high, but eventually benefits can be very substantial. As has been noted before,

the greatest importance is the investment in human capital—education, training, relocation, and transition support for people impacted by economic change.

The traditional concept of attracting new employers or manufacturing plants must be broadened to include all activities that bring money into the community. Health care, retirees, regional headquarters, tourism and research labs all bring new employment and stability.

Bringing more money into the community through more jobs is only part of the task of economic development. Incomes must be captured locally or the money will be spent elsewhere. This also applies to income currently in a community but not used there. The community must identify who its customers are, what they want, what is available locally or nearby, and how to induce people and firms to spend their money locally.

There are two key areas where incomes leak out of a local economy: (1) retail trade, and (2) purchases of goods and services by firms producing other goods for export. The key is to strengthen the linkages between the export and nonexport sectors. It is equally important to retain local incomes by encouraging local investment. Successful economic development efforts must tap all sources of funds, including available local investment funds.

New job and income growth can come from the expansion of existing firms. As existing small businesses expand, new jobs and additional incomes result. Retention of existing small businesses also ensures a more stable economy. The goal of business *retention* and *expansion* programs is to increase the efficiency of existing firms so they become more competitive. This may involve the establishment of training and technical assistance programs to help small businesses become more efficient and thus more competitive in a national and global economy.

New start-up businesses need several kinds of help, including capital financing, labor supply, technical assistance and management assistance. A healthy climate for new business formation addresses all these elements. *Business incubators*, *industrial parks*, and *research parks* can provide a supportive and protective environment to help new enterprises gain experience and confidence. Often new businesses can be established as offshoots of existing local manufacturing firms or to supply them with new sources of materials and services. The resulting new businesses can capture additional income for the local economy and provide diversification.

Given current economic and political trends in most countries, including Central and Eastern Europe, a community should not count on being “bailed out” by higher levels of government. However, every possible avenue of financial aid should be explored.

Chapter 2

Institutional structures for achieving community economic renewal

Institutional structures needed to facilitate development

Local economic development organizations and program structures may vary according to whether they are on a province, state, substate regional, county or area-wide, or local city level and according to the needs, goals and outlook of the community. These organizations may just co-ordinate activities in the public and private sectors, or they may become *de facto* project developers. Charting a course for local economic development is a dynamic process of lasting and successive change in the local economy, so that the community can better serve the goals and objectives of its citizens. As a result economic development is an institution-building process. This process requires the establishment of systems and institutions that can build and sustain a coalition of community participants who support economic development and can insulate it from the ebb and flow of political tides. Remember that planning for the future, not the plan or the document, is important.

An institution with specific responsibility for coordinating each step of the local economic development process is the foundation of any successful program. Planning the development strategy, as well as the process itself, requires fiscal resources, technical expertise, leadership and imagination. Some type of fully staffed local institution with the *authority* and *resources* must be available to assist in identifying and activating the resources of the community to successfully implement a plan of economic development.

This chapter explores some of the basic organizational requirements for economic development and discusses four general types of development organizations.

Authority and resources

There are a wide range of effective organizational models or designs to choose from. (Some innovative examples of these are presented in Chapter 4 of this workbook.) The organizational

model chosen depends on the size of the community served, the political system and structures, and the level of expertise available with respect to local economic development. The specific form or the organization should be based on an analysis of the potential roles that various existing institutions and agencies (local/region government, business associations, community groups, etc.) might play in the development strategy. Regardless of the form of the organization, it must have sufficient *authority* and *resources* to accomplish the mandate it is given.

- Authority is the legitimate power to act on behalf of local government, community, unions, businesses, and other constituent groups.
- Resources include the staff, financial access, technical assistance, information, and other resources required by local economic and employment development projects and programs.

For an organization to be successful, it must be able to bring both authority and resources to bear on tasks, projects and obstacles. Whenever an organization exists in name only with but little coordinating responsibilities, it cannot gain the respect and support of the community. If a development officer must turn to higher levels of authority before reaching or implementing decisions, his or her work is severely hampered and the efforts of the organization are thwarted.

The organization must have the authority and resources to undertake at least the following activities:

- Research to provide background information on the area's needs
- Information on targeted activities
- Marketing customized according to specific development strategies
- Coordination of the activities of other groups important to achieving the overall development strategy.

Funds must be available to meet both staff salaries and to meet costs associated with carrying out their duties. Strong financial planning controls and a flexible financial planning system enable an organization to keep accurate records of its finances and quickly pinpoint trouble spots and needs.

The organization's co-coordinating body (e.g. board of directors) should have a clearly written definition of management and staff roles and responsibilities. The responsibility for oversight of the planning and venture selection process in the organization must be clearly set forth. New roles and responsibilities should always be clearly stated and added to the job description of specific staff a member.

Desirable institutional characteristics

As you think about how an institution or agency can best be organized to meet your needs, goals, and objectives, think about the following traits of successful institutions. Most of them are self-evident.

- Leadership. In large measure, economic development is a sales operation, or at least it has a motivational and leadership component that cannot be overlooked.
- Pro-business orientation. Integrating an economic development organization inside an existing institution or agency with business regulatory powers does not work.

- Ability to respond rapidly. Time is money. Many people doing business with government agencies feel that government servants do not understand the time constraints of business.
- Access to the wheels of government. Public investment and the manner in which laws and regulations are implemented can be crucial to many projects. Access to the person or agency that can make the decision, or compel someone else to make it, is very important.
- Technical ability. The level of technical ability of an institution depends on its role and the extent to which it can depend on outside assistance.
- Trustworthiness. A good reputation is the most valuable asset of an organization and its staff. Your efforts will be crippled if you lose credibility through an inability to keep confidences or by making promises you cannot keep.
- Willingness to accept risk. Bureaucracies, by nature, are not inclined to be risk-takers. However, if a local economic development strategy calls for the institution to play an entrepreneurial role or to engage in financing using community funds, a willingness to take sensible risks is essential.
- Innovation and imagination. A key aspect of a successful economic development organization is its aggressive identification of new areas for growth. The organization must constantly move forward, identifying new ventures and activities that will help it meet its goals.

Aside from these traits and the authority and resources to carry out its goals, several basic ingredients are important for any local/regional economic development organization. Table 3.1 describes these components and the activities associated with them. The coordinating organization for economic development is best thought of as a set of functions within a structure. These tasks need not be performed by a single institution. Some may be carried out by the staff or the organization or by the staff of other existing organizations or agencies.

Four general types of local development organizations

As mentioned previously, the actual structure of the local economic development organization implemented depends on the unique circumstances of the local community. Of course there are often cases where several different institutions are at work in various economic development efforts in the same region or community. When this occurs, one of the organizations must take the lead and have formal responsibility to co-ordinate the activities in order to receive the greatest benefit for the resources committed.

1. Public Agencies

Economic development agencies as units of local government occur when local governments consider economic development to be a regular responsibility of government and incorporate it into their organizational structure. These community development departments are often very comprehensive organizations, and the staffing and budget requirements are often beyond the reach of most small local government authorities. This structure has the advantage of close communication and coordinated efforts and resources for city planning, community services, economic development, and financial management. Government agencies can be hindered when

they are perceived to be burdened with politics and bureaucratic paper work. Business owners are often frustrated by the slowness associated with government agencies.

2. Independent Private Organizations

Independent private development organizations have been active in many communities as tourism or retail business associations. A local chamber of commerce and other existing business groups can be effective in lobbying local and regional government, and in promoting the local area to outside parties. They have the advantages of being able to raise private funds, become involved in higher risk ventures and can act quickly. The unique power base of these organizations comes from their ability to bring peer pressure to bear on business owners to get things done for the community.

However, the scope of programs and activities that this type of organization can undertake is often limited by a lack of clear authority and mandate from their membership and by a lack of general community recognition and support. Also, sometimes an “old boy” net of business leaders may control these organizations. They may oppose the entry of new enterprises and growth in the community because new businesses might compete with their businesses or increase the demand for labor and cause wage rates to rise.

3. Semi-Public Agencies

Semi-public agencies or *Economic Development Corporations* can be powerful vehicles for development and usually enjoy the greatest support from both the public and private sectors. This approach can bring together all the resources of the community when the public and private sectors have equal and committed stakes in the corporation. Whether the organization is sophisticated or rather simple, the most important feature of this institutional arrangement is that it can perform all the tasks delegated to it by the local government while acting as a private body, outside politics and bureaucratic burdens. Semi-public agencies are usually granted enough authority to cut through bureaucratic paperwork and address problems quickly.

There are at least two variations of the local Economic Development Corporation: *non-profit* and *for-profit* corporations. Concerned citizens or a group comprising local government leaders, businesspersons and other community leaders typically form the non-profit, tax exempt development organizations and charter them under state incorporation laws. Such organizations can receive both private donations and be eligible for government grants and loans. For-profit development corporations are taxable organizations chartered under state corporation laws. The for-profit development organizations can raise capital quickly by selling shares to interested investors and can develop industrial parks, provide venture capital for selected activities, and engage in other profit-making activities.

4. Special Committees, Task Forces, Teams or Voluntary Associations

In some communities, particularly small communities faced with economic stagnation that lack the resources and expertise to formally organize a development organization, it is possible to set up an ad hoc committee, task force, team, or voluntary association to initiate the assessment and

planning processes leading to formal programs of economic renewal or development. These economic development or renewal committees usually involve representatives of government, key business and civic leaders, and concerned citizens. In some cases the committees are organized by local government, and in other cases they may be initiated by an existing civic group or a few concerned citizens. Whatever their origin, it is important that the group have able and committed leadership and local government support and involvement during the process.

In some instances, the ad hoc economic development committee or task force created to conduct an assessment and develop a strategic plan may eventually be converted into a more formal or permanent economic development organization to oversee the implementation of the strategy adopted and continues the economic development work in the future.

A Concluding Note About Economic Development Organizations

Experience in the United States during the past twenty years has demonstrated that except for very small communities, the semi-public local economic development organization is the most flexible structure for local areas and communities and affords the greatest potential to achieve the goals. However, this approach may or may not be most suitable for areas and communities in central and Eastern Europe. Regardless of what organizational structure is used, public agencies and private enterprises must enter into new relationships to make the development process work. This means much more than an occasional meeting between businesspersons and the city council. These partnerships are shared commitments to pursue the common economic objectives identified by a community and its public and private sectors, and are collaborative actions.

The Local Economic Development Specialist

Local organizations represent the institutional component of community development and are a key aspect in building the capacity of a community. They are necessary to successful development efforts. However, organizations are just the vehicle for carrying out the ongoing process of local economic development. Effective leadership—leadership that anticipates change, contributes to informed decisions, identifies action programs, develops support, attracts resources, and manages the interactions of the diverse community groups and personalities—is the foundation of any successful community development.

A local economic development specialist provides the leadership, including the knowledge and skills derived from several disciplines that give the economic development efforts direction and momentum.

- economic research, and analysis,
- community development and program planning,
- entrepreneurship, business incubation, and small enterprise development
- business, human resource, administrative and financial management, and
- organization, leadership, committee effectiveness, group dynamics, and conflict resolution.

An economic development professional must have the vision to see a community's potential as well as recognize its challenges and limitations. He or she must be able to help the community correctly identify the causal relationship between its current condition and the underlying obstacles to be overcome. He or she must be able to reach far beyond technical know-how to help the community see itself as a social and physical entity.

Drawing on the previous discussion of local economic development, the economic development professional engages in a comprehensive development effort utilizing local human, physical, and capital resources. The economic development specialist is both *process oriented* (community organization and leadership, conflict resolution), as well as *task oriented* (economic and data analysis, project development). Although technical knowledge and ability can be obtained from staff or outside sources, there is no substitute for the vision and leadership capabilities of a dedicated and dynamic economic development specialist.

Successful local economic development, and especially those activities involved in conducting assessments and writing strategic plans for a community's renewal or development, is based on the active involvement and participation of many people. Consequently, in addition to the technical skills they need, economic development specialists must possess or acquire basic organization and conflict resolution skills, and they must be knowledgeable about group dynamics and how to encourage participation. Having a thorough understanding of these group concepts and techniques and the ability to use them on a daily basis are absolutely critical to obtain widespread community involvement and support for economic renewal and development efforts.

Need for teambuilding skills

It has been suggested that when groups of people in a local area or community get together to assess the economic development problems and needs of their community with the objective of doing something about them, they often start by setting up a committee or task force to undertake the processes of assessment and strategic planning. In some situations these committees become the nucleus of permanent local economic development organizations. In other situations, they disband after completing their work. Whatever the ultimate outcome, training is needed to increase the effectiveness of the group, especially if it is newly formed.

Local economic development strategic planning committees or task forces are typically made up of representatives of all segments of the community: business, labor, local government, and other interested parties. Such committees have helped to promote cooperation and find solutions to many local problems. The experiences of these organizations have demonstrated, however, that a strategic planning committee's success in accomplishing its goals depends heavily on the knowledge and skills each committee member brings to the process.

Committee members need knowledge and skills related to:

- getting a job done, or the task functions of the group, and
- continuing to interact effectively, or the maintenance functions of the group.

Unfortunately, some local economic development assessment and planning committees do not recognize the need for this type of training and how it can help them to more effectively carry out their work. Consequently, the landscape is littered with assessment and strategic planning efforts that failed to achieve their objectives or were aborted part way through the process by unresolved conflicts. Because of this potential problem, it is important to plan for and include some training for the committee or task force members before they commence their work.

Two examples of the training that can be made available to strategic planning committees are the Teambuilding and Committee Effectiveness Training workshops developed by the U.S. Department of Labor and WSI.¹

Although the CET materials were originally developed for use with labor-management committees, WSI teambuilding materials used in CER projects are specifically tailored to the ER process. They are included as Part V of the CER Guide, and can be used to help ER groups both in the public and private sectors become more effective.

The CER teambuilding training is usually provided in a one- to five- day workshop conducted by experienced WSI trainers. Teambuilding can be made available to strategic ER planning committees, local economic development committees, steering committees, project implementation teams, task forces, ERAC committees, etc., to help the members acquire the skills they need to accomplish their goals. Prior to the training, a needs assessment is normally done to determine the modules that are appropriate for each specific group.

Objectives for the Teambuilding Training Workshop

The objectives for the workshop include:

- Provide group members with skills and knowledge to plan and conduct more effective meetings;
- Improve techniques that lead to more effective communication;
- Review decision-making processes and acquire skills needed to make consensus decisions;
- Improve understanding of different ways people contribute to group activities and goals;
- Enhance interpersonal skills needed to work together more effectively; and
- Understand group dynamics and the benefits of sharing leadership with a group

Teambuilding Training Skills. Task Functions. The series provides a total of 30 exercises designed to improve a group's task functions. Skill areas covered include:

Effective planning
creating a vision

¹U.S., Department of Labor, *Committee Effectiveness Training* (Washington, D.C.: Bureau of Labour Management Relations and Cooperative Programs, 1989). *Teambuilding, Part V of A Guide to Community Economic Renewal*, August 2003.

- clarifying the mission
- setting goals and objectives
- agreeing on ground rules
- developing action plans and designing individual responsibilities
- establishing evaluation measures

Effective Meetings

- determining the purposes for holding a meeting
- making advance preparations
- managing meeting dynamics
- following up

Group Problem Solving

- applying a six-step model for group problem solving
- using pragmatic problem solving tools, such as brainstorming, cause and effect analysis, Pareto analysis, and force field analysis

Consensus Decision Making

- using everyone's information and viewpoint
- understanding how decisions are made by a group
- learning and applying guidelines for consensus decision making
- exploring the effect of synergy on group decisions
- employing techniques to accelerate consensus

Maintenance Functions. The series provides a total of 20 exercises designed to improve a group's maintenance functions. Skill areas covered include:

Understanding Self and Others

- clarifying values
- using self-assessment instruments
- understanding differences in personal style

Interpersonal Skills

- giving and receiving effective feedback
- improving listening skills
- working with resistance
- managing conflict

Group Dynamics and Shared Leadership

- understanding task and maintenance roles
- assessing group effectiveness
- recognizing the stages of group development
- exploring the effects of power and competition
- practising facilitative leadership

As noted above, customized resource materials needed to conduct teambuilding and effectiveness training for community economic renewal teams and committees have been developed and included as Part V of this Guide. This training is included as part of the USDOL/WSI CER Component

Chapter 3

Conducting local assessments and developing strategic plans for economic growth

This chapter outlines a general framework for conducting local and regional assessments and developing strategic plans for economic renewal. (Chapter 4 provides a number of successful examples of how assessments and strategic planning are being used in Central and Eastern Europe. Chapters 5, 6 and 7, the last three chapters in this workbook, provide, in workshop format, one approach that has been successfully used by the U.S. Department of Labor and Worldwide Strategies Incorporated in six Central and Eastern European countries to carry out assessment and strategic planning in smaller communities. It is deemed important to include such an approach because experience has demonstrated that one of the most critical elements in achieving successful economic renewal and development is involving community leaders, government officials, businesspersons, and ordinary citizens as active participants in all aspects of the process, beginning with the assessment and strategic planning.

Conducting local assessments and developing strategic plans

Strategic planning for economic renewal and development enables a region, area, or community to transform its economic structure by shifting the mix of industry, occupations, and products it relies upon to generate income and wealth and by seeking to change the patterns of ownership and control, firm size, and technologies in use. The successful application of economic development principles for this purpose requires a careful step-by-step assessment and planning process that uses a variety of tools and techniques.

The following framework for carrying out this process consists of six basic steps that have been drawn from the various manuals and instructional materials that have been written for development practitioners.¹

¹Taken from Angel L. Vidal-Alonso and Dorthe Nielsen, "Guidelines for the preparation of a Local Economic Development Plan" (Geneva: ILO/UNDP LED Regional Project for Central and Eastern Europe, CIS and Baltic States, 1994); Harold L. Fossum, *Communities in the Lead: The Northwest Rural Development Sourcebook*, Chapter 4 (Seattle: Northwest Policy Center, University of Washington, January 1993); and a number of other sources as noted.

1. Organize to start the renewal process

Attempts to improve the local economy often begin informally with a few people gathering to discuss the potential for revitalizing their community or region. As the core group explores the issue with others who are willing to become involved, a need for organization is soon recognized. To be successful, economic assessment and development planning must involve people who represent a wide range of interests and perspectives.

Participants for the assessment and planning process can come from decision-makers in business, elected and appointed government officials, highly respected members of the community, and people who have involved themselves in important public decisions. Lists or checklists can be developed to identify the types of people and organizations which represent significant segments of the area or community. In addition to leadership skills, participants should:

- have a personal interest or stake in economic development
- be affected by development activities
- be informed and knowledgeable about problems related to development
- be committed to informing other community members about development efforts
- be willing to commit themselves to working with an organized development program
- be positive and enthusiastic, and able to work well with others
- be open to change, if change is necessary

Early efforts usually depend on tapping recognized leaders in the community. As work progresses, others with an interest and leadership potential should be drawn into the process.

In addition to identifying sources for planning group membership, organizers need to decide just how these planning groups will work. While there are a number of possible ways to organize for economic assessment and planning, five are presented for consideration:

1. *Non-profit local development corporations (LDCs) and economic development corporations (EDCs).* Concerned citizens form these private, tax-exempt development organizations, and charter them under state corporation laws. Non-profit LDCs and EDCs may be eligible for certain government grants and loans.
2. *For-profit LDCs and EDCs.* Concerned citizens also form these private, but not tax-exempt development organizations and charter them under state corporation laws. For-profit LDCs and EDCs are able to raise capital quickly by selling shares of stock to interested investors.
3. *Local government-appointed committees.* These are, usually informal economic development committees appointed by area or community elected leaders and are restricted to the activities permitted of local governments. Such committees are easy to form, but are sometimes difficult to sustain. Elected officials must provide committees with clear directions and timetables if the organizations are to succeed.
4. *Subcommittees of the local chamber of commerce.* Committees are often developed under the leadership of the chamber. These committees work best when local government is a solid participant.
5. *Special committees of voluntary associations.* Civic groups sometimes spearhead special groups. These committees are especially useful in starting the ball rolling in small communities.

How formal or informal the organizational structure should be depends upon the perceived needs and available resources within the local area or community. The most important considerations when organizing should be:

- widespread community support
- broad-based representation in an advisory capacity
- a distinct constituency
- a clear shared sense of mission and a well-defined set of goals and objectives
- a commitment to work and to succeed for an extended period of time
- strong public–private partnerships
- committed dependable sources of funding
- specialized working committees

Note: If the organizing group decides to establish a formal economic development organization at the outset, they should review the material in the Getting Started section in Chapter 3 to help them think through and carry out the systematic process for organizing an EDO. Once the development organization, committee, or local leadership team is formed, the next step, information gathering, can begin. The strategic planning committee or other group that will be directly involved in the local assessment and planning activities should also receive training to prepare them for their work. The Teambuilding Training Program outlined in Chapter 2 and presented in Part V of the CER Guide, or something similar, should be provided along with basic training in conducting assessments and engaging in strategic planning.

2. Collect information and data

Before deciding on a strategy to achieve local economic vitality, it is useful to obtain a comprehensive picture of current conditions and trends in the local area. A detailed answer to the question “Where are we now?” sharpens the focus of development planning. Two distinct sources of information and data that contribute to the overall picture are: (1) quantitative data about the economy (some data may be available from various public and private agencies and sources while some data must be collected); and (2) qualitative information obtained from surveying and interviewing residents who live in the local area or community.

Qualitative Information

Successful economic renewal efforts require the support and active involvement of people living in the area or community. Therefore, it is important to obtain information about their interests and concerns. This is usually done by conducting interviews and surveys.

Two types of work are involved in collecting qualitative information and data through interview or survey techniques: first, “desk work” that consists of an analysis of already existing statistics; and second, “field work” that requires a more in-depth inquiry into local needs. Careful “desk work” should be conducted first to generate initial impressions. These impressions can be used as a basis for conducting surveys and interviews.

Preparing interview guidelines

Prior to survey or interview activities it is important to consider four questions fundamental to any local assessment effort:

1. What will be the likely condition of the area or community in one/ two/five/ten years if no intervention occurs?
2. What will happen if the community activates as yet unutilized potential?
3. What factors are blocking the use of that potential? how can those factors be overcome? and at what cost?
4. What specific opportunities exist to initiate changes leading to the utilization of latent potential?

When conducting interviews to obtain information about the current and future state of the local area, interviewers are advised to “recycle” material from one interview to another, introducing ideas or themes garnered from one source to other interview settings. The reasons for such tactics are:

- Most interview responses represent opinions; interviewers need to understand how broadly these options are held.
- An idea offered by one citizen can trigger another discussion with a different interviewee.
- Recycling helps reveal patterns of communication and collaboration in the community, indicating areas of consensus and of contention.

No attribution of any idea or proposal by a previous interviewee should be made, not even anonymously.

Possible interview candidates include a wide variety of individuals:

- Elected local officials
- Public agency managers, analysts, and professionals
- Private business people in manufacturing, services, finance, utilities, realty, etc.
- Formerly employed people currently out of work
- Community organization leaders
- Local news media professionals
- Social services
- Board of education.

Designing survey instruments

When designing survey instruments, some basic rules should be followed:

- Alternate long and short questions
- Avoid phrases or wording that suggests a socially desired response.
- Use conversational phrasing, but avoid slang.
- Provide answer categories which are easy to remember, exhaustive, and mutually exclusive.

Using these guidelines, structured interview instruments should be prepared to assist the interviewers ask the right questions.

Conducting interviews

Interviews should be started by stating their purpose, assuring confidentiality, and assuring interviewees that their opinion is valued. Interviewers should be encouraged to assume that people will be willing to participate, and they should be cautioned against initiating an interview in a way that makes it easy for respondents to say “No.”

In addition to surveys, it is possible to gather information through group discussion. Information on the basic techniques for conducting group discussions can be obtained and used to carry out this process.

Quantitative Information

Statistical descriptions of current conditions and trends in the area or community are derived from measures of economic activity and population change. These forms of demographic and economic data can present a confusing maze of information. Time can be saved by understanding data types and their value before collecting information.

The most straightforward approach to gathering quantitative data is to have a template for information collection. Typical forms seek data regarding population, school enrolments, employment, personal income, and business activity. In most categories, information should be gathered for three different periods, allowing observation of trends during the past 20–30 years. Specific sources, either government or other publications, are included with each category of data.

The local development group or team might wish to expand the focus of data collection to include other characteristics of the community. Chart 2.1 presents a comprehensive listing of characteristics suitable for inclusion in a regional or local inventory.²

Thorough data collection across all the areas listed would require a major effort. Consequently, the local development group must determine what portion of the limited resources should be used for data collection and what portion should be used for other stages of the development planning process.

Other sources of quantitative information

Additional sources of quantitative information are available, but they may require complex interpretative skills on the part of those using them. For example, if national census data is available, it is possible to study the ways in which the size and composition of the area or community population can change over time.

3. Analyze and interpret the information and data

Although raw statistical information can suggest a picture of current conditions in the region or community, an analysis and interpretation of qualitative and quantitative information and data is necessary to add detail to that picture. It is also necessary to provide a basis for projecting the future of an area or region and designing initiatives to shape that future.

As the local development group or team identifies the strengths, weaknesses, opportunities, and barriers to renewal, they also identify community needs. The needs are the things that are required to move the community from its current situation to its desired state.

Unfortunately, the group is apt to identify more needs than the community has resources to satisfy. Therefore, it is necessary to decide which needs are most critical to the economic

²Ronald Shaffer, *Community Economics: Structure and Change in Smaller Communities* (Ames: Iowa State University Press, 1989).

development of the community. One way to do this is to concentrate the development efforts on *economic base firms*. Economic base firms are those that sell goods and services to the rest of the world. The rest of the world is any place outside of the community itself. The activities of the base firms bring money (income) into the community. These firms and their employees generate increasing demand for goods and services sold within the community. Without a growing base, there can be no sustained economic expansion.

Using one of several analytical models, such as economic base analysis, it is possible to evaluate the extent to which a community or region exports its goods and services earnings. (Many local economic development manuals provide a step-by-step question and answer format to teach the user how to calculate employment and income multipliers, measure a community's trade area and trade potential, and gauge the efficiency of local firms.) Local development groups can use these manuals or obtain expert assistance to help them determine which tools are most pertinent to their efforts.

A structured group approach, such as the one outlined in Chapters 6 and 7, and described in the examples in Chapter 4, can also be used to projects. Whatever technique is used, it is important for the economic development team to understand the importance of comparative advantage, and to determine which economic base firms in the community have a comparative advantage.

Building Comparative Advantage

Successful economic renewal depends on developing a new economic base that replaces lost or declining industries by building on the comparative advantages of the local economy. The law of comparative advantage means that the prosperity of an area is tied to the existing and new economic base firms whose products and services hold a comparative advantage in national and international markets.

It is also important to understand that a current comparative advantage is not a permanent condition. Therefore, when identifying competitive firms, the team must consider both the supply and demand sides of the market. If a firm is a low-cost producer of a product for which there is a falling demand, its present advantage will not lead to sustained economic development. For example, the low-cost producers of buggies did not survive when automobiles became affordable because the demand for buggies fell.

The local economic development group or leadership team can achieve greater economic growth by allocating its scarce resources to meet the needs of firms and industries that have a current or future comparative advantage in domestic and world markets. For example, firms may not currently exist in industries where the resource base could competitively provide products for growing demand. Also, a community could strengthen its renewable (agricultural, forest, and capital resources) and human capital (educational, vocational, technical, and entrepreneurial skills) resource bases.

Chart 2.1 Potential Characteristics in a Local or Community Inventory

- ❖ Location
 - Geography
 - Access to major markets
 - Climate
- ❖ Government
 - Form
 - Assessment policies
 - Types of taxes
 - Tax rates and trends, last 5 years
 - Zoning ordinances, land use policies
 - Building codes
 - Regulations
- ❖ Local Services
 - Fire protection
 - Fire insurance rates
 - special equipment
 - station locations
 - water availability
 - Police protection
 - Solid waste disposal
 - Snow removal
- ❖ Population Characteristics
 - Demographic profile
 - age/sex
 - Population trends
 - migration
 - Income characteristics
 - Cost of living
 - Home and durable goods ownership
- ❖ Housing
 - New home construction
 - Adequacy of sale or rental
 - Rental costs
 - Condition of residential neighborhoods
 - Residential land values
- ❖ Medical Facilities
 - Availability of doctors, dentists, and hospital beds
 - Availability of lab facilities
 - Cost of medical and dental care
- ❖ Religious Facilities
 - Number and denomination
- ❖ Accommodations
 - Availability for corporate traffic
 - Availability for group meetings
- ❖ Cultural and Recreational Facilities
 - Civil and professional organizations
 - Libraries
 - Recreation facilities
- ❖ Postal Services
 - Type and frequency
- ❖ News Media
 - Newspapers
 - TV and radio
 - Degree of local coverage
- ❖ Local Industries
 - Co-operation of business leaders
 - Supply and service firms
 - Types of industries
- ❖ Utilities
 - Electrical power: availability and rates
 - Gas service: availability and rates
 - Telephone service: type and rates
 - Water service: availability, source, usage, rates
- ❖ Financial Services
 - Banking services
 - loan policies
 - asset structures
 - interest in financing new ventures
 - Local investors
 - Provincial, national, and local sources of financing
- ❖ Education
 - Elementary and secondary schools
 - Vocational schools
 - number
 - types of training
 - number of graduates
 - Higher education
 - availability of universities
 - research facilities
 - Other
- ❖ Labour
 - Labour profile
 - education
 - age
 - skills
- Availability of labour
 - types
 - location
 - seasonal
- Unions
- Transportation for commuters
- Wages scales
- Employee turnover rates
- Unemployed
 - skills
 - sex
- Labour relations history
- Labour practices
- Labour legislation
- Provincial and local taxes applied to labour
- ❖ Transportation (rail, truck, water, air, pipelines)
 - Types available: freight and passenger
 - Adequacy of facilities
 - Record of performance
 - Cost and rates
 - Regulations
 - Transit privileges
- ❖ Income
 - Per capita
 - Purchasing power
 - Percent of poverty level
 - Percent receiving public assistance
 - Sources of income
- ❖ Economic Development Program
 - Industrial-commercial facilities
 - sites
 - buildings
 - services
 - value
 - Development organisation
 - Incentives
- ❖ Recreation
 - Public
 - parks and playgrounds
 - organized programs
 - youth clubs
 - Private
 - golf, tennis
 - boating

The ILO/UNDP SHIELD Program identified several areas called Strategic Fields of Action that can strengthen the comparative advantage of a region or community:³ (1) local area marketing; (2) business support and promotion; (3) human resources development and training programs; (4) improved management and organization of local governments; (5) industrial and sectorial policies; (6) physical infrastructure; and (7) agriculture and rural areas. It is possible to identify the needs of comparative advantaged firms in each of these areas.

When identifying the comparative advantage of a community or region, it is important to understand that:⁴

- you need to distinguish what is true for a broad area from what is true for a specific area; for example, a central geographic position in Europe is true for the entire country;
- a comparative advantage exists if you can use it for an economic development action, (for each advantage identify at least one action); and
- you should identify and list market barriers that could be removed by local level actions.

As part of the process of analyzing and interpreting the information collected in Step 2, it is important to carry out the following tasks:

Industry mix

- identify your major industries by employment, wages and sales (including agriculture, mining, manufacturing, construction, services, etc.);
- identify your fastest growing industries (if any) by employment, wages and sales;
- identify which of your industries are declining by employment, wages and sales;
- identify state-owned companies by industry, size and their likelihood to survive and/or to be privatized;
- compare the level of productivity of your current industries with firms producing similar products in your country and in other nations;
- attempt to determine if any industries in your area are gaining market share (share of total sales) compared with national or international competitors;
- gather information on where and to whom your major industries sell their goods and services.

What are your conclusions in terms of comparative advantages? market barriers? and actions?

Geography

- determine if your area is best characterized as a core region, upward transitional, downward transitional, resource frontier or special problem area;
- identify other regions which are or were similar to your area;

³Angel L. Vidal-Alonso and Dorthe Nielsen, "Guidelines for the preparation of a Local Economic Development Plan" (Geneva: ILO/UNDP LED Regional Project for Central and Eastern Europe, CIS and Baltic States, 1994).

⁴*Managing Regional Economic Restructuring Step by Step: A Handbook for Central European Leaders*, prepared by the U.S. Department of Labor by Economic Innovation International, Inc., 1993.

- identify existing and potential special programs implemented in your area by the national government and multinational aid institutions.

What are your conclusions in terms of comparative advantage? market barriers? and actions?

Markets

- list the natural resources with which your region is endowed. Consider what products should be produced with these natural resources and the distances and approximate shipping costs from both suppliers of other key inputs and from final demanders of these products.
- draw concentric circles on a map to indicate the population within distances of about 100, 500, 1,000, and 2,500 kilometers.
- investigate comparative transport costs with other regions located at equal distance to major markets;
- ask firms in your area that are selling, or have attempted to sell, goods and services outside your area why they are competitive and what changes could make them more competitive;
- attempt to determine whether current market advantages would continue if regulations and policies change.

What are your conclusions in terms of comparative advantage? market barriers? and actions?

Small and medium-sized firms

- attempt to know as much as possible about small and medium-sized firms in your area, especially those that are involved in secondary and primary industries. Are their customers in the area or outside? Could some of the largest companies in the area buy from them? Could some of the largest companies spin-off some of their activities? What are the main hurdles that prevent them from growing? training workers? public infrastructure? information about markets? administrative paperwork? other?

What are your conclusions in terms of comparative advantage? market barriers? and actions?

Entrepreneurship

- attempt to know as much as possible about entrepreneurs in your area, especially those who are involved in secondary and primary industries. How did they find the initial capital to finance the start-up of their businesses? Are they spin-offs or state-owned companies? Is their business based on products developed in research laboratories? What main hurdles did they encounter when starting up their business? training workers? public infrastructure? information about markets? administrative paperwork? other?)

What are your conclusions in terms of comparative advantage? market barriers? and actions?

Natural resources

- determine what natural resources are available in your economy, in what quantity and of what quality.
- determine which of these natural resources could serve as inputs for manufactured goods that could be produced locally. Consider forest-related industries, agriculture-related industries and other natural resource-based industries.

What are your conclusions in terms of comparative advantage? market barriers? and actions?

Workers

- gather information about your total population, the productive population, and the number of unemployed people by age and by qualification;
- gather quantitative information on the type of training workers have by age group;
- gather information on the cost of your workforce by industry compared with the same industries in other nations;
- gather information about your firms' greatest workforce training needs.

What are your conclusions in terms of comparative advantage? market barriers? and actions?

Production capital

- determine if firms in your area have access to expertise to help them introduce improved management practices, to help them evaluate the marginal benefit of various improvements to their production processes, and to access information on sources through which to purchase necessary equipment.

What are your conclusions in terms of comparative advantage? market barriers? and actions?

Public infrastructure

- determine the strengths and weaknesses of the public infrastructure in your area (roads, railroads, airports, waterways, water supply, electricity supply, gas supply, telephone network, etc.);
- gather information about research programs being carried out by universities and public laboratories in your area that existing firms could use or that could be used to create new firms;
- determine which categories of infrastructure and services that you can take action on to enable small and medium-sized firms in your area to better compete.

What are your conclusions in terms of comparative advantage? market barriers? and actions?

Finance

- determine the number of firms in your region by size and by industry;
- determine the greatest financial needs of the small and medium-sized firms in your economic base and secondary industries;
- determine how the small and medium-sized firms in your area are securing various forms of financing;

- determine the number, size and status (private, public, main office, branch) of financial suppliers in your area;
- determine what forms of financial suppliers in your area can appropriately finance various types of firms;
- determine the sources of financing for small and medium-sized business being created by your national government and by multinational aid organizations.

What are your conclusions in terms of comparative advantage? market barriers? and actions?

4. Formulate alternative economic renewal strategies

As local development group participants conduct their assessment of conditions and attitudes within their community, they comprehend more of the patterns and details of circumstances which form the basis for productive renewal strategies. Many economic development specialists believe that “most of the answers to the locality’s economic problems are in the community. They only require discovery, refinement, and dissemination.”⁵ Perceptions of problems and of resources must undergo some sort of transformation, resulting in workable strategies for economic revitalization.

Broad Strategy Outlines

As noted earlier in this chapter, several categories of strategic intervention can be adopted. Five strategies and some possible steps communities can take are summarized here:

Help existing local businesses improve and expand

Improving the efficiency of local firms can make them more competitive, more likely to continue operating, and better able to bring more income into the local economy. A number of techniques help to improve efficiency:

- Sponsoring management training programs
- Encouraging local leaders to visit businesses regularly and learning what community efforts could help local businesses prosper
- Identifying sources of capital to meet local business needs and promoting greater capital availability for smaller businesses
- Keeping local businesses informed about technological improvements that can increase efficiency
- Improving the overall capabilities of local workers through vocational training and supportive services, such as higher quality day care for children
- Ensuring that local and regular services, such as telecommunications, meet the needs of local businesses
- Sponsoring activities that express community appreciation of local business contributions

⁵William Schweke and Rodney Stares, *Sowing the Seeds of Economic Renewal* (Washington, D.C.: Corporation for Enterprise Development, 1986), pp. 10.

Encourage the formation of new businesses from within the community

Community leaders need to consider what steps might improve the climate for new businesses. The following are a few options:

- Forming pools of private local capital for debt or equity investment for new businesses unable to obtain additional capital from financial institutions
- Providing first-time entrepreneurs with needed training in management, marketing, and business planning skills
- Using data assessment to identify overlooked production and market potential in the community
- Extending the same services available to existing businesses to fledgling businesses

Improve the community's ability to retain income within the local economy

Capturing local income means encouraging the purchase of goods and services locally and making decisions to buy from local vendors and producers more feasible:

- Helping businesses identify local market potential through surveys and business analyses
- Coordinating revitalization of the community's business district
- Assisting businesses to improve their customer service
- Using promotion and advertising to attract visitors and residents of nearby communities to purchase local products and services
- Informing residents and businesses about local purchasing options
- Reviving a downtown area as a place to meet friends and enjoy time together

Attract basic employers from other locations

If the region or community wishes to draw businesses from elsewhere, it might investigate a variety of strategies:

- Identifying appropriate industrial/commercial zones and ensuring the availability of necessary services
- Promoting the quality of life enjoyed by local citizens
- Helping to stimulate capital availability through lower-interest revenue bonds
- Investigating the benefits of having new public sector offices or facilities locate nearby
- Forming organizations, such as industrial development corporations, to facilitate property acquisition for business use

Increase funding received from provincial and national governments, NGOs and international donors

Efforts to increase the positive impact of provincial and national funding programs and NGO and international donor funding on the local economy might involve any or all of these activities:

- Informing local residents of their eligibility for various forms of economic development assistance programs and benefits and supporting their efforts to obtain them.
- Obtaining maximum assistance from broader government for renovation of public infrastructure such as streets, sewers, water systems and parks.

Other strategies for small communities

In addition to the five basic strategies identified above, several other strategies or types of activity might be suitable for smaller regional or community economic renewal programs. These include tourism development and attraction of retirees, enhancing a community's strength as a commercial and retail center, serving agricultural business needs, or becoming a commuter/bedroom community to a larger metropolitan area.

Three strategies are particularly innovative:

1. *Co-operating with neighbors.* Several small communities in geographic proximity in a region or province form a cluster and pool their resources to provide basic services, jointly sponsor special events or a festival, and promote the purchase of services and goods within the cluster. In essence, the cluster acts like a unified local economy that benefits participating communities.
2. *Recovering lost resources.* Campaigns directed at former residents seek to induce them to relocate within their former town or area. Retirees or young families might be convinced to return to a wholesome hometown environment.
3. *Developing conservation programs.* Such programs hinge on keeping money circulating in the local economy. Using less energy purchased from suppliers based in distant areas means having more resources to use locally. Furthermore, intensive conservation projects can generate more local business activity.

Groups undertaking strategic planning for local economic development must select some strategies to achieve their objectives and then develop suitable projects or activities to implement those strategies.

In the United States, economic renewal assessment and planning groups normally use workshop formats to develop the specific strategies and projects (Steps 5 and 6) to be used. While the workshop formats vary in detail, most of them involve a substantial number of local citizens who participate in a series of workshops covering such topics as access to capital, business environment, infrastructure, human resources, and quality of life. These are followed by workshops that analyze how each economic renewal principle affects business conditions, generate project ideas, and evaluate project ideas.

The workshop approach presented in Chapters 6 and 7 is a revised and expanded version of an economic renewal model that was developed by the Rocky Mountain Institute for the U.S. Small Business Administration.⁶ It illustrates how the workshop process is structured and used to conduct a local assessment, select strategies, generate project ideas, and evaluate projects. It is just one of the methods to generate, evaluate, and select viable strategies and projects. Other equally successful models could be used.

5. Select viable strategies and projects

In order to use available resources as effectively as possible, the strategies and range of imagined projects and activities must be narrowed to include only those that represent the best fit between local needs and capabilities.

Several possible approaches can be used to select the strategies and projects for implementation. One way to select from a number of attractive strategies and projects is to do so in terms of benefits

⁶Barbara A. Cole, *Business Opportunities Workbook* (Denver, CO.: Small Business Administration, 1988).

and costs. Costs that can be calculated in dollars include items like personnel, building space, materials, utilities, and transportation. Large projects often require an estimate of total program costs. Social considerations also must be taken into account, either by comparing the level of attractiveness of the various outcomes or by a sensitive process of assigning monetary values to them.

- The basic steps in cost-benefit analysis are:
- Listing the projects or activities along with the anticipated effects for each
- Classifying each effect as a cost or benefit
- Estimating the monetary value of each cost and benefit
- Estimating when a cost or benefit will occur and converting the value of future costs and benefits into present value
- Considering both best and worst case scenarios
- Considering how different groups or segments of the community are likely to be affected by various benefits and costs
- making relative comparisons among all the projects by placing each project on a benefit-cost matrix

Another approach to assessing relative project costs is to use a risk-benefit analysis grid. This grid points out that benefits, costs, and risks should be considered for each project individually. This tool helps identify elements of risk early on so that local leaders know in advance when and how they will re-evaluate whether even the best-case scenario will be good enough.

Factors other than a simple consideration of cost and benefits may be pertinent to the selection of local economic development projects. For example, it is possible for participants to rate the capacity of their local area or community to accomplish a project as a component of strategy implementation. Scrutinizing costs and benefits in this way orients participants toward the practical challenges required to actually implement selected projects.

The following characteristics help determine which projects are worth pursuing:

- The project is compatible with community goals and its “preferred future.”
- The potential rewards of the project are worth the risks and exceed the costs.
- The risks of the project are clearly understood.
- The project has broad community support.
- Community leaders are willing to see the project through to completion.

6. Implement the strategies and projects selected

Once the assessment and planning group or local leadership team reaches consensus on the strategies and projects to pursue, it further develops and implements them. When selected projects are straightforward, low cost and easy to implement, not much planning is needed prior to implementation. However, more complex projects require more planning and the development of a course of action to facilitate their successful implementation.

In order to maintain the momentum and enthusiasm generated through the self-assessment and strategic planning process, consideration should be given to incorporating the following elements into the project implementation phase:

- Form a project team or committee (or committees) that is willing to develop a course of action or work-plan that outlines the actions needed to be taken, resources required and responsibilities for carrying out the selected strategies and projects.
- Celebrate the group’s success. Spend time with other committee members reviewing the actions and processes that were successful in getting the group to this point.

- Market the group’s accomplishments. Use local newspapers, radio, and public forums to let the community know what has been accomplished and what is planned for the future.
- Seek broader support. Look for ways to build on other local efforts. Seek others who are willing to join the economic renewal effort.
- Initiate some research. Review the initial questions that were asked at the outset of the self-assessment and planning effort. Would additional information be of assistance? Now is the time to seek information from other groups and local areas to see what can be gained from their experiences.
- Determine what type of help is needed for the economic renewal projects. Learn more about the local resources and people who may be able and willing to help implement the projects selected.
- Assess the financial needs. Begin considering the financial implications of some of the projects planned for implementation.
- Understand the motivations, interests, concerns, and commitment of all the project team or committee members who will oversee the implementation of each project. Find out what they want to see happen to feel satisfied with their volunteer time commitments.
- Discuss and decide upon procedures for the project committee. What are the obligations of the committee members? How often will they meet? What will their duties be?

This six step self-assessment and strategic planning process for local economic renewal is one of several possible approaches to developing workable strategies and specific projects to improve local economic and business conditions. Chapters 5, 6 and 7 contain “The CER Workshop Materials,” in a format that can be used by communities to carry out these self-assessment, strategic planning, project implementation and sustainability processes.

Chapter 4

Examples of how the USDOL/WSI CER process has created jobs and strengthened local economies

The ultimate goal of community economic renewal or local economic development is to generate money and jobs while respecting or improving the quality of life of the people in a community or region. Economic development experiences throughout the world confirm that economic development requires well-planned, systematic, long-term efforts. Unfortunately, many regions and communities lack the organization and expertise to conduct successful development programs or promote economic development and suffer accordingly.¹

Communities and regions throughout the world have organized on a community-wide or regional basis in a variety of ways to mobilize or energize their communities to foster economic renewal in the face of economic decline. Many of them have stabilized or improved their long-term development strategy by creating formal private–public partnerships, including establishing local economic development organizations (EDOs).

Although volunteers and ad hoc committees or organizations, particularly in small communities, can carry out local economic development assessment and planning, most successful communitywide or regional economic development efforts benefit from the on-going leadership and expertise provided by some form of a permanent economic development organization.

EDOs provide such leadership:² to the key players in local economic development to help them exchange and discuss ideas, raise issues, and contribute to the development policies of community or region; and to elaborate economic development policies, adapt them to the changing economic environment, and implement them through actions, programs and services.

Public-private partnerships are able to accomplish what neither the public sector nor the private sector alone can achieve. Although the public sector has a mission and a commitment to improve the economic situation of the people living in a community or region, it does not have the

¹Belden Daniels and Thierry Gibert, “Rationale for the Creation of Regional Development Agencies” (Boston: Economic Innovation International, Inc., December 17, 1993).

²*Ibid.*

financial resources or job-generating capabilities required to foster economic development. The public sector needs to leverage its resources. However, the private sector, the major generator of jobs and wealth, can mobilize considerable resources and effort for economic development purposes. Thus, an EDO can be created to combine the complementary skills and resources of both the private sector and the public sector to benefit the entire community or region.

Using the CER process in Central and Eastern Europe

The following sections of this chapter present three innovative examples from Central and Eastern Europe--Hungary, Romania and Bulgaria--of how local communities and regions have successfully used the USDOL/WSI Integrated Adjustment Program to organize and initiate economic renewal and development. Each participating community in the three Central and Eastern European countries used the community economic renewal (CER) approach described in this Guide to mobilize both the public and private sectors to carry out assessment, planning, and implementation activities.

The first section presents a report describing the systematic implementation of five economic renewal workshops (Workshops A-E) outlined in chapters 5 and 6. This work was done during the period from June 1996 to June 1999, and was carried out as part of the USDOL and Hungarian Ministry of Labor's Rapid Response Worker Adjustment Project in Hungary.

The second section summarizes a report describing the systematic implementation of six CER workshops (Workshops A-F) outlined in chapters 5, 6 and 7. This work was done during the period from May 1999 to June 2002 as part of the multilateral USDOL/World Bank/Government of Romania Labor Redeployment Program.

The third section describes the systematic implementation of the USDOL/WSI CER Component as part of the PLEDGE project in Bulgaria. This work was started in mid-1998 and is ongoing as of July 2003.

Hungary: Introducing CER assessment and planning for economic renewal at the local level in support of a displaced worker adjustment program

[This section describes the addition of a Local Economic Development component of the USDOL Rapid Response Project in Hungary, beginning in June 1996. The first component of the project, the Worker Adjustment Component, is described more fully a paper by Gary B. Hansen and Maria Heidkamp, "Implementing the United States Department of Labor Adjustment Model in Central and Eastern Europe: The Hungary Rapid Response Project, 1994-1999," USDOL, December 28, 1999.. The following material is adapted from two sources: the paper cited above, and Chapter 6 in Regional Development and Employment Policy: Lessons from Central and Eastern Europe, edited by Maarten Keune, and published by the ILO Central and Eastern European Team in Budapest in 1998.]

Although Hungarian Parliament passed legislation in March 1991 to provide a legal framework for the formulation of employment policies, the passive and active measures subsequently developed were inadequate to meet the challenges posed by the country's economic restructuring and privatization. Hungary, unlike most of the other Central and Eastern European countries, opted for “a more determined reduction of labor hoarding in the economy.”³ By early 1993 growing unemployment and widening regional differences prompted the social partners to consider a new, comprehensive strategy of employment policy.⁴

Implementing the worker adjustment component

In mid-1994 the USDOL introduced a rapid response worker adjustment component in Hungary as part of a USDOL/USAID technical assistance project. It was designed to assist the Hungarian Ministry of Labor and its County Labor Centers (CLCs) to respond to the layoffs and plant closings resulting from economic restructuring and privatization. The Hungarian government selected four pilot regions where major plant closures had occurred--Baranya, Borsod and Szolnok counties and Budapest. Baranya, Borsod and Szolnok counties each had higher than average unemployment rates and expectations of further mass layoffs. Budapest had lower than average unemployment rates, but one-fifth of the country's population and large numbers of unemployed workers.

The Ministry of Labor decided to have the project work directly with the CLCs, the primary labor market intermediaries in Hungary that provide basic employment services and other labor market information. The project began in July 1994 with a week-long intensive training in basic rapid response and worker adjustment procedures and techniques for both the CLC directors and the “layoff coordinators” from the pilot counties. These layoff coordinators, called “regional employment counselors” were selected by the CLCs to become industrial adjustment (IA) specialists. Immediately after the training, the initial pilot site began at a shoe factory in Szolnok County. Shortly thereafter, additional pilot sites followed at an aluminum oxide plant in Komárom County, the uranium mine in Baranya County and a steel mill in Borsod County.

Need for a Local Economic Development Component

From the outset of the Hungarian project it was recognized that a local economic development (LED) component was needed to assist the impacted communities to revitalize their struggling economies. It became clear that the local areas needed help to develop local strategies and implement appropriate projects. In the summer of 1996 Hungary enacted legislation requiring counties to establish County Development Councils to develop priorities for counties and distribute funds to local areas.

An initial attempt was made to launch a LED component headed by an outside consultant. This attempt failed to survive beyond an initial seminar. An important lesson learned was that whatever model was to be used, the local actors had to take ownership of the project and be committed to seeing it through. This includes enabling the same CLC counselors who work on layoff efforts to serve as local LED facilitators. Through their work with the Rapid Response Reemployment Assistance Committees (RACs), these CLC layoff coordinators contact local employers, chambers of commerce, municipality leaders, NGOs and others who might be

³Hungary: Employment and Sustainable Livelihoods, (Budapest, ILO CEET, January 1997), p. 10.

⁴Between 199a and 1994, unemployment in Hungary rose from 100.5 thousand to 632.1 thousand.

interested in LED. In several cases where RACs finished their work with the dislocated workers, they became LED associations. The CLC layoff coordinators want to help LED efforts.

The Hungarian Ministry of Labor and the USDOL Rapid Response Project recognized an urgent need for a replicable community-based model that could be initiated alongside layoff projects or in areas facing employment problems. In 1996 a local economic development (LED) component, based on the experiences and materials from several ILO, USDOL and UNDP projects in Central and Eastern Europe, was introduced as part of the USDOL's Hungary Rapid Response Worker Adjustment Project. The LED goal was to help regions find solutions to economic threats, develop strategic plans to guide their community economic renewal and development efforts, identify suitable projects to begin the process, and gather the necessary information to organize a strong local organization to promote economic development on a continuing basis.

Implementing a grassroots, participative LED Component

This LED component emphasizes broad community participation. The model calls for CLC IA specialists to receive training in local economic development from a team of International LED consultant/trainers. They then work with government, business, labor and community leaders in areas experiencing economic restructuring and privatization to help them better understand local economic development and economic renewal principles. The CLC IA specialists also look at the processes that other communities have used to revitalize their economies, including creating a new sense of “community” and, in particular, building confidence in the local peoples' ability to work together to affect change.

Participatory grassroots LED efforts are not common in Hungary. Many local leaders believe that the answers to their economic problems should come from the central government or others. But because of the decentralization of regional development funds, local leaders are beginning to realize their responsibility for finding their own economic solutions.

Phase I: Participating in Economic Renewal workshops

After attending a one week training session conducted by USDOL LED consultants, CLC IA specialists began the economic renewal and development process by inviting local government, community and business leaders and other people in affected communities to participate in a series of four day-long workshops held over a four- to six-month period. These workshops taught community leaders the basic principles of economic development and renewal--assessing major business conditions and job creation factors, generating and evaluating project ideas, designing an effective economic development strategy for their community, and implementing it.⁵ Most importantly, the materials were organized to enable the local facilitators to walk through and direct the LED process themselves. (For more information about the workshop process, see Chapter 6 of this Guide.). The CLCs and their local partners accepted full responsibility for

⁵This approach is based on *A Guide to entrepreneurial Initiatives for Local Economic Development*, prepared by Gary B. Hansen as part of an ILO/UNDP LED project, to help community leaders and local economic development specialists in Central and Eastern Europe develop and implement LED programs. It is based on the LED experiences of the USDOL and the ILO/UNDP projects in CEE countries and successful worker and enterprise adjustment programs in North America and Western Europe, and contains detailed information about how to organize economic renewal and LED programs and conduct community workshops to expand business opportunities and create jobs.

carrying out and organizing the four workshops locally, but the Rapid Response project provided support to defray the costs of conducting the workshops in each community.

In the fall of 1996, all County Labor Centers were given an opportunity to submit a proposal to participate in the pilot testing of the USDOL LED Component. The original aim was to work with five areas. But after the passage of the regional development legislation, interest was so great that the CLCs requested that the project be expanded.

While the CLCs are in a good position to facilitate or be a catalyst for the LED process, they cannot undertake it alone. This grassroots LED effort requires considerable contributions of time and resources from a broad range of actors. The CLC IA specialists assess a local area's seriousness about engaging in the participatory LED effort. It is critical that local areas understand that the first phase is a LED process and not an application for funding a specific initiative. Therefore, along with their proposals the CLCs are required to submit letters of commitment from a range of area actors. The CLCs collect letters from mayors, NGOs, local area federation representatives, county development councils, Local Enterprise Agencies, chambers and others. These letters assure that a core group of actors understand the basic parameters of the model and agreed to the minimum time commitment required.

For example, in support of the Komló project the Baranya CLC submitted letters from the chamber of commerce and industry, the mayor of Komló, the coal mine property utilizing company, the Baranya County Entrepreneurial Center, a non-profit company called "Work for Baranya," the Pécs Regional Training Center and the Komló area local development agency. These local area actors were motivated by the fact that the coal mine is scheduled to close in the next few years.

Twelve counties chose to participate in the pilot testing of the USDOL LED model, and one county proposed working with three small separate regions at the same time. The pilot regions selected by the CLCs covered from one to 42 communities ranging in population from 3,500 to 80,000. They included heavy industrial areas in decline as well as less-developed rural and agricultural areas.

The next task of the organizers was to identify others in their communities who were potentially interested in participating in the series of LED workshops. The CLCs worked with their core team of local actors to put together an LED mailing list. CLCs and the partner organizations contacted businesses, educators, banks, training institutions, libraries, community centers, healthcare institutions, NGOs, trade unions, tourist agencies, local artists, recreational facilities, appropriate county-level organizations and others. Most of the workshop invitational letters were signed jointly by the CLC director and at least one other local actor (typically either a mayor or local area federation director). Multiple signatures from different organizations helped to emphasize the collaborative nature of the model. In some cases, the organizers made special efforts to attract entrepreneurs, often phoning and personally visiting area businesses. They occasionally invited a special guest speaker of interest to the participants. The pilot projects all made good use of the press to get the word out about the workshops. Local television, radio and print journalists were contacted before all workshops, and coverage was extensive. In a sample taken of attendance in six pilot areas the average workshop attendance was 42.

Between October 1996 and June 1997, 60 workshops were conducted in the 14 pilot communities. The pilot workshops were co-facilitated by the USDOL consultants and CLC layoff coordinators. Subsequently, the CLC layoff coordinators received many requests from other communities asking to participate in additional rounds of Phase I LED workshops. Before the project ended in 1999, the CLC layoff coordinators conducted the second and third rounds of workshops at 22 sites without the assistance of USDOL consultants.

Phase II: Refining and implementing local projects

During Phase II, the community teams participate in a project implementation workshop (Workshop E) conducted by USDOL trainers, Hungary Rapid Response Project Director and CLC layoff coordinators on how to organize and implement LED projects in their communities. The community teams receive training on writing a strategic plan and a formal project proposal--to be submitted to the Rapid Response Project (and any other potential funding sources). They also learn how to function as a team, how to design and establish organization and management structures needed to carry out LED projects, and how to develop action plans to implement their projects. Finally, they receive training on how to evaluate their work and completed projects. After the project implementation workshop, community teams prepare and submit their formal project proposal to the Rapid Response Project Director. The LED proposals are reviewed by the Project staff and international trainers and by a local LED advisory committee if one exists. Once the proposals are approved for funding the communities can start implementing their projects.

The 14 community and local groups completing the first pilot round of Phase I LED workshops in Hungary were invited to prepare a proposal to participate in the project's second phase, emphasizing project design and implementation, that started in the fall of 1997. The groups submitted proposals that included 24 projects for funding in Phase II. The approved community proposals received funding of up to \$25,000 to help them implement one or more specific projects. Most of the areas also submitted proposals to other agencies for funding, such as the County Development Councils, the National Employment Foundation and the Public Works Council. They are using their Rapid Response Project funds as leverage to obtain considerably larger grants from other agencies to help them carry out their proposed projects.

Outcomes obtained from Hungary LED workshops

The early reports that came from the original first round pilot communities were very encouraging. Almost all participating areas reported some tangible signs of success. For example, several projects were being implemented in the Gyomaendrod local area (consisting of four Hungarian communities in southeastern Hungary) that jointly participated in the first round of LED workshops. Task Force members in Gyomaendrod reported that the LED workshops brought together people who either had been thinking about or actually working on the same sorts of projects. They said that “this collaboration will help reduce the duplication of efforts that was going on and will make for more efficient utilization of resources.”⁶

As a result of the workshops, the local LED task force established an “Entrepreneurs' House.” This new facility houses the chamber of agriculture, the chamber of commerce and

⁶Bekes country (Gyomaendrod) LED Project Case Study (USDOL Hungary Rapid Response Project, 1997).

industry, the cooperative extension agent, the federation of craftsmen, the newly hired local area LED manager and a new branch of the Local Enterprise Agency (LEA). In addition, the local LED task force helped to launch a downtown shopping center—one of the project ideas generated in their workshops to “plug the leaks” in the local economy. The municipality is paying for the Entrepreneurs' House, the CLC is providing initial support for the local area manager position, and the county LEA and the local employer organizations are providing the operating costs for the new LEA branch office. They have found several interested investors for the new shopping center.

The Vasvar local area, consisting of 23 small communities that jointly participated in the LED workshops, hired a local area LED manager. To support the new manager's activities, the Vasvar area was successful in obtaining the equivalent of US\$7000 from a development bank. The local area submitted a proposal to get some money from the Public Works Council for an environmental project (the idea for which came from an ER workshops). This project provided temporary employment for 100 people. According to the CLC layoff coordinator, “the cooperation of local actors essential for the future development of the region has started, and the introduction of the basics of LED helped the realization and actualization of local ideas, thus taking the first steps towards the development of the region.”⁷

In Tolna County, the Rapid Response RAC set up to deal with layoffs at the leather factory in Simontornya turned itself into the Simontornya Job Creation Foundation and is now registered as an official local NGO. As a result of the LED workshops, the Foundation worked with the CLC, the mayor's office and others in the area to arrange for: a project management and proposal-writing course; a training course for local craftsmen manufacturing leather goods; and a seminar with the American Embassy Commercial Service for the chamber of industry and area entrepreneurs to discuss foreign investment opportunities. The Foundation organized a cooperative to manufacture leather goods. The establishment of the Simontornya incubator house was also completed.⁸

Examples of some of the other round one projects include: a model agricultural center to provide training, marketing and networking opportunities for small farmers; a “pedestrian precinct” that, over the long term, hopes to coordinate environmental management activities, protect natural resources, and provide a bike path, complete with trail signs, trash receptacles and a few benches as part of a larger tourism effort.

During a three-year period, 31 areas, representing over 400 municipalities, individual communities or federations of communities, implemented two rounds of the complete USDOL community economic renewal (CER) component (Phases I and II) under the auspices of the Hungary Rapid Response Project. Results from these 31 areas indicate that 867 new jobs were created, 156 workers retained their jobs, 781 workers received training, and 92 entrepreneurs started new businesses. An additional five areas also completed an accelerated Phase I. In the

⁷Vasvar Area LED Project Case Study (USDOL Hungary Rapid Response project, 1997).

⁸Tolna County LED Projects (Simontornya, Iregszemcse, Tevel) Case Studies (USDOL Hungary Rapid Response Project, 1997).

participating areas, 56 local economic development projects were undertaken, and numerous others grew out of the CER Phase I workshops.

Participation in the CER workshops has been economically advantageous for the 31 areas that completed Rounds One and Two. They used their CER-designed strategic plans and projects (and Project grant funds) to leverage substantial additional funds from other sources--mayor's offices, county development councils, PHARE, National Employment Foundation, Ministry of Agriculture and Rural Development, Telecottage Federation--to carry out their projects. Those 31 areas obtained roughly 12 times the U.S. financial support amount from other sources. In addition, one of the five Round Three areas obtained PHARE support in excess of \$1 million for its projects and plans.

CER workshop attendees indicated that they were pleased with the results of the Project's CER efforts, and 97 percent said the workshops achieved their goals. The participants said that the emphasis on broad community support "increases the odds for the implementation of the strategies and projects, rather than resulting in plans that sit on shelves." Equally important, they said that the CER approach helps local people realize "they must take the situation into their own hands." One community group said that the earlier LED strategy had involved "waiting and hoping for a new investor to come to town to them. But the CER process showed them that nothing was going to happen if they did not take concrete steps on their own."

Conclusions about Hungary CER component

The success of the CER component in the Hungarian sites resulted from the project's unique grassroots, participative workshop design and emphasis on three themes: (1) teaching workshop participants the essential principles and techniques of local economic development; (2) encouraging the use of collaboration and partnership among a broad cross-section of local actors; and (3) stressing the mobilization and use of local initiative. The successful outcomes and achievements of the 36 sites reflect the participants' understanding and acceptance of these principles.

The Hungary Rapid Response Project demonstrated that the CER process works when community leaders and workshop participants take ownership of the process from beginning to end and the IA specialists and local workshop facilitators are fully committed and provide leadership in organizing workshops, meeting with participants between workshops to provide assistance, and making sure that the community groups follow up on their assignments and data collection.

Sustainability of CER Component

In late 1998, the Ministry of Economic Affairs in Hungary decided to launch a new centrally supported local economic development program based on the USDOL Adjustment Model CER component. The National Employment Foundation is currently administering a 100 million Forint program that will provide Round One and Round Two seed support for 25 local areas. The Ministry of Agriculture and Rural Development has also incorporated the CER component into its training curriculum for the SAP ARD pre-EU accession program that will reach nearly 200 local areas.

To sustain the CER component during the expansion phase, the Rapid Response Project in partnership with the Social and Family Affairs Ministry launched a dissemination training series in the spring of 1999 prior to the project's close-out. One of the goals of the training series is to prepare local actors for potential participation in the new National Employment Foundation local economic development program that is designed to enable local areas to undertake the CER workshop series.

The Rapid Response Project's senior IA specialists became the lead trainers in this train-the-trainer expansion effort. Thirty-six trainers were trained by them, and over 1,000 people were subsequently trained in CER principles and techniques in 24 sessions held throughout Hungary. Five thousand copies of the Hungarian version of the CER manuals have been printed and circulated as part of this expansion effort.

Romania: Using CER assessment and planning to create jobs as part of enterprise restructuring and labor redeployment

[This section describes the introduction and conduct of the Community Economic Renewal component as part of the Labor Redeployment Program in Romania. This component was initiated in May 1999 and continued until June 2002. The material in this section was adapted from the Final Report of the Romanian LRP (Final Report Romania Labor Redeployment Program, 1997-2002). The LRP Final Report was completed and submitted to WSI and the USDOL by the project director, Julie Hillebrand, in December 2002.]

In January 1997, the Government of Romania (through the Romanian Ministry of Labor and Social Solidarity) invited the U.S. Department of Labor (USDOL), United States Agency for International Development (USAID) and World Bank to develop a multilaterally funded development program, called the Labor Redeployment Program (LRP), to address the urgent problems created by enterprise restructuring and redundancy in the country.

The Romanian LRP, which operated from 1997-2002, was designed as a social safety net for redundant (displaced) workers who would be displaced as a result of economic and enterprise restructuring implemented as part of a reform program initiated by a newly elected Government. The LRP that was approved by all parties in early 1997 provided services to workers and communities heavily affected by unemployment and mass layoffs, as well as technical assistance to governmental institution responsible for dealing with unemployment, labor market adjustment and workforce development.

Three components of Romanian Labor Redeployment Program

In the spring of 1997, the World Bank, USDOL, USAID and Government of Romania agreed to joint funding of the LRP project that had three main components:

1. Technical assistance to the Ministry of Labor and national and local agencies of employment to build institutional capacity to respond to layoffs and provide active employment services to unemployed workers.

2. World Bank-funded program to finance services (called Active Employment Measures Program or Active Measures) for displaced workers, administered through the National Agency of Employment. This fund totaled \$8.5 million for 6 types of services for workers
3. Grants program to targeted communities heavily affected by unemployment, for 35 local economic development (LED) projects in targeted areas leading to job creation, workforce development and economic renewal.

Technical assistance was provided by international consultants and local industrial adjustment specialists hired, trained and employed on a regional basis by the LRP national project office. The TA network was comprised of 7 regions with 9 technical staff located in headquarter offices in Bucharest, Curtea de Arges, Deva, Cluj, Iasi, Brasov, and Focasani.

Results of the first two components

During the first two and one-half years of the LRP, attention was focused on the first two components--strengthening the institutional capacity of the employment service to respond effectively to mass layoffs and provide needed services to unemployed workers, and toward creating a viable Active Measures program for these unemployed workers. Subsequently, work continued on these two components, but beginning in early 1999 the LRP focused on implementing the CER component.

The success of the first two LRP components is illustrated by the numbers of redundant workers served, ES staff trained and public and private institutions assuming responsibility for implementing worker adjustment programs. By the end of the project in June 2002 the following results were achieved:

- 80,282 targeted workers participated or served through pre-layoff services and active measures
- 3,673 partners and clients from local agencies of employment trained in prelayoff services and active labor market measures
- 644 public and private institutions assumed responsibility for implementing worker adjustment programs (including CER); and
- 317 Local Agency of Employment staff trained and participating in 3 national task forces.

Sustainability of the first two components

By the time the LRP ended in 2002 the essential elements of the first two components had been substantially expanded and institutionalized.

- The Ministry of Labor and National Agency of Employment signed a second World Bank loan of \$20 million for further active measures targeted program, based on the successful execution of programs in a cost efficient manner to (a) provide services to redundant workers before layoffs; and (b) provide funding for Active Measures Programs from the Unemployment Fund and National Agency of Employment budget (20 percent in 2002 and 27 percent in 2003).
- Systems and structures were developed, demonstrated and became operational within National and Local Agencies of Employment to respond to mass layoffs and unemployment increased rate of labor exchange to 17 percent.

Introduction of community economic renewal

The community economic renewal (CER) component of the LRP was intended to provide a grants program to targeted communities that were heavily affected by enterprise restructuring and unemployment. Sufficient funds (approximately \$25,000 per community) were provided by USAID to initiate CER projects in 35 communities or areas.

The CER approach introduced in Romania as part of the LRP was designed to teach people in communities impacted by economic restructuring six essential self-help skills: (1) the fundamentals of local economic renewal and development, (2) how to mobilize people in the community and conduct an economic renewal assessment, (3) how to develop a strategic economic renewal plan, (4) how to generate project ideas and write good ER project proposals, (5) how to organize and implement job creating projects, and (6) how to organize and sustain the process of economic renewal and development on a continuing basis.

Training regional IAS staff and launching CER in Romania

The CER program in Romania (for the 35 sites) was launched in the spring of 1999. WSI Senior Consultants conducted a one week initial training session for LRP regional Industrial Adjustment Specialists (IASs) and national staff in May 1999. The CER program was publicly announced throughout the country in June, and after receiving and analyzing 32 letters of intent from interested communities, a pilot round of seven communities was launched in July 1999.

Phase I of the CER Component, consisting of four consecutive training workshops (workshops A-D), was held in the seven pilot communities over a four month period between July and November 1999. These first round workshops were conducted by WSI senior Consultants assisted by Romanian LRP Regional IASs. After the first round of workshops was completed, the pilot communities were invited to participate in Phase II, which began with a strategic planning and project proposal writing workshop (Workshop E) held in February 2000. Subsequently, formal ER project proposals were prepared by each of the seven communities and submitted to the LRP national office. The proposals were reviewed by the national LRP staff, and, subsequently approved.

The seven pilot round communities received project grants beginning in March 2000 and began implementing their ER projects. Monthly monitoring of the projects and quarterly in-service training workshops were conducted by regional IASs. Over time the need for quarterly training workshops decreased, thus changing the time for these workshops to semi-annual meetings with the first meeting held in December in Bucharest.

Round 2 of the CER project activity was launched in March 2000, with invitations to apply extended to additional communities. Some 134 Letters of Intent were received and analyzed by the LRP national office, and 14 sites were selected.

The third round of the CER project began in the fall of 2000, when invitations to participate were sent out and 105 Letters of Intent received. Selection of the 14 new sites was made late in the year, with the official launch of the third round scheduled to start in early 2001.

Round 3 activities of the CER component began in January 2001 with Workshops A-D held in the 14 new communities. Phase I of Round 3 was completed by end of summer 2001, and Phase II was immediately launched by holding workshop E. Upon receipt and approval of their project proposals, ER grants were disbursed for an accelerated Round 3 project implementation based on financial and funding cycles. The grants were scheduled for a 6 month disbursement period, but the time frame was extended upon the extension of the LRP until June 2002.

Developing a performance monitoring system

In the spring of 2000, USDOL contracted with Management Systems International (MSI) to conduct an evaluation of the pilot CER projects in Romania, as well as other USDOL adjustment projects in Bulgaria and Macedonia. The evaluation was positive, but emphasized two main recommendations. -- the need for further collection of data to ensure that standard and consistent indicators and targets were being measured and analyzed, and the need for sustainability plans both at the LRP local staff level and the community project level. The following years of project implementation focused on the newly created USDOL "Performance Monitoring Plan" that identifies a number of objectives and indicates outcome per objectives to be reported quarterly.

Developing Workshop F and Phase III to facilitate CER sustainability

The need for additional training and TA to help community ER teams address the problem of sustainability led to the development of an additional phase (Phase III) of the CER Component. Consequently, Workshop F was developed by WSI senior consultants in cooperation with local IAS staff, and delivered to the pilot round communities in the spring of 2002. The IAS staff conducted monthly monitoring of the 35 sites, delivered a semi-annual workshop for the Round 3 community projects and closed out the reporting systems for CER projects. However, some projects received funds in September 2002 and therefore continued support was required. It was decided that an NGO created by some of the Regional IASs, who wanted to continue the CER work after the project ended, would be subcontracted using USDOL bilateral funds in order to conduct further monitoring, provide PMP data, and conduct Workshop F in all 35 sites.

Outcomes of the CER component in Romania

The results of the CER component in Romania, covering a three and one-half year period are impressive:

- 35 CER projects funded and completed--of which 24 were active at project completion
- Total value of local contributions to CER projects was \$839,864--representing an 80 percent match to donor money.
- 18,635 jobs created
- 4,105 new business startups
- 23 small business loans disbursed with 100 percent repayment rate to date
- Substantial numbers of public and private institutions assuming responsibility for implementing local economic development
- Substantial numbers of partners from local agencies trained or participated in session on local economic development
- One new NGO created (MODEL) to continue to champion efforts of workforce and community adjustment programs in Romania

- Trained citizens, government institutions, unions, enterprise managers, NGOs and private/public sector partners in worker adjustment and local economic development
- Continued pursuit of LED initiation and efforts by community action groups
- Sustainable CER projects (about 80 percent still functional and operational)

Pilot Round one ER projects

The economic renewal projects undertaken by the seven original pilot communities in Romania are illustrative of the variety and impact the CER Component is having throughout Romania as part of the LRP.

Brad, population 18,861 SME support center and revolving loan fund. The project goal was the improvement of the local business environment by providing local SMEs with assistance, consultancy services and potential financing assistance. By April 2001 33 new jobs were created, 11 new types of services being delivered, 1 new inventor in the community, monthly newsletter circulated, 5 new businesses created in the community, 34 companies served by the center, creation of a business center association, three companies financed by the loan fund, a data base available in the community, and an active local partnership with 18 members of the association

Busteni, population 11,798. Industry and Service Training Center. The objectives of the project were to retrain the workforce according to the labor market demand, assist private firms in creating new jobs, supporting the development of local businesses, and support businesses outside the community. By March 2001, the center had created 5 new jobs directly and 39 new jobs indirectly, served 5 businesses, graduated 62 trainees, facilitated the creation of 2 new businesses, and created local partnerships for solving local social and economic problems.

Campulung, population 44,560. Renovation of Kretzulescu Complex. Kretzulescu Park (including its surrounding buildings) was founded in 1987 by a well-known promoter of the medical education and politician. The complex includes a park, medical buildings and a spa. Through the ER project the community leaders are trying to give a different use to the buildings and to make the park more attractive to citizens and visitors to the community. Through their development plan they hoped to create jobs for 18 to 25 people. By March 2001 the city had engaged a project coordinator, rezoned the area, established an operational office, drawn up plans for renovating the complex, awarded a contract for a skating rink, completed the renovation project and opened the roller rink and open-air disco for business.

Cisnădie, population 17,086. Local Development Agency. The local economic development agency aims at designing and implementing a development strategy based on supporting small entrepreneurs, focusing on the textile industry and tourism. A team consisting of the city government, a foundation and a commercial company was assigned to create the agency. By March 2001, the project achieved the following results: 20 people were trained in developing and implementing local projects in compliance with the sustainable development strategy approved by the community; 10 development projects were developed in accordance with the CER plan; the local

entrepreneur's association was registered and became operational; an SME information center was established with a computerized data base including information on the companies in the community; the community's sustainable development strategy was finalized and approved by the local council and an action plan drafted and approved. Finally, the local partnership for sustainable development was defined and started operating.

Medgidia, population 47,137. Revolving Loan Fund. By March 2001 the project had achieved the following results after completing the establishment of their loan fund: 48 companies expressed interest in obtaining loans; 14 companies submitted financing requests; 6 companies were financed; credits amounting to \$31,470 were granted; 22 new jobs were created; the association between the Town Hall and the chamber of commerce, industry and Agriculture in the community was strengthened; and the community had a successful operating loan fund with an experienced, trained staff.

Targu-neamt, population 22,474. Association of Craftsmen and Cooperative for Handicrafts Promotion. The goal of the project was to increase the income of the population (30 artisans) working in the local manufacturing and production of handmade artisan products on the commercial market. By April 2001, the project had achieved the following results: 41 new jobs created within the project; collection of traditional folk art items; promotion program for the traditional folk art items; setting up the Craftsmen Association; 1 contract for exporting the handicrafts; 47 types of products displayed at fairs.

Viseul de sus, population 18,700. Tourism Promotion and Development Center. The main project objective was to gather together the rural tourism offers, promote them, and to help rural tourism development in the area. This included assisting local entrepreneurs in starting and developing rural tourism businesses, training and consulting for rural tourism, promoting rural tourism opportunities, and creating a local office that will offer rural tourism services. By April 2001, the project achieved the following results: a list of 120 B&B places qualifying for registration; consultancy and assistance to 150 persons for future tourism activities, for protecting and improving the natural resources; promotion of area's activities through creating a web page, a leaflet published in English and German; a tourism guide and a CD; providing tourism training to 25 persons; attracting 150 new tourists during the first year; offering approximately 20 new tourism programs; setting up a tourism office and establishing cooperation and links with similar organizations in the region; and created 20 new jobs.

Round one, two and three ER projects

The 35 Round one, two and three CER projects in Romania included the following types of activities:

Agriculture

Milk collection and processing center

Center for collecting and processing forest fruit and herbs

Infrastructure

Community Enterprise -- motor car spare parts

Community enterprise for the capitalization of gravel and sand

Project for supporting community service and utilities
 Collection and processing of hydrocarbon waste from ships
 Community services center
 Metal and textile waste manufacturing center
 Community services center
 Car service center
 Ecophoenix
 Concrete tiles manufacturing center

Service

Local economic development center
 Workforce retraining center for tourism/handicrafts production industry
 Telecenter for Entrepreneurs
 Center for business consulting services and small recreation park
 Labor and Economic information and mediation center
 Center for consulting services
 Center for local Economic and farming development
 Center for business information and development
 Local farm development

Financial

Revolving loan fund center
 Center for human resource assistance services
 SME business information and development center
 Revolving loan fund
 Revolving fund

Tourism

The renovation of complex “Cretulescu”
 Tourism promotion and development center
 “Anastasia Fatu” Dendrology Complex and agriculture project
 Tourism Center Falticeni
 Center “Nada Fiorilor” For business consulting services
 Recreational and therapeutic center
 “Vedea” recreational area
 “Teius” recreational center
 “eM Area” advertising agency
 Tourism center
 Tourism center

Bulgaria: Using CER assessment and planning to facilitate economic renewal and community development

[The material in this section was provided by Jane Daly, project director of the PLEDGE project in Bulgaria. It covers the work of the PLEDGE project from its inception in 1998 to July 2003.]

Introduction and Overview

Partners in Local Economic Development and Government Effectiveness (PLEDGE) is a unique partnership-based organization combining local economic development with community development. The approach of PLEDGE represents an integrated strategy aimed at reducing unemployment, rebuilding the economic foundation of municipalities, and enhancing the competitiveness of small businesses. Financial resources guarantee the maximum impact of the cross-sector program at local and regional levels.

The PLEDGE project was started in mid-1998 as a joint effort of the USDOL, USAID and the Bulgarian Ministry of Labor and Social Policy.

The main **goals** of PLEDGE are:

- Integrating employment creation, community development, and concern for private business issues
- Creating local public-private partnerships
- Ensuring sustainability of community development strategies
- Improving the business environment
- Establishing local economic development organizations
- Strengthening local economies and generating jobs
- Increasing citizen participation in the local and regional decision-making process

To achieve these goals, PLEDGE works with **6 strategic partners**:

- Ministry of Labor and Social Policy (MLSP) and the Employment Agency (EA)
- Local Government Initiative (LGI)
- Regional Associations of Municipalities (RAMs)
- Solidarity Center for Trade Unions
- Bulgarian Association of Regional Development Agencies and Business Centers (BARDA)
- Foundation for Local Government Reform

Representatives of these partners, as well as of regional and local structures form a cross-sector network of economic development experts guide the communities through the process of rebuilding their economic foundation. These experts are volunteers and are trained to become **Industrial Adjustment Specialists**. They are the ambassadors of PLEDGE at the municipal level and work in teams to assist local citizens in assessing their economic assets and opportunities, and create partnerships that stimulate local business, and generate jobs.

Community Economic Renewal

The primary focus of PLEDGE is to build local capacity for strategizing community economic renewal and development priorities, designing projects that address these priorities, and accessing resources and assistance guaranteeing their sustainable implementation. Having received a written commitment on the part of the communities to undergo **an 18-month process** of economic development, PLEDGE brings together local participants from the public, private and NGO sectors to discuss the business conditions in the municipality. In a series of four

seminars the community leaders learn how to use the available local resources and make good economic development choices.

Phase I. During this **first phase, lasting for 6 months**, the communities build public-private partnerships, analyze the economic factors and principles, generate, and prioritize project ideas that will improve the local economy. The idea, which receives the broadest public support and contributes to the greatest extent for the economic renewal of the municipality, is funded by PLEDGE.

Phase II. In the **second phase**, the selected idea which will create jobs or start a new business, and thus will positively affect the citizens' living standard, is developed into a project proposal and implemented by the community team.

Phase III. The **third phase**, is focused on sustaining the community's capacity to sustain their projects and continue economic renewal and development independently.

As a **result** of the PLEDGE process local communities in Bulgaria are able to:

- Identify local players and build partnerships towards decentralized decision-making;
- Assess municipal economic strengths, opportunities and needs;
- Own realistic solutions to identified problems;
- Leverage resources for maximum benefit;
- Experience success through implementation of a job creation project;
- Create a community spirit of renewal and hope.

Summary of PLEDGE accomplishments up to July 2003

- **54** communities are involved in the USDOL/WSI process of economic renewal;
- Over **2190** Bulgarian citizens have learned the CER process;
- **80%** of the PLEDGE municipalities are small, rural, and economically disadvantaged;
- **4500** new jobs have been generated in **29 of the PLEDGE communities**, and **604** jobs have been saved by CER and *Quick Start* projects;
- **671** new partnerships in **34** municipalities were created and **232** new projects have been launched;
- More than **350** businesses have been assisted or expanded;
- **135** new businesses have been started;
- **55** new structures have been created as a result of PLEDGE community partnerships;
- Over **203** volunteers from the public, private, and NGO sectors facilitate the economic transition process and serve as a resource in community work;
- **66** union representatives have been trained in the worker adjustment technology implemented in 3 mines and 2 military installations undergoing closing or downsizing process and resulting in several hundred saved jobs;
- **16 Quick Start** national consultants trained 122 job-analysts from the employment offices throughout the country and 56 training organizations, resulting in **1196** trained workers who found employment;
- PLEDGE co-ordinates foreign donors in the field of LED.

Results achieved by PLEDGE communities

The USDOL/WSI Integrated Adjustment Program is being applied in **54 communities** clustered in **six rounds**. Round I comprise 9 pilot municipalities in South-Central Bulgaria, which are in phase III sustaining positive results. Round II consists of 9 communities in the Northwest, implementing their projects. Round III is part of the Danube River Initiative (under which USAID funds PLEDGE and 6 other organizations to synergize their activities in rectifying the effects of the Kosovo crisis in the Danube tier) and includes 10 municipalities in the Northeast, which are in the beginning of Phase II – launching their projects. Round IV consists of 6 communities in the Northeast, which are in the end of Phase I – evaluating their project ideas, Round V and Round VI are the new initiative with the World Bank implemented through the Ministry of Labor and Social Policy and the SIF (Social Investment Fund).

Round I - Pilot Sites (South-Central Region)

Rakitovo

Project title: Planting of Uncultivated Land with Oil-Yielding Crops. As a result of the partnership between the local government, the labor office, two NGOs, and a private processing company, 120 dka of private restituted fallow land were planted with lavender. There was no tradition of growing this crop in the region. The **first** output was the cultivation of wasteland, owned by 80 local people. Each owner receives a yearly stipend for the use of their land, which achieved the **second** impact of the project – providing additional income to private owners. **81 people** were hired to learn and work in the cultivation and planting procedures. This was the **third** effect, work for low qualified unemployed, 50 % of them Roma. The multi-partnership venture reintroduced the tradition of growing a non-traditional crop in the area and the critical mass needed to open the processing plant in Batak shall be produced after the third year, thus increasing opportunities for growth. The social effect of the project is employment and means of living for more than 22 families, which reduces the social tensions. The project is sustainable for 25 years. The community has expanded the planted area with another 180 dka in the year 2001, towards its long-term goal of 1000 dka. Another **150 temporary jobs** were generated with the new plantation and **165 seasonal jobs** were created for 2002, which move the total jobs created to **396**. Other **unanticipated outcomes** are the growing of bees and harvesting their lavender honey and more private owners studying the possibility of growing lavender, as the crop prevents erosion processes in this mountainous area. The long-term goals of the implementation team are to create a drying facility for herbs and fruit, and an installation for oil extraction. The team plans to invest in training, which would increase the number of producers and the potential to sell directly to the foreign markets. Another aim is to introduce environmental farming in the region to be able to export to the European markets.

Based on the experience with PLEDGE, the community launched three new projects from its strategy. Under PHARE the team will generate 30 permanent jobs in a new enterprise for wire goods. Another PHARE project will create a 16-dka nursery for cultivated herbs and encourage 32 farmers to start family business and form an association of agricultural producers. Under the same program, another target group will be trained in mountainous farming.

Topolovgrad

Project title: *Establishing and Cultivating 200 dka of Vineyards with Cabernet.* This is a multi-partnership venture of the local government, the labor office, the municipal social support service and a private company. A pilot vine plantation of 55 dka was created in accordance with the Regional Plan and is expected to be producing grapes within three years. Thus, a two-prong effect was achieved. **One** prong was that restored desolate lands were being cultivated. The **second** prong is that all 45 individual owners who provided the 200 dka on lease generate additional revenue of BGN 10/dka for the first five years and will receive 8% of the net profit after the fifth year. The **third** project-outlined effect was the involvement of a total of **120 unemployed persons** of low education, predominantly of Roma origin, for the planting, hoeing and digging operations. The project is sustainable for 25 years. The community intends to cultivate the rest of the terrain up to 215 dka. An expansion of the vineyard up to **500 dka** is envisioned for the next five years, including the construction of a wine cellar. To this end, another **37 dka** of municipal land were leased to the Action Team. A **side effect** of the project is that it stimulated community thinking and other owners became interested in reintroducing the tradition of vine growing in this area. This stimulated the community team to use another PLEDGE component, *Quick Start*, and **train 16 unemployed persons** in vineyard development.

Nova Zagora

Project title: *Water/Sewage System of Agricultural Complex.* Lack of waste elimination and fresh water in the agricultural complex was impacting growth negatively while creating an environmental hazard. To resolve the problem, the area of 200 dka had to be included within the town boundaries of Nova Zagora. This would legitimize the existing infrastructure, as well as enable the Region of Sliven to build the required water and sewage system. Further enlargement of businesses was planned if the problem was solved, such as building a car-repair shop, warehouses, a small plant for processing fruit and vegetables, a chicken and a pig farm. This expansion would employ over 300 people, 160-170 of whom would be new employees. Due to the partnership between the municipality, 23 private business owners, the labor office and the Water Services of the Region of Sliven, an engineering firm was contracted to prepare the cadastral plan and the Master Plan, which would legitimize the infrastructure. With the actual construction of the sewer system a major source of human waste pollution was eliminated, while fresh water expanded the agricultural bases. Farmers are now able to build new facilities, such as a food processing plant and a flourmill. As a result of the project: 7 new businesses were created; the number of full-time jobs increased from 131 to 215; the number of seasonal employees raised from 55 to 340; 29 out of 30 linked themselves to the main water-supply network; 5 new jobs were generated; 215 jobs were saved; and 21 new project ideas were supported.

This was the first project in Nova Zagora where a coalition of community people came together and were successful. Skills transfer took place in different ways as each person worked on their part of the project. The PLEDGE project methodology became a good model in working to complete other successful projects in Nova Zagora. Results affected by PLEDGE project include:

- The community has used skills obtained through PLEDGE to organize a project to rehabilitate their hospital, and to provide assistance and guidance in setting up private practice by some of the 70 doctors currently at the hospital. PLEDGE participants wrote a

funding proposal and solicited in-kind and service donations from Nova Zagora citizens to assist with the hospital renovation. Four NGOs contributed funds to support the refurbishment and twelve individuals donated goods. Approximately, USD 50,000 in either actual funds or in-kind services were arranged but a larger payoff resulted with the U.S. Ambassador awarding the community 130,000 USD to help achieve its objective

- Nova Zagora applied to UNDP for support for an agribusiness incubator. Thus, another community idea came into reality, as the founders of the center were representatives of the community consolidated by PLEDGE
- The community received another 100,000 USD for hospital equipment and supplies by Medshare International
- A Municipal approach has been made to the Japanese International Cooperation Agency for assistance on water project for five small villages
- A Council for Youth has been created to survey university students to determine what is needed for them to return to Nova Zagora following graduation. This led to a Business Resource Center and discussions about housing issues
- The Municipality funded four recent graduates to set up a Business Resource Center
- Mayor created a Roma Integration group, which is pursuing grants, from the U.S. Embassy Democracy Commission, for assistance in gaining access to unused Municipal land for small truck farming operations

If the sewage problem is solved, the farmers plan to expand their businesses with, among others, a hotel, a mayonnaise plant, 2 new chicken incubators and a processing plant, an animal farm, a recycling business, 2 plants for vegetable processing, enlargement of a fruit processing plant, and creating conditions for 4 families to generate income from animal breeding. 186 new jobs are expected to be generated. The owners will be allowed to use the town plan with all the mapping and technical projects leading to urbanization of the agricultural region not only for building a sewage network, but also for electricity, communication and gasification establishment in the future.

Smolyan

Project title: Restoration of the Craftsmen's High Street in Ustovo. The aim of all partners – the Association of the Rhodope Municipalities, the Rhodope Hotel and Restaurant Owners' Union, the Center for Sustained Development of the Mountain, the Art Center, the Smolyan Municipality, the Union of the Architects in Bulgaria, the Museum of History, and the State Archive - is to restore the architectural and ethnographic complex in a traditional Rhodope style. The crafts' street will consist of 29 workshops for woodcarving, coppersmith work, weaving, etc. The complex will be included in the regional tourist routes. The idea of the complex is to restore traditional craft productions as part of the tourist product in the region. This would cause a 10 % raise of income of employed in arts and crafts, tourism and compatible spheres. Town employment would improve by 1 % and traditional crafts would be preserved. Smolyan is one of Bulgaria's largest tourist attractions and projections estimate there will be a 20% increase of the number of tourists over the next several years. The street will be built on municipal property, given with concession for 35 years. To this end, a new NGO was established and a company was registered. They created a database of craftsmen and types of crafts and completed the architectural plan. A construction company is implementing the first stage, according to which 3 pavilions with 9 ateliers have to be built by the end of the year.

Dimitrovgrad

Project title: Information Development Center. Community representatives from the municipality, the labor office, the Chamber of Commerce, private sector, and legal persons, came together and learned how to jointly identify problems and seek solutions for them. A non-profit association (the first NGO in the community) uniting all partners was established to stimulate economic development. Its goals are to disseminate information about business conditions on the market, encourage competitiveness through local partnerships, and develop strategies and business plans for the enterprises. As an immediate result of its operations **2 permanent and 14 temporary jobs** were created. The IDC has been involved in the retraining of **32 persons** facilitating the process of saving their jobs. **Two new structures** were established – Bureau for Provision of Consultation or Advice on Social and Labor issues and Commission for providing Transparency in the Community Administration Operations. The Dimitrovgrad Center has initiated many partnerships and as a result of such active participation within the community it became an important partner in **3 new projects**.

Nikolaevo

Project title: Community Information Center. The Community Center aims at providing information, consultations, and co-ordination between the municipality, the businesspersons and NGOs. **15 people** preserved their jobs as a result of assistance provided to a private company. **3 permanent and 7 temporary jobs** were created as a result of the Center's operation. For the period of its existence the IC has supported more than **28 businesses**, facilitated **3 new business starts**, and served over **1950 customers**. The Center has conducted several surveys, created databases and newsletters, and attracted some 6,000 USD to the community. An ambitious purpose is to engage the young people in the community life and motivate them to remain in the municipality by providing language and computer training to them. **Unexpected outcomes** – an Association of the Business Persons emerged during the PLEDGE process, which has created a revolving fund to assist fellow business people in getting access to alternative credit sources. Another achievement were the successfully implemented projects for the creation of a **Social Integration and Rehabilitation Center for Old Age and Disabled People** and a **Bureau for Information, Consultation and Services**. 50 people are the project target group. The Center is also a co-organizer of the Municipal Folk Festival financed by the National Culture Fund.

Karlovo

Project title: Business Center. The partnership among the Municipality of Karlovo, the labor office, the trade unions, the Chamber of Industry, the employers, the educational system, and the Association for Sustainable Development aims at stimulating small and medium businesses by means of conducting market studies, providing information services, consultancy, co-ordination of employers, training and qualification. The initial strategy envisions assistance in the creation of 3 new firms for processing of oil plants, support for 10 private farmers in growing perennials, and recruitment of 2 important firms to invest in the community. A new NGO formalizing the structure of the center and consisting of all partners ensures sustainability. **Unanticipated outcome** – the *Vassil Levski* Human Rights Center, one of the organizations which participated in the PLEDGE process, used the acquired knowledge and skills to support 10 small and medium enterprises; jointly with the Business Center, the Roma Public Council and other civic organizations they are designing project proposals. Additionally, PLEDGE integrated its *Quick*

Start component for encouraging enterprise competitiveness by funding the training of 20 new people to move from unemployment into jobs in a sewing firm.

Stara Zagora

Project title: Expanding the Range of Majors at the Trakia University on the Basis of Foreign University Partnership. After a feasibility study for developing new majors was done in partnership with German Universities, the community embarked on drafting the curricula for 2 new majors in Planning and Regional Development and Economic Management. This would meet the needs for training and retraining in Central-South Bulgaria and would turn the community into a regional educational center with all economic and demographic advantages arising from that. Both majors have received accreditation. The Regional Planning major is one of national importance, as it is not taught in any other university in Bulgaria. The training in Regional Planning will meet the requirements for accession into the EU by preparing specialists for the four levels of governance by territory. 60 instructors and specialists from the Trakia University took part in the preparation of the curricula and the accreditation documentation. 54 professors will teach the bachelor's and master's classes. Admission capacity during the first year is for 40 full-time and 20 part-time students for the bachelor's degree and 40 full-time and 40 part-time students for the master's degree. The academic staff will be strengthened with the assistance from the German partner-university. Over the period of 5 years between 60-70 new jobs will be generated.

Mineralni Bani

Project title: Modernization of Telecommunications. The partnership is between the Municipality, the Maritsa Association of Municipalities, the Vocational School of Economics, and the Bulgarian Telecommunications Company. The first stage of the project improved the transfer of data from the closest city, Haskovo, to the community of Mineralni Bani by upgrading the telephone system. Stage II digitalized the connections on the territory of the municipality and provided access to Internet. The community decided to develop the project further by providing modern computer equipment to the Municipality and connecting the Vocational School of Economics and the municipal building to Internet. Thus, the project achieved a comprehensive form, which improves the access to information of the citizens in general, increases business contacts, and opens new opportunities for young people's careers.

Round II - North-Western Sites

Berkovitsa

Project title: Restoring Organic Farming and Food Industry in the Berkovitsa Region. The ultimate goal of the project is to restore a traditional agricultural sector, based on perennials such as strawberries, raspberries, black currants, vineyards and orchards, as well as the gathering and processing of the abundant wild mushrooms, blueberries, etc. The first objective of the project is the restoration of a pumping station located in the area. It would revive the production of valuable crops on an area of 412 hectares and improve the overall conditions for the development of agriculture in the region.

Anticipated outcomes:

- Generation of 6 full-time jobs associated with the functioning of the pumping station itself;
- Cultivation of 412 hectares of fallow land accompanied by the creation of 600 jobs;
- Repayment of the initial investment in the pumping station by the end of the first year of the project implementation;
- Restoration of the irrigation fields financed by the revenues generated by the pumping station after the end of the first year of the project implementation;
- New incentives to cultivate the fallow land created for the owners of land in the irrigated areas;
- Improved land market conditions and new opportunities for the agricultural producers from the region.

Ruzhintzi

Project title: Lease of Land for Agricultural Production. The focus of the project is the utilization of fallow land in the area and the introduction of new technologies and farming practices to the region of Ruzhintzi. The project intervention is aimed at both generating employment and livelihoods for the population and at alleviation of apathy and creation of new incentives for the local farmers and landowners.

Anticipated outcomes:

- Cultivation of additional 10,000.00 dka of fallow land by the end of 2006 and more efficient utilization of currently used agricultural land;
- 12 permanent jobs and 100 part time jobs generated;
- Increased overall volume of the agri-production in the region;
- New opportunities for development of small and medium businesses in the municipality created;
- Alleviation of apathy and creation of new incentives for the local farmers and landowners;
- Opportunities for introduction of highly productive facilities and technologies leading to an ultimate increase of local agri-sector competitiveness enabled by the enlarged size of land plots.

Chouprene

Project title: Restoration and Development of Organic Farming and Construction of a Workshop for Primary Processing and Freezing of Agricultural Products from Chouprene Mnicipality. The project is focused on the restoration of efficient organic agricultural production in the village of Chouprene followed by the construction of refrigeration facility for primary processing of strawberries, wild fruits and mushrooms.

Anticipated outcomes:

- 20 dka of strawberry fields planted;
- Between 50 and 100 seasonal jobs generated within a 5 year period;
- A workshop for primary processing operational;
- Refrigeration facility to store agricultural products, wild fruits and mushrooms built and functioning;
- Expansion of the range of crops grown under the project in the next 5 to 10 years;

- Comprehensive support provided to the local farmers regarding a wide range of services aimed at growing and selling strawberries in the next 5 to 10 years;
- Shift from seasonal to permanent jobs associated with the development of processing facilities as a result of project implementation.

The community decided to set up an Association for Economic Renewal of Municipality Chouprene with the aim of organizing the economic renewal of the region and implementing the project. The Association is expected to support this process and to facilitate the private owners in receiving access to new technologies, capitals, markets, as well as promoting private entrepreneurship and business development.

Vratza

Project title: Project for Sustainable Economic Development of the Leva River Territory from Vratza to the Balkan. The scope of the project encompasses the revival of a city neighborhood, using the area along the Leva River for recreation, sport, tourism, crafts, entertainment, etc. through refurbishing, re-design and reconstruction of the existing equipment, with water supply pipelines from Vratchanski Balkan. The intervention of the project will have a combined impact on both improvement of physical tourist infrastructure and services provided on the local level. The long-term objective is to revive the tourist activity in Vratchanski Balkan through rehabilitation and renovation of the existing facilities – thus creating 70 temporary jobs. Another anticipated result would be the private business development – starting up new companies, expanding the activities of the existing ones, and developing public and tourist services. The partners in achieving the above mentioned goals are the Vratza Municipality, local private and public companies, as well as many NGOs.

Anticipated outcomes:

- 60 permanent jobs created in the service sector as a result of the project implementation, as well as 10 temporary jobs during construction activities;
- Water supply improvement of the short-term recreational zone and the town;
- Private business development – new companies, expanding the activities of the existing ones, public and tourist services, provided by companies, clubs and entrepreneurs;
- Renewal of the old crafts – silkworm breeding, hat-making, pottery-making, vine growing, etc., aimed at servicing the tourists.

Vidin

Project title: Regional Agribusiness Center. The Agribusiness Center started its operations in September 2001. The main goal is to assist small and medium-sized agribusinesses, and food and beverage enterprises by providing services and consultations. This will be achieved by consolidating a network of enterprises, cooperatives and family farms. The project is consistent with the goals of the Municipality and can rely on the support of some key partners - 36 members, of which 9 legal entities, 3 not-for-profit organizations and 25 individuals. The support of the municipal government, the Regional Development Agency and the Vidin Chamber of Commerce and Industry, will make possible the development of a strategy to assist the process of adjustment of agriculture in compliance with the European standards.

The **anticipated outcome** is to help preserve and consolidate the existing enterprises and attract new agribusinesses. The Center would assist local entrepreneurs in starting up new businesses and creating jobs.

Valchedrum

Project title: Wholesale Market with a Storage Facility and Grain Dryer. The project has been selected in line with long-term objectives of the municipal development strategy. The community took full advantage of the PLEDGE process to devise its municipal development plan and strategy to attract partners. 80 producers joined together to double the size of cultivated land in the region by sowing fallow land and ensuring quality preservation of grain production. Support of small local private businesses resulted in 55 new jobs. A local investment of BGN 600 000 stimulated further processing of agricultural produce and a warehouse was built to accommodate 5000 tons with a grain dryer to be built there. In a long-term plan the goal is to restore feed production in the municipality. A logical product of the local economic renewal process was the successful implementation of 6 additional and important projects, which reduced unemployment by some 6 %, making available 640 new jobs - 532 full-time and 86 part-time.

Lom

Project title: Creation of Vineyards. The project includes a stepwise set up (within 5 to 8–year period) of 2000 dka of vineyards in the villages of Dolno Linevo, Kovatchitza and Stanevo. During the first stage, 115 dka of new vineyards have been planted, **100 temporary and 28 permanent jobs have been made available**. For the purposes of the project, a planting material firm was established, which **provided 35 additional jobs**. Additionally, 200-250 seasonal workers will be engaged stepwise during the period of full establishment of the vineyard. The project has been included in the Regional Plan for Development of Montana region and Regional Industrial Program for Development of the Lom Municipality. The project will be accomplished with the additional funding provided by the main partners – a private company, State Fund Agriculture (credit), own funds of Vinprom - Lom and the Vocational Training and Unemployment Fund under the training and retraining session for the viticulturists-beginners. The whole process is actively stimulated as a result of the partnership between the municipality, the private business and local NGOs. **An unanticipated outcome** is the registration and operation of a new NGO – Regional Chamber of the Grape and Vine Producers in Lom. Another effect is the introduction of a new training program in vine production at the local high school, as well as a workshop for the production of vineyard poles. Additional effects for the economic renewal will result from the implementation of 4 other projects – in fruit production, vegetable production, seed production and non-ferrous metals business.

Chiprovtsi

Project title: Construction of a Covered Market in the Town of Chiprovtsi. The project idea was supported by a survey conducted among the citizens of the municipality. The implementation of the project is in compliance with the long-term development strategy of the municipality. The project will help the entrepreneurs to expand their businesses and **to create new jobs in the region – 16 in construction, 6 in the services and 45 in the commercial activity**. The key project partners who will help the implementation and the sustainability of the project are the company BSK (development of public amenities and public utilities) involved in the construction, the labor office providing the workers, and the municipality. To implement the project other donors were also recruited which effected in improved infrastructure, increased “social capital” of the municipality and people encouraged to work together. Resulting from an

enhanced local capacity, 9 new projects were implemented, creating 370 temporary jobs, and 6 families started their hotel business.

Belogradchik

Project title: Information Business Center for Regional Development. The business center started its work in Belogradchik in July 2001. Its principal goal is to broaden citizen participation in solving important problems of the community by coordinating the interest, the initiative and actions of local and regional institutions, organizations and companies in the development of diversified and competitive business in the municipality. The project contributes to the achievement of the municipal strategic goals by uniting the efforts of 35 local citizens in a new NGO for creation of a modern information and institutional environment. With the support of local government 11 local companies and 3 NGOs, the Business Center provides complex technical and consultancy services, organizes and conducts seminars, business meetings and exhibitions and supports small and medium businesses in developing projects for the economic renewal of the municipality and creation of jobs. Thanks to its current activity 1200 different types of services have been provided for citizens and firms. 13 private farmers have been provided with technology and consultation for developing unconventional farming; 1 garment making company used the information on the PLEDGE component *Quick Start*. As a result 15 private farmers became self-employed cultivating strawberries on 22 dka of their own land and the garment making factory “Vedernik” retained 20 workers, whereas the center itself directly created 2 permanent jobs.

The work of the center continues with 9 new projects which are waiting for funding, and with a successful cross-border project with the Republic of Serbia and Montenegro. The current result of this activity is the network of 10 Bulgarian municipalities and 5 Serbian cities which have set themselves the goal of prioritizing the conditions and opportunities for joint business. A direct result for the center is the creation of one more job, strengthening the created partnership, its expansion with 20 new partners, thus achieving total representation of 34 organizations and firms.

Round III - DRI Sites

Belene

Project title: Cultivation of Fields with Herbs and Spices. The community has two main goals – to develop local agriculture by growing non-conventional crops, and to create alternative employment by opening jobs for low-qualified labor in labor-intensive farming practices. The project is focused on the economic renovation of Belene municipality, which is aimed through the cultivation of crops that are new to the municipality (herbs and spices), such as: savory - 28 dka, pepper used for spicing (paprika) - 20 dka, and 20 dka of cultivated rose hip bushes.

Results achieved:

- 70 dka of wasteland and low-yielding farmland utilized. A future expansion of the project activities including utilization of additional land is envisioned;
- 30 jobs have been generated plus additional creation of seasonal employment over a period of seven months (March-September), for long-term unemployed local people;
- New local capacity in the area of agriculture has been generated;
- A long-term social effect by increasing the arable land and creating jobs;

- A cooperative registered as a managing body of the project;
- A long-term partnership with a company, which has a long record of herb and spice cultivation established;
- New crop-growing technologies introduced to the region.

Borovo

Project title: *Public Information Center.* The community aims to achieve the following through the project implementation:

- Support local businesses and assist the economic development of the municipality;
- Facilitate the access to information and new communication technologies;
- Assist in improving the skills and qualifications of the community.

Results achieved:

- Viable partnerships have been formed between the Information Center and the municipal administration of Borovo, local Businesses, local NGOs, and Bulgarian universities;
- The community team and the team of the Information center developed 3 project proposals submitted to the FLGR, the Stability pact and the EU Delegation;
- 7 permanent jobs have been created;
- More than 40 clients visit the Information Center every day;
- 22 people have been trained to write project proposals;
- 11 contracts have been concluded between the Information Center and clients for the provision of Internet access.

Expected long-term results:

- Providing modern telecommunications on the territory of Borovo;
- Development and maintenance of rich database about businesses, state and municipal legislation, and services provided in the community and the region;
- Attracting and retaining young qualified specialists to the municipality;
- Improving the business climate (creating an opportunity for launching or expanding of small, medium and family firms);
- Increasing communication and opportunities for retraining of the population;
- Training the young citizens (secondary school students) in modern computer technologies and skills to apply them;
- Increasing the communication skills of different population groups and individuals with similar interests;
- Supporting the implementation of project ideas.

Silistra

Project title: Planting an Apricot Orchard on School Land. The organization and the production of apricots is a relatively risk-free investment with secured markets for finished products. The planting of apricot orchards on 40 dka of school land in a neighboring village – Bradvari, constitutes development of production on the basis of unique natural conditions and the existing traditions and expertise of the local population. The implementation of the project provides substantial financial support to the school and will make it possible to build facilities of a modern type. The benefit for the students of the school that owns the land, is that the project creates long-term employment and work habits.

Expected results:

- Creation of a 40 dka apricot orchard on school lands in the village of Bradvari in 4 years and transfer of experience in fruit growing to the students; • Extensive training on fruit growing provided to the students;
- Long-term employment ensured for the school graduates;
- The revenue generated by the school per dka of agricultural land is expected to increase dramatically. Currently the revenue from one dka rented for long-term use is BGN 10-15, whereas the revenue from one dka of perennials is between BGN 500 and 600 (250-300 USD);
- The long-term assets of the school will augment – apricots are a long-term asset with a higher price than the farming land; one dka of fields costs BGN 500-600 and one dka of apricots – 5 times more;
- The technical equipment of the school will be upgraded - a room equipped with new computers will be created;
- 20 dka of vineyards will be planted after the fourth year by reinvesting 59% of the profit generated from the apricots;
- Diversification of the production of the milk-processing factory in the village – production of yogurt with apricot pieces.

Svishtov

Project title: Land Fertility Improvement. The objective of the project is to create conditions for the adequate and year-round use of the agricultural private, public, and state-owned land; to sustain and guarantee the optimal operation of roads, buildings, and industrial sites; to protect the utilization of forests during the annual spring water logging and flooding in the region of the city of Svishtov, due to high water level of the Danube river and the intense rains.

The implementation of the project provides the possibility to collect and drain away the surface flow of water from the inundated areas and to decrease the level of under-ground waters.

Results achieved:

- Extensive utilization of 10, 000 dka of flooded arable land, which, due to the inefficient drainage system and installations, during the longer part of the active agricultural period becomes either unusable or at high risk;
- More favorable water-air soil regime, which is required for the effective cultivation of agricultural crops and for the retention of the soil fertility;
- Preservation of soil quality;
- The crops from planted cultures increased due to the extensive land cultivation;
- Normal use of communications, buildings, industrial sites, etc.;

- 50 permanent jobs, 35 temporary, and 30 jobs retained are the employment generation numbers directly linked to the project.

Pleven

Project title: *Agribusiness Center.* A new entity was created as an institutionalized structure supporting the development of agriculture on the territory of Pleven region. This NGO is an information, training, consultation, and co-ordination center with specialized units providing services, and supported by cross-sector partners. The long-term objective is to support the economic stability of the agrarian sector in Pleven region.

Major Objectives:

- Develop effective agricultural production and a competitive food processing sector through improvement of the market and technological infrastructure and strategic investment policies designed to attain the European standards;
- Sustainable development of the rural regions in keeping with the leading environmental practices through creation of alternative employment; diversification of economic activities and creation of the necessary infrastructure leading to improved conditions of life; more opportunities for income earning and work for people living in the village communities.

Immediate Objectives:

- Improved conditions for production, processing and marketing of agricultural products from the Pleven region;
- Improved coordination between agrarian branch unions, institutions, agencies and organizations serving the agrarian sector and all market-oriented farmers;
- Development of the human resources in agriculture.

Project related results:

- Provided **information** to **54** individual customers and organizations;
- Provided **31 consultation** services;
- Developed **9** projects and **1 business plan**;
- Generated **76 jobs**;• **2 new** companies created;
- Evaluated **5** parcels of **agricultural property**;• Conducted **2 surveys**;•
Organized **3 seminars**;• Founded **7 new NGOs**;• Supported **14 organizations**;• Attracted **41 partners and volunteers**;
- Conducted **5 analyses** of the business environment;
- Revived the International Live Stock Exhibition in Pleven.

Rousse

Project title: *Collateral Loan Fund.* A new financial instrument, a Collateral Loan Fund, was introduced to meet the needs of micro, small and medium-sized enterprises. It provides financial security for bank loans. The objective of the Fund is to make business financing possible, reduce the red tape, and shorten the time for processing and obtaining of bank loans.

Stage one: The Collateral Loan Fund was established as a partially independent structure, supported institutionally by the Business Center for Support of the Small and Medium-Sized Enterprises (BCSSME), including office space, communications: telephone, fax, Internet access, equipment and rent. This stage will continue for 18 months.

Stage two: The Collateral Loan Fund accumulates its own capital, becomes a fully self-supporting and independent entity, with court registration. The duration of this stage will not be limited in time.

The relative independence of the Fund involves its own bank account, approval of loan applications, management, as well as a separate balance within the BCSSME accounting department. The PLEDGE seed capital of 50, 000 USD is entirely devoted to loan security and the direct cost of the activities is covered by the Business Center, so as to expedite the launching of the Fund.

Project related results:

- 10 private projects have been supported with loans, expanded their business and entered foreign markets to preserve existing jobs and create new ones;
- Jobs generated – 96 (of them, 40 under *Quick Start*);
- Jobs saved – more than 20.

The Short-Term Projections:

Within 12 months, by means of collaterals provided by the Fund:

- 10 micro-enterprises will be financed;
- 10 small and 5 medium-sized firms will be co-financed;• Equipment will be leased for another 3 existing enterprises to launch new products;
- Some 75 new jobs will be created and about 300 already existing will be preserved.

The Long-Term Perspective:

The long-term goal of the project is to increase the amount of funds channeled to small businesses operating in the Rousse region and to make the Fund self-sustainable.

Slivo Pole

Project title: *Planting Fruit-Tree Areas in Six Settlements.* The project envisions the cultivation of 180 dka of fruit plantations in 6 settlements, which would mark the beginning of the restoration of one traditional for the municipality branch – **fruit-growing**. It stimulates local farmers to establish the first family farms in the municipality and start production of competitive and organic fruits. It creates permanent occupation for the population and permanent jobs.

Results Achieved:

- Planting activities were launched in the 6 settlements in the municipality and more than 180 decars of land have been cultivated;
- A local NGO was registered to facilitate the implementation of the community strategy and assist the farmers; the NGO plays an active role in the development of the region by helping other local NGOs coordinate their work. It partners as a stakeholder in a newly registered NGO working on the implementation of the WB funded Global Eco Fund Project in the region;
- 12 new jobs have been created, 6 of them permanent and 6 temporary;
- The community developed a unique set of application procedures and criteria, which allowed the participation of private farmers on a competitive basis and ensured the most efficient way of utilizing the money provided by the PLEDGE program;
- The total amount of funds accumulated as a result of the project implementation is about BGN 160 000 - almost 4 times as much as the starting capital provided by the PLEDGE program.

Expected results:

- A change in the thinking of the community with regards to the way of uniting, allying and team working in order to achieve the objectives of the project of reaching a steady economic development;
- Restore a traditional for the municipality branch – fruit-growing;• Plant 6 separate areas of 30 dka of perennial plantations each;
- At the time of starting the project create 48 jobs for a period of 6 months;
- Within a period of 3-4 years, until fruit-bearing, create 24 jobs annually;
- In the period of fruit-bearing – 60 jobs annually;
- Attract compatible companies for processing the fruits;
- Create favorable business climate as a precondition for attracting foreign investors;
- Encourage the restoration of the canned foods factories in the municipality;
- Increase the income of the population.

Dve Mogili

Project title: *Expanding the Production of Waffles/Candies.* The project idea, Production of Brickettes from Biomass, has been changed due to change in business conditions and attempts on the part of the political leadership to make use of the community resources for personal benefit. The strong community, supported by its IASs and the Regional Governor, managed to substitute the non-viable project with another one from the community strategy, and developed the business plan for the expansion of a local production of waffles.

Several goals are pursued with the implementation of this project:

- Job creation;
- Technical upgrading of confectionary production and keeping competitive prices;
- Strengthening the existing markets and entering new markets;
- Creation of conditions for the production of other types of confectionery products.

The proposed project involves expansion of the production of confectionary products (waffles “KAMEN”, “MIMI”, “GABY”) for some markets already developed. At the same time the project provides for production automation aimed at quality improvement and adoption of ISO standards. The project includes 3 chocolate waffle lines following their own technology backed up with TS (technical specifications).

Project related results:

- 45 **new jobs** created;
- **90 jobs** saved;
- A new production line is operational;
- 1 meeting with the Turkish partner team has been conducted;
- 72-hours of technology operation tests have been made;
- On-going repair and construction works on the workshop facility;
- A second production line has been purchased and **15 people** are currently being trained to start full-time jobs with the company.

Sitovo

Project title: Development Information Center. A new entity, the Community Development

Center, was established to improve the local communication environment and ease the access to useful information with a focus on business.

Results achieved:

- Viable cross-sector partnerships formed between Sitovo Municipal Administration, local businesses, local and international NGOs;
- A local team for development of municipal and community projects has been established;
- 3 projects are implemented by the team of the Development Information Center in Sitovo in the area of infrastructure, cross border cooperation and environment preservation;
- 5 companies have been supported;
- 7 permanent jobs have been created;
- A local business database has been developed;

Expected long-term results:

- Modernization of the communication infrastructure in the municipality;
- Assistance in the development of municipal PR strategy;
- Designing a municipal web page;
- Assuring free access to Internet;
- Providing demand-oriented training courses;
- Strengthening the partnership between local government, local business and the citizens.

Veliki Preslav

Project title: Business Information Center with a Collateral Loan Fund. The goal of the community is to facilitate local economic development by encouraging and assisting entrepreneurship and actively contributing to unemployment alleviation in Veliki Preslav municipality. The Business Information Center has been chosen as a medium to achieve these goals.

Long-term objectives:

- Accelerate the region's economic development;
- Create a data base for SME in the municipality;
- Strengthen SME on the municipality's territory.

Short-term objectives:

- Develop and provide a package of services for SME in the municipality;
- Promote the qualification level of the community;
- Provide timely and accurate information to private entrepreneurs;
- Collateral Loan Fund for SME's economic stabilization;
- Create new jobs;
- Advertise the region's assets.

Results achieved:

- A new NGO – the first entity in the municipality to provide loans for support of local entrepreneurs – Business Center with a Collateral Loan Fund has been established;
- The team of the Business Information Center established strong partnerships with the municipal administration of Veliki Preslav, 3 local NGOs, the local labor unions and the

local business community;

- The implementation of 3 projects on the local level has been actively supported by the team of the Business Center;
- A Leasing selection committee has been established by the local community and the team of the Business Information Center;
- 8 applications for leasing have been submitted by local companies and have been reviewed by the Leasing selection committee;
- 2 local companies' leasing applications have been approved and 2 leases have been disbursed;
- 10 permanent jobs have been created.

Expected long-term results:

- Improved information provision for small- and medium-sized companies;
- Advertising the region's assets;
- Enhancing the capacity and viability of existing companies;
- Attracting external investment;
- Stimulating employment level.

Round IV – North-East Sites

Aksakovo

Project title: Creation of Lavender Plantations. The objective of the project is to create a structurally new agricultural branch for the region, namely: growing a new perennial – lavender. The project aims at creating opportunities and making provisions for financially disadvantaged families and socially disadvantaged individuals, as well as for small-scale producers of seedlings, pressed fertilizers, equipment and lavender-growing technologies. As a result it is expected that the living standard of the people involved will improve. In order to support the producers involved in the project in their activities and efforts for creation of lavender plantations and the development of such business in the villages from Aksakovo municipality, it was necessary to establish an NGO to facilitate the project implementation. A plantation of 90 dka of lavender shall be made.

Expected results:

- Creation of 24 jobs
- Training in lavender cultivation for the producers of agricultural production, participating in the project (both contractors and sub-contractors) - 24 people
- Planting 90 dka of lavender
- Increased income of the producers
- Creation of the possibility to employ people with low level of qualification or unskilled labor in the lavender cultivation activities
- Attracting unskilled members of the ethnic minorities groups and engaging them in the crops harvesting – 40 people on seasonal basis
- Prevention of resource drainage from the municipality
- Cultivation of fallow and uncultivated lands
- Creating opportunities for family business start-ups
- Revival of an old business traditional for the region

- Erosion control and support of landslide areas

Suvorovo

Project title: Production of Oil-yielding Crops and Seedlings. The project goal is to improve and stabilize the economy of the municipality, to provide new opportunities for employment and improve the quality of life for all citizens through introduction of new technologies in the field of agriculture.

A plantation of 90 dka of ethereal oil plants shall be made on municipal land. In addition 1 dka of seedlings shall be produced. The project is being implemented by the newly registered NGO “Give a Hand to Suvorovo”.

Expected results:

- Creation of a plantation of ethereal-oil crops (lavender) on an area of 90 (ninety) dka;
- Job creation;
- 10 agricultural producers trained in the ethereal-oil crops cultivation technologies;
- Employment of low-skilled and unskilled workers;
- Participation of unskilled minority groups in the cultivation of ethereal-oil crops;
- Preventing the export of resources from the municipality;
- Implementation of environmental initiatives through plantation and cultivation of ethereal-oil crops;
- Higher environmental culture, knowledge and skills of the population in the cultivation of agricultural crops;
- Development of fallow waste lands;
- Improved partnership between agricultural producers, local authorities, NGOs.

Omurtag

Project title: Construction of Covered Market. The main aim of this project is to improve the conditions of commercial business development through expansion of covered commercial space in the city of Omourtag. Through the construction of a new commercial center the region will become more modern and attractive in its appearance. The approved project for a covered market is planned to be implemented in six stages. It is also envisaged to construct additional covered space in the following sub-stages - initial preparation of the contracts between the partners and a contract for joint operations concluded between Khan Omourtag Association and OPT EOOD, traders and producers; project updating and announcing a bidding for a potential construction company. The present project has as its objective the construction of the first phase of the approved working contract, i.e. sub-sites A and B representing a reconstruction of the solid-built pavilions already in existence. The actual construction will continue 4 months. Site completion and approval: 3 months. Project implementation period: 10 months.

Expected results:

Building of modern trading area, corresponding to the needs of the merchants, at the end of the first stage. As a result of the implementation of that idea the city’s infrastructure will improve, more covered commercial space will be available and more producers of fruit, vegetables and meat will be attracted. The project provides possibilities for a phase-by-phase construction. Once completed, the separate phases may operate independently. There are possibilities to involve the manufacturing businesses from the city and region as potential partners or to enable them to rent

specially assigned space at preferential prices. That will make it possible to improve the quality of trade and be an incentive for producers.

Summary of PLEDGE community projects

Round I - Pilot Sites (South-Central Region)

Rakitovo - Planting of Uncultivated Land with Oil-Yielding Crops

Topolovgrad - Establishing and Cultivating 200 dka of Vineyards with Cabernet

Nova Zagora – Water/Sewage System of Agricultural Complex

Smolyan - Restoration of the Craftsmen’s High Street in Ustovo

Dimitrovgrad - Information Development Center

Nikolaevo - Community Information Center

Karlovo - Business Center

Stara Zagora - Expanding the Range of Majors at the Trakia University on the Basis of Foreign University Partnership

Mineralni Bani - Modernization of Telecommunications

Round II - North-Western Sites

Berkovitsa – Restoring and Developing of Organic Farming and Food Industry in the Region of Berkovitsa

Ruzhintzi – Lease of Land for Agricultural Production

Chouprene – Restoration and Development of Organic Farming and Construction of a Workshop for Primary Processing and Freezing of Agricultural Products from Chouprene Municipality

Vratsa – Project for Sustainable Economic Development of the Leva River Territory from Vratsa to the Balkan

Vidin – Regional Agribusiness Center

Valchedrum – Wholesale Market with a Storage Facility and a Grain Dryer

Lom – Creation of Vineyards

Chiprovtsi – Construction of a Covered Market in the Town of Chiprovtsi

Belogradchik – Business-Information Center

Round III - DRI Sites

Belene – Cultivation of Fields with Herbs and Spices

Borovo – Public Information Center

Silistra - Planting an Apricot Orchard on School Land

Svishtov – Land Fertility Improvement

Pleven – Agribusiness Center

Rousse – Collateral Loan Fund

Slivo Pole – Planting Fruit-Tree Areas in Six Settlements

Dve Mogili – Expanding the Production of Waffels/Candies

Sitovo – Development Information Center

Veliki Preslav – Business Information Center with a Revolving Loan Fund

Round IV - North-East Sites

Aksakovo – Creation of Lavender Fields

Suvorovo – Production of Oil-yielding Crops and Seedlings
Omurtag – Construction of Covered Market
Shabla – Construction of Covered Market
Targovishte - Starting an Enterprise for Fruit and Vegetable Processing
Zavet – Creation of Local Internet Infrastructure

Round V - North-East Sites

Valchi Dol – Planting of Oil-yielding Crops
Nikola Kozlevo – Garment Production and Restoration of Factory
Isperih – Restoring Ahinora Tourist Site
Kubrat – Trade Center and Covered Market
Novi Pazar – Honey Production-Line
Venets – Wholesale Market for Agricultural Products
Varbitza – Planting Perennials
Samuil - Planting Raspberries
Popovo – Gasification and Restoring a Public Greenhouse
Antonovo – Covered Market

Chapter 5

CER WORKSHOP MATERIALS

PHASE I: Discovering Business Opportunities in Your Community

(Some of the materials used in the four CER workshops (A-D) have been adapted from the Business Opportunities Workbook originally prepared for the U.S. Small Business Administration by Barbara Cole of the Rocky Mountain Institute. The original workshop materials have been extensively modified and expanded for inclusion in this edition. The changes are based on eight years of experience by USDOL/WSI staff in conducting CER projects in the CEE region.)

The workshop materials in Chapters 5, 6 and 7 provide the practical tools needed to initiate and sustain local economic development efforts in a community. They are used to guide community teams through the Community Economic Renewal (CER) process. The CER process covered in chapters 6, 7 and 8 is one of the three operational components of the USDOL/WSI Integrated Adjustment Program discussed in the Overview. The CER Component is a grassroots, participative process that brings people in a community together to develop and implement creative solutions to local economic renewal problems. This is done in three sequential Phases: In Phase I, community members participate in a series of four workshops (A-D) where they learn basic economic development concepts and techniques and then generate and evaluate project ideas as part of the assessment and planning process for economic development at the local level. In Phase II, the community team participates in one workshop (E), writes a strategic plan, refines their project ideas and writes a formal proposal to obtain funds for their project(s), and establishes a project implementation team to implement their proposal. Finally, they receive technical assistance from the project to help them implement one or more of the CER projects that are generated and screened during Phase I. In Phase III the Community Team participates in a workshop (F) designed to help them take the steps needed to continue their economic renewal and development efforts in the future.

Chapter 5 contains the information and workshop materials needed by community members to participate in Phase I—the assessment and planning phase of the CER Component. It contains the instructions and worksheets needed to complete the four CER workshops, to assess the existing situation and discover what business opportunities there are in the community that can be developed to strengthen the local economy and create jobs.

Chapter 6 contains the information and materials needed to complete Phase II of the CER process. It outlines the procedures for writing a strategic plan and project proposal, and provides information, instructions and worksheets needed to start and carry out the project implementation phase of the CER component. This material and instructions on how to use it will be presented to Community

Team members in a fifth workshop, Workshop E and through follow up technical assistance provided by the USDOL/WSI Adjustment Project IA specialists to the community’s Project Implementation Team.

Chapter 7 contains the workshop materials to complete Phase III of the CER process. In this phase the Community Team conducts a sustainability analysis, reviews and updates their strategic plan, identifies new projects and writes new project proposals, and obtains training needed to strengthen and sustain their CER efforts on a continuing basis.

Chart 5.1 outlines the three phases and essential elements of the CER Component. It provides a roadmap to the work ahead.

Chart 5.1 USDOL/WSI Integrated Adjustment Program Community Economic Renewal Component

Startup Pre-workshop planning and preparations	Phase I Discovering business opportunities in your community	Phase II Implementing business solutions in your community	Phase III Continuing economic renewal in your community	Final Results
<p>Carry out pre-workshop planning and preparations</p> <p>Identify communities interested in participating in ER process</p> <p>Recruit Core and Community ER teams</p> <p>Train local CER IA Specialists and Core Team members</p> <p>Train small group facilitators</p> <p>Workshop “Zero” Conduct meeting to “launch” CER Component in the community and provide overview of CER process</p>	<p>Workshop A Conduct factors analysis</p> <p>Workshop B Conduct ER principles and strategies analysis</p> <p>Workshop C Generate project ideas</p> <p>Workshop D Evaluate ER project ideas</p> <p>Blueprint for Action Community goals, an ER strategy, and one or more project ideas to refine and implement</p>	<p>Workshop E Overview of Phase II and project implementation procedures</p> <p>Write strategic plan and project proposal(s)</p> <p>Establish organization and management structures and select project implementation team</p> <p>Implement approved ER project(s)</p> <p>Monitor and evaluate project implementation</p>	<p>Workshop F Overview of Phase III strategies, objectives and activities</p> <p>Conduct sustainability analysis</p> <p>Revise and update strategic plan</p> <p>Review and modify existing ER organization/structure to meet future needs</p> <p>Identify new project ideas and write project proposals</p> <p>Obtain skill training needed to strengthen ER efforts</p>	<p>1. Completed ER projects that generate economic growth and jobs</p> <p>2. Updated community vision, goals and strategic plan</p> <p>3. New project proposals to market to potential donors</p> <p>4. The experience, organizational capacity and skills to continue economic development on a continuing basis</p>

PHASE I: DISCOVERING BUSINESS OPPORTUNITIES IN YOUR COMMUNITY

Introduction to Phase I and Workshops A-D

Purpose: Chapters 5 and 6 provide the workshop materials needed to participate in Phases I and II of the CER Component. The workshops are designed to help you learn fundamental economic renewal principles, assess the economic problems and needs in your community, and to develop and implement projects and programs that will strengthen the local business sector and community. These projects and programs will assist you in your efforts to start, improve, or recruit businesses that take advantage of the local community’s unique situation.

Chapter 5 is organized around the four community economic renewal workshops that are carried out in Phase I of the USDOL/WSI CER Component. Each workshop uses a series of worksheets as tools for guiding the participants in determining business opportunities in their community. Appendix II in Chapter 6 and the separate *CER Opportunities Handbook* provide examples of successful techniques and approaches that have been used to achieve economic renewal in other communities.

The four Phase I workshops follow a sequential process as outlined below:

Phase I: Discovering Business Opportunities in Your Community

WORKSHOP A Factor Analysis	WORKSHOP B ER Principles and Strategy Analysis	WORKSHOP C Generating Project Ideas	WORKSHOP D Evaluating Project Ideas	FINAL RESULT A Blueprint for Action
Learn community economic renewal and development principles. Analyze how each factor contributes to business conditions 1. Access to capital 2. Business environment 3. Infrastructure 4. Human resources 5. Quality of life Determine what you need to address business conditions	Analyze how each ER principle and strategy affects business conditions 1. Plug the leaks 2. Support existing business 3. Encourage new enterprises 4. Recruit compatible new businesses Determine what you need to address business conditions	Summarize business conditions Develop community vision and identify core values Develop project ideas Analyze the potential of each project idea Determine who benefits	Consider the community’s preferred future Analyze your resources Identify traps, dangers and liabilities Determine project timing Look at people’s politics Determine who benefits Assess the risk and reward	<p>One or more economic renewal project ideas that can be developed and implemented in your community</p>

Workshop A will help you diagnose your local area's or community's problems and needs, and list its "assets" and "windows of opportunity". *The analysis is done from the perspective of a business.* It will give you a better understanding of how to improve and capitalize on community skills and resources. You will come to understand how various business factors affect your region's or community's business climate. These factors are: Access to capital; Business environment; Infrastructure; Human resources; and Quality of life.

During **Workshop B**, you will look at how the ER principles and strategies affect business conditions. The analysis is from the perspective of the ER principles and community. Once you have completed this analysis, you will create a list of possible projects in **Workshop C** that address the business conditions in your community. Finally, in **Workshop D** you will evaluate each project's potential for success and determine what resources are necessary to get the project off the ground. In order to develop a comprehensive approach to economic renewal and ensure a successful strategy, the workbook encourages you to develop at least one project for each Economic Renewal principle or strategy.

Although this workbook includes directions and suggestions for conducting the workshops, this process will be more effective if it is conducted by someone with experience in running meetings. Process effectiveness will be enhanced even further if the workshop facilitator has been trained in economic renewal workshop processes.

Upon completion of the workshops outlined in this Chapter, you will have identified the most promising project ideas. You will be in a position to draw up action plans for a wide range of local projects, and proceed to Phase II (discussed in Chapter 6) where you will actually write a strategic plan and a formal project proposal, obtain funding and implement one or more of your ER projects.

Using the workshop materials in this Workbook: As noted in the overview of this guide, this workbook is one of several tools designed to be used as part of the USDOL CER Component. The CER Component uses a process designed to bring people together to generate creative solutions to local economic problems. You may wish to use or modify the workbooks and worksheets to structure your own community development process. The following suggestions will assist you in your efforts:

Economic Renewal Process Suggestions/Helpful Hints

1. *Involve a diverse group of citizens and community leaders in the assessment and planning process.* Do not limit the process to those community leaders who traditionally have worked to improve economic conditions. Identify every interest group in town and recruit members of each group to participate. One way to ensure broad participation is to ask likely participants to personally invite three others to the workshops.
2. *Attempt to generate as many ideas as possible before you begin to evaluate what is good or bad about these ideas.*

3. *Don't jump to the "best ways" to solve a problem.* Often, what seems at first to be the best solution has flaws that become obvious when you think it through.
4. *Celebrate small victories in developing your economic renewal projects.* Spend time reinforcing areas of community agreement, common vision, and concerns. Congratulate yourselves on the number of people that are involved in the program.
5. *Try to increase the number of workshop participants who attend each meeting through stories in the newspaper and word-of-mouth.*
6. *Have fun.* The workshops are designed to allow you to socialize with your neighbors. We encourage small group problem solving as a way to increase productivity and help you enjoy yourself.
7. *Encourage participants to sit with people they don't know.* They will learn more about their community.

Methods for Generating Project Ideas. There are a number of methods for generating project ideas. These include brainstorming, community surveys, and interviewing residents who represent community interests. Brainstorming works well for economic renewal because it allows a large number of people to interact.

Brainstorming. When brainstorming, each participant generates as many options as possible. There are no wrong ideas. Participants should be open to new ideas, rather than simply trying to sell their own ideas to the rest of the group. If someone takes a strong position on a certain project idea, the discussion will turn into an argument instead of exploring the range of options.

To help you in your efforts, several "brainstorming" guidelines have been developed. When groups follow these guidelines, they generate many more creative ideas.

1. Appoint someone to serve as facilitator. It is that person's job to ensure that everyone gets a chance to discuss their ideas. It often helps when the facilitator summarizes the previous participant's idea before the next person speaks.
2. Reinforce and encourage all ideas by saying what you like about an idea before indicating what you dislike.
3. There are no wrong ideas. If you must comment, limit your comments to how an idea might be improved upon.
4. Feel free to add to ideas or to combine ideas.
5. Listen to the full explanation of an idea. Do not interrupt others until they are finished explaining their idea.
6. Nobody has all the answers. Group success depends upon every group member sharing ideas, opinions, and observations.
7. Pay attention to silence. A silent individual or group may indicate that there is something more to learn.
8. Be open to new ideas. Avoid promoting your own ideas and issues.

Workshop A

The Factors Analysis

WORKSHOP A The Factors Analysis	WORKSHOP B The ER Principles Analysis	WORKSHOP C Generating Project Ideas	WORKSHOP D Evaluating Project Ideas	FINAL RESULT A Blueprint for Action
<p>Analyze how each factor contributes to business conditions</p> <ol style="list-style-type: none"> 1. Access to capital 2. Business environment 3. Infrastructure 4. Human resources 5. Quality of life <p>Determine what you need to address business conditions</p>	<p>Analyze how each ER principle affects business conditions</p> <ol style="list-style-type: none"> 1. Plug the leaks 2. Support existing business 3. Encourage new enterprises 4. Recruit compatible new businesses <p>Determine what you need to address business conditions</p>	<p>Summarize business conditions</p> <p>Develop community vision and identify core values</p> <p>Develop project ideas</p> <p>Analyze the potential of each project idea</p> <p>Determine how the project will improve business conditions</p>	<p>Consider the community’s vision and develop ER goals</p> <p>Analyze your resources</p> <p>Identify traps, dangers and liabilities</p> <p>Determine project timing</p> <p>Look at people’s politics</p> <p>Determine who benefits</p> <p>Assess the risk and reward</p>	<p>One or more economic renewal project ideas to initiate in your community</p>

WORKSHOP A THE FACTORS ANALYSIS SAMPLE AGENDA

This sample agenda will help you develop an appropriate agenda for your local area or community. Develop a schedule for the workshop that is comfortable for participants and accommodates the group's enthusiasm and stamina. To help you develop a schedule, approximate times for each agenda item have been noted in parentheses.

Introduction. (15 minutes) The program coordinator will discuss the desired outcome of this workshop and review the worksheet format. To ensure that everyone's time is used effectively, questions and suggestions regarding the worksheets will be discussed.

Small Group Exercise. Break into groups according to the five factors that influence a community's business climate. A group size of no more than ten people is suggested. Introduce yourselves. The analysis of these factors is done from the perspective of a business.

WORKSHEETS A 1 - A5: FACTORS ANALYSIS (45 minutes to one hour)

In the pages that follow, find a worksheet followed by factor analysis summary sheets. Select the appropriate sheets for your group. Read through the summary sheet first. Then complete the worksheet. Use of these factor analysis summaries is crucial to the success of your Business Conditions Analysis. Using them, you capitalize on the years of research that went into them so that you can more thoroughly complete your analysis. As you are working on Worksheets A1, you may think of additional information you need to know. Make note of these thoughts in the margin so that you can come back to them when you fill out Worksheet A6 "Need to Know."

Break (10 minutes)

WORKSHEET A6: NEED TO KNOW (20-30 minutes)

Identify any other information you need to obtain in order to understand how these factors affect business conditions in your community. Identify the community resources that can help you find answers to some of the questions you've raised.

Group Reports. (3-5 minutes per group) Each group will briefly report its worksheet findings to the rest of the group. Be prepared to hand Worksheet A1- A5 to the program coordinator at the end of this workshop.

Next Steps/Homework. (5 minutes) The program coordinator will briefly review the work of the group and summarize what will occur at the next Business Opportunities Workshop (Workshop B—ER Principles and Strategies Analysis). Individual homework to be completed prior to next workshop will also be assigned (Worksheets A7-A10 -- for Individual Homework).

Introduction

This workshop helps you assess the condition of your local economy by considering five factors. These factors—access to capital, business environment, infrastructure, human resources, and quality of life have a significant effect on your community's ability to create business opportunities. The importance of each of these factors is described below. Remember that the analysis is done from the perspective of a business.

WORKSHOP A - THE FACTORS ANALYSIS

FACTOR I: Access to Capital

Definition: This factor includes:

- Whether businesses in your local area or community can get money
- How easy is it for local companies, or perhaps a company planning to move to your community, to get financing
- Who lends money, where they are located, and what amount of money is available in what form

Importance: The availability of money and the terms by which a business can borrow money are directly related to the amount of new or sustained business activity in the community. The economic climate in your region, the competition between banks, and bank lending policies affect how easy it is for local businesses to find start-up capital, working capital, or money to expand. The issue of access to capital includes three components:

1) How does money flow into and out of your community? The financial practices of individuals, businesses, banks, and public agencies affect how much money flows into and out of the community. To understand how accessible money is in the community, you need to have some sense of how much money is flowing into your community and how much is leaving due to various financing practices. If possible, reduce the unnecessary flow of money out of your community. It may turn out, however, that there is little you can do. The scale of the lending and savings institutions in your community, branch banking, and general economic conditions may make difficult to influence the flow of money.

2) Who provides capital? Different kinds of banks loan to different types of customers. Business capital is typically available from local commercial banks but rarely from a local credit union or savings and loan. There are other sources of business capital as well. There are six basic lending sources for businesses and individuals. These are: (1) local bank loans, (2) credit unions, (3) government backed small business loans, (4) revolving loan fund programs, (5) equity financing, (6) pension and insurance funds, and (7) other sources.

Money can be lent to a business or individual either as a loan or as equity financing. A loan, sometimes called debt financing, is money borrowed with an agreement to repay the loan over a period of time at a specific rate of interest. Equity financing means obtaining money in exchange for providing the financier with a share of ownership in the project, including its eventual profits.

Introduction - Continued

WORKSHOP A - THE FACTORS ANALYSIS

Loans are available from banks as well as from certain regional or provincial nonprofit organizations backed by government interests. These organizations often have loan programmer to provide lower cost financing to businesses that meet certain criteria.

Equity financing is available from many companies and individuals. Often these people make their living by investing in potentially high-growth companies.

Finally, insurance companies and pension funds are another potential source of capital.

3) What lending practices do local businesses face? Lending practices are the policies of the banks and other institutions that loan money. They include such considerations as whether to lend in town or out of town, what type of businesses typically qualify for loans, what amount of money is available (start-up capital, working capital, or expansion capital), and what sort of collateral is needed to borrow the money.

Local lending practices have a significant influence on whether or not a business can borrow money locally. Lending practices are influenced by: the type of business wishing to borrow money, whether the business is in town or out of town, the amount of money requested, what type of loan needed (start-up money, money for operations, or money for expansion), what type of collateral is requested to borrow the money, the period of time the business needs to borrow the money for, and the interest rate a business is willing to pay for the borrowed money.

If you have businesses seeking to borrow money, it is important to analyze all potential sources and compare their lending terms and practices.

Appendix I, at the end of Chapter 6, contains information on other components of “Access to Capital.”

FACTOR 2: Business Environment

This factor focuses on what business people think about business in the community and what attitudes local citizens have toward local business. These include: attitudes of people toward the local business community and the businesses that might think of moving to the community beliefs about the failure rate of local businesses people's perception about how many businesses are starting up or relocating in town.

The business environment directly affects businesses' confidence. A supportive, community-wide attitude toward the business community is considered a good business environment. The smaller the business, the more likely it is to be influenced by the owner's and employees' perception of the condition of the local economy. If business people and potential entrepreneurs are hopeful about the future, they are more likely to start a new business or expand an existing one. If there is a feeling of uncertainty or despair, businesses are more likely to “hold on to what they've got” or even “get out while they can.” The ER program helps improve poor attitudes because it provides business people with accurate information, offers potential solutions to identified problems, and results in realistic projects.

FACTOR 3: Infrastructure

The following items are part of a community's infrastructure: public facilities including streets, utilities, water, and waste disposal public services including fire, police, social services, education and health care..

Introduction - Continued

WORKSHOP A - THE FACTORS ANALYSIS

Essential to the prosperity of any community are reliable roads, bridges, water, and sewer systems, and other public facilities. These are the community's lifelines. A healthy economy depends on adequate community facilities. Sound physical infrastructure generally is a necessary condition for sustained economic development.

FACTOR 4: Human Resources

This factor includes the availability of different types of jobs and the skills, education, and attitudes of the labor force. Employment characteristics are at the top of the list of factors considered by companies thinking about moving to a new location. High ranking considerations include: good labor relations, a skilled and educated work force, and a strong work ethic.

Labor climate may be the most important reason a company leaves one area of the country for another. Thus, labor relations is a crucial factor in encouraging business expansion and developing sound recruitment strategies in your community.

FACTOR 5: Quality of Life

Included in the definition of quality of life are the following community amenities:

- arts and cultural assets
- clean air and water
- recreational resources
- natural resources for both recreation and production
- community heritage
- climate
- cost of living
- community safety
- housing quality

Numerous studies on business location decisions have concluded that quality of life plays a key role in corporate decision making. One study in particular notes the following four key considerations regarding the growth and location of a firm:

1. Economic attractiveness
2. Human resources
3. Infrastructure
4. Quality of life

Another way to think about the significance of quality of life is to consider what is important to you about your community. In general, there is little difference in what you think is important and what a company considers in its location and expansion decision-making process.

WORKSHOP A: THE FACTORS ANALYSIS

Introduction - Continued

ANALYZING BUSINESS CONDITIONS IN YOUR COMMUNITY

The Importance of Conducting a Business Conditions Analysis:

Understanding business conditions in your community is a two-step process that will lead to development of projects that can strengthen the local economy. The importance of this analysis is often overlooked or forgotten. The enthusiasm of community leaders to “fix it” often leads to solutions that are developed before there is agreement on what is “broken”.

Just as a doctor diagnoses a patient, the ER program includes two workshops—Workshop A and Workshop B—to help you diagnose your community’s business conditions. The choice of cure depends on the diagnosis. The purpose of the first two workshops is to help you understand the community’s economic ailment in order to develop an appropriate treatment program.

Framework for Analyzing Business Conditions: You will complete two kinds of worksheets during Workshop A. Breaking into small groups based on each of the five factors. A small group will analyze a factor from the perspective of a business and complete one of the Factors Analysis Worksheets (A1-A5). Worksheets A1-A5 asks you to identify business problems, needs, assets and windows of opportunity pertaining to that factor. Worksheet A6 should then be completed. It will assist you in organizing any questions that come up while completing worksheets A1-A5.

As mentioned previously, Worksheets A1-A5, “The Factors Analysis,” ask you to identify business problems, needs, assets, and windows of opportunity—from the perspective of a businessperson. A separate worksheet (A1-A5) is provided for each of the five factors. A small group of people should analyze each factor according to the Worksheets as provided. For example, one group analyzes “Access to Capital”, while another group examines “Quality of Life”. You may wish to assign particular people to specific factors. For example, you might want local bankers to help analyze “Access to Capital”. Other assignments that will tap local expertise are suggested below.

Access to Capital

- Bankers
- Business Development Specialists
- Accountants
- Homeowners

Business Environment

- Business owners
- Employees
- Elected officials
- Government staff
- Chamber of commerce representatives

Infrastructure

- Public works director
- Builders
- School superintendent
- Health care professionals

- Social services staff
- Utility company representatives

Human Resources

- Educators
- Students
- Women’s group representatives
- Seniors
- Union representatives
- Major employers
- Human resource specialists

Quality of Life

- New business people
- Young people
- Long-time residents
- New residents
- Environmentalists

NEED TO KNOW: Once you have identified the problems, needs, assets, and the windows of opportunity for each factor, you will fill out Worksheet A6 – “Need to Know.” It asks you to identify missing information and to check commonly held assumptions. The information collected in this first workshop is illustrated in the diagram below. (This is not to be filled out like a worksheet.)

WORKSHEETS A1-A5 -- FACTORS ANALYSIS WORKSHEETS

DEFINITIONS/EXAMPLE

The Business Conditions Analysis is a two-step process to identify the community’s business problems, its needs, the assets the business community can rely on, and windows of opportunity that currently exist. The format used for the analysis is shown below. Note that this diagram includes a short definition of each term.

DEFINITIONS	Problems: Obstacles or constraints businesses have experienced in the community that make it difficult for them to make money.	Assets: Resources that make it attractive to do business in your community. Includes reasons that businesses move into and stay in your community.
	Needs: Requirements of an individual or firm. A requirement universal to all for-profit firms is “to make money.” Some businesses, however, need access to railroads, while others need only good telephone systems.	Windows of Opportunity: Conditions that exist in a community at one time that make it easier or possible to undertake a particular project. Includes events, conditions, or changes in the community.

The chart below provides an example of how citizens of a community might fill in the worksheet for their town.

WORKSHEET EXAMPLE Business Conditions Analysis - Town of Pinsk	Problems: <ul style="list-style-type: none"> <input type="checkbox"/> Few people shop in the community, most people buy supplies in the next community. <input type="checkbox"/> The Chamber of Industry just asks for money. They don’t do anything with it. <input type="checkbox"/> Banks won’t work with local businesses. (The perception is that they just lend money to outside firms). <input type="checkbox"/> There isn’t a supportive environment for businesses. 	Assets: <ul style="list-style-type: none"> <input type="checkbox"/> The town government wants to do something about economic development. <input type="checkbox"/> We have great recreational opportunities nearby. <input type="checkbox"/> It seems like it is less costly to live in this town than in the metro area. <input type="checkbox"/> The local workforce is highly educated.
	Needs: <ul style="list-style-type: none"> <input type="checkbox"/> We need a support system for small businesses wishing to grow. <input type="checkbox"/> We need more businesses in town so we can reach a critical mass. <input type="checkbox"/> We need more options for getting money for growing businesses. <input type="checkbox"/> The state enterprise on the outskirts will be privatized or closed. 	Windows of Opportunity: <ul style="list-style-type: none"> <input type="checkbox"/> The local technical college wants to start a program that would help the region prosper. <input type="checkbox"/> The province has initiated a number of “gap financing” programs. <input type="checkbox"/> There are several vacant stores on Main Street. <input type="checkbox"/> There are several large buildings which could be converted to a business incubator.

Workshop A: Summary Data

Example

Once you have identified the problems, needs, assets, and windows of opportunity for each factor, you will fill out Worksheet A6 – “Need to Know.” Your project coordinator will collect and present the results of Workshop A using the form below or a similar matrix to summarize and present workshop data. It asks you to identify missing information and to check commonly held assumptions. (This summary data matrix is for illustration purposes only, and should not be filled out like a worksheet.)

Factor	Problems	Needs	Assets	Windows of Opportunity	Need to Know
Access to Capital					
Business Environment					
Infrastructure					
Human Resources					
Quality of Life					

WORKSHOP A -- FACTORS ANALYSIS SUMMARY SHEET

FACTOR # 1: ACCESS TO CAPITAL

Read before Completing Worksheet A1

The importance of access to capital

The availability of money at affordable interest rates and terms has a major effect on business. “Access to Capital” deals with how easy it is to get money through traditional means---loans and equity financing. When a community keeps more money in the community, this money re-circulates and has a “multiplier effect” that creates more value, pays more wages, finances more investments, and ultimately creates more jobs. By increasing access to capital, your community can help business in the following ways:

- Improved access to capital helps keep local businesses in the community. If there is money available to help a business buy inventory or equipment, local companies find it easier to survive.
- A business cannot get started without money. The availability, cost, required security, rates, the terms of money for a new enterprise will determine whether it is easy or hard to start a business. This affects the number and type of new businesses starting in your community.
- Adequate seed capital and financing help attract expanding businesses from elsewhere.

Questions to ask yourself as you fill in the worksheet:

- Think about the checks you or your neighbors write regularly. How many of them go out of town?
- Where do most people in the community bank?
- Where do most residents deposit their savings?
- Is much money leaving the community through investments in pension funds, municipal bonds, and insurance premiums?
- What are the financial needs of local businesses?
- What types of business loans are available in your community?
- What types of businesses get loans expanding businesses, startup businesses, or relocating businesses?
- What institutions provide capital?
- What are the loan terms? The loan rates?
- Is capital available through state or regional programmes?
- Besides the local banks, are there other sources of capital for businesses? What types of businesses?
- Are private investors interested in investing in expanding or new businesses?
- Are the capital needs of businesses properly matched with the right type of financing?
- Are there venture capitalists interested in providing capital to a certain type of business that you might be trying to attract?

**The Factors Analysis
Worksheet A1: ACCESS TO CAPITAL**

Community: _____

Group Name: _____

*Use this worksheet to record your analysis of how each factor affects business conditions in your community. The preceding page will help you complete this worksheet. **You should look at the access to capital from the perspective of a business person.** Identify questions, gaps and information issues as you discuss the factor—then fill out Worksheet A6 with need to know items generated from your analysis.*

<p>Problems:</p>	<p>Assets:</p>
<p>Needs:</p>	<p>Windows of Opportunity:</p>

Need to know:

WORKSHOP A -- FACTORS ANALYSIS SUMMARY SHEET

FACTOR # 2—BUSINESS ENVIRONMENT

Read before completing Worksheet A2

The importance of the business environment

“Business Environment” is the attitude of people in the community toward business activity and local businesses. A supportive business environment helps the local economy. If business people think the local economy is stable and growing, most will feel that this is a good environment in which to do business. The excitement generated by new business start-ups and plans for business expansion is often contagious. Investment and reinvestment breeds confidence that often leads to more business expansion and a renewed commitment by existing businesses to stay. On the other hand, business failures and general pessimism regarding the economy make existing businesses hold back on most investment plans. They often think about relocating.

The types of program and attitudes community leaders develop, during good times and bad, can improve business conditions. A supportive business environment often means low rents, business assistance, shared services, and links to financing sources. A positive attitude toward business is also required. While you can usually depend on the provincial or state governor or regional and local development directors to be enthusiastic about business, it is equally important for the entire community to display a positive attitude toward business. Such an environment can help curb the high failure rate characteristic of small and new businesses.

Many business owners maintain that their business success is partially due to community support. For example, efforts to improve relations between businesses and the community typically revolve around reducing regulatory burdens and the cost of doing business. These costs include the effects of local government regulations, liability insurance, government regulations, and the like. In addition to removing regulatory impediments, many communities have found that creating an ombudsmen office or regulatory assistance program can help support new and expanding enterprises by helping them understand local and state regulations.

Questions to ask yourself as you fill in the worksheet:

- Are many businesses failing in the community? What types of businesses?
- What are the reasons for these business failures? (Business failures typically stem from one or more of the following causes: privatization, economic factors, lack of experience, poor sales, heavy expenses, personal problems such as bad health or family problems, customer dissatisfaction, insufficient capital, disasters, and fraud.)
- What businesses have decided to relocate out of the area or community? What reasons were given? What steps can be taken to correct the situation?
- Do local business people and entrepreneurs feel as if they are part of a supportive business environment or do they feel isolated and unable to learn from the experience of others?
- Which community organizations and interests are supportive of new business?

- How would you describe your community's labor relations climate?
- Are all major interests involved in a cooperative process to better the community's business conditions?
- Describe the general level of business activity in the community. How do you think it will influence a visiting executive considering a move to your area?
- What is the current attitude of the provincial, state and local government toward business?
- Has government attitude toward business changed significantly in the last five years?
- What local actions can eliminate barriers to business expansion?
- List conditions that hurt the formation of new businesses in your community.
- List the programs and services that are currently operating in the community that help existing businesses stay healthy.
- What kind of programs currently exist or are needed to provide a supportive business environment?
- How do local regulations (e.g., zoning, building, health) affect business? List both good and bad effects.
- How do licenses and fees compare with neighboring areas and communities?
- Are there forums where government and business people can share information and concerns?
- Are there other services provided by government that are beneficial or detrimental to business?

The Factors Analysis Worksheet A2: BUSINESS ENVIRONMENT

Community: _____

Group Name: _____

*Use this worksheet to record your analysis of how each factor affects business conditions in your community. The preceding page will help you complete this worksheet. **You should look at the business environment from the perspective of a business person.** Identify questions, gaps and information issues as you discuss the factor—then fill out Worksheet A6 with “need to know” items generated from your analysis.*

Problems:	Assets:
Needs:	Windows of Opportunity:

Need to know:

WORKSHOP A -- FACTORS ANALYSIS SUMMARY SHEET

FACTOR # 3 -- INFRASTRUCTURE

Read Before Completing Worksheet A3

The importance of infrastructure

Infrastructure is the foundation upon which most local business is transacted. Improvements in roads, water, energy services, and communications systems can generally improve the local business climate. Infrastructure improvements can reduce the costs of doing business and help make businesses more accessible. In today's global economy, an improved system of transportation and communications is essential in assisting communities in developing new businesses.

A sound and well-managed infrastructure will help keep businesses in the area and is key in attracting new and expanding businesses. A neglected infrastructure system will significantly hurt a province, state or community's long-term economic development. Infrastructure, however, requires costly maintenance and replacement. Although some parts of your community's infrastructure may be privately owned (e.g., electricity or natural gas), most infrastructure is built and maintained by local governments and districts, or regional governments. Knowing which parts of the infrastructure are most important to existing, expanding, and relocating businesses can help you plan your community's capital improvements and maintenance priorities.

Questions to ask yourself as you fill in the worksheet:

- What is the current condition of the community's infrastructure?
- Which areas of infrastructure need the most improvement?
- In the last five years, how has the community invested in its infrastructure?
- Have any existing businesses or area entrepreneurs expressed concern over the community physical facilities? If so, which facilities?
- How does the cost and condition of infrastructure affect local businesses?
- How do the infrastructure needs of business compare with residents' needs?
- Should the community borrow money to make and maintain necessary capital improvements?
- Is expansion of existing facilities the only way to maintain the current level of service? For example, can leaks in the water system be patched rather than building new supply facilities? Can an existing school be renovated rather than abandoned?
- Can municipal workers assist in the design and construction of new infrastructure rather than hiring outside consultants?
- If outside expertise is needed to solve a particular problem, can community residents still be involved?
- What incentives can be developed to encourage the careful use of the community's capital facilities by municipal workers and residents?
- Is the community trying to attract businesses that will require the expansion of existing services or facilities?

Workshop A -- The Factors Analysis Worksheet A3: INFRASTRUCTURE

Community: _____

Group Name: _____

Use this worksheet to record your analysis of how each factor affects business conditions in your community. The preceding page will help you complete this worksheet. **You should look at the infrastructure from the perspective of a business person.** Identify questions, gaps and information issues as you discuss the factor—then fill out Worksheet A6 with need to know items generated from your analysis.

<p>Problems:</p> 	<p>Assets:</p>
<p>Needs:</p> 	<p>Windows of Opportunity:</p>

Need to know:

WORKSHOP A -- FACTORS ANALYSIS SUMMARY SHEET

FACTOR # 4 -- HUMAN RESOURCES

Read Before Completing Worksheet A4

The importance of Human resources

The availability of skilled labor is essential to economic viability. If a business is to stay in a community and expand, it needs qualified people. While unemployment is an important community problem, the lack of skilled workers is a significant issue for businesses. Typically, there is a mismatch between available jobs and the ability of workers to do them. This is especially true in countries converting from defense to civilian industries, and in those countries undergoing privatization and restructuring of their economies. Investing in people is the only way to increase an economies competitiveness.

Ensuring that a community continues to train and retrain its existing work force is important to economic renewal. In addition to helping the unemployed, it helps existing businesses survive. Because the availability of skilled labor is often the number one factor in relocation decisions, a community will also be in a better position to attract new business if it improves and maintains skill levels.

Questions to ask yourself as you fill in the worksheet:

- What type of skills do current residents have?
- Are most residents working in jobs that take full advantage of their skills?
- What are the opportunities for advancement?
- What groups of people are locally unemployed?
- Are any of these people currently receiving job training? If so, what type of skills are they learning? If not, can you think of any training that might benefit them?
- How would you describe the match between job skills and job opportunities?
- What type of jobs are the hardest to fill? Can existing residents meet any of these needs?
- Do local entrepreneurs have the skills necessary to succeed? What would help them acquire those skills?
- Can local schools play a role in encouraging potential entrepreneurs, supporting newly formed enterprises, or training workers?
- Has the community contacted retired local business people to see what role they might play in developing the local work force?
- What labor problems do existing businesses face? What labor problems might new businesses face?
- What opportunities do you have to improve the labor climate in your town?
- What particular characteristics of the existing labor force might be attractive to a company looking to move?

**Workshop A -- The Factors Analysis
Worksheet A4: Human Resources**

Community: _____

Group Name: _____

Use this worksheet to record your analysis of how each factor affects business conditions in your community. The preceding page will help you complete this worksheet. **You should look at human resources from the perspective of a business person.** Identify questions, gaps and information issues as you discuss the factor—then fill out Worksheet A6 with need to know items generated from your analysis.

Problems:	Assets:
Needs:	Windows of Opportunity:

Need to know:

WORKSHOP A -- FACTORS ANALYSIS SUMMARY SHEET

FACTOR # 5 -- QUALITY OF LIFE

Read Before Completing Worksheet A5

The importance of quality of life

A high quality of life attracts new people and businesses to a community. It also keeps people in a community. Improving a local area's quality of life by capitalizing on the area's natural resources, developing recreational opportunities, preserving environmental qualities, and supporting the arts makes a community more attractive of visitors as well as residents.

Making the most of a community cultural assets, its heritage, and natural resources will help sustain a healthy economy. Protecting natural assets, supporting art projects, and preserving a community historic buildings will help maintain the economic vitality of the community. "Quality of life" is a key consideration for businesses looking to settle in a community. The things in your community that make you feel good will also attract new residents. Tourism is one of the fastest growing industries in most countries of Europe and North America, and a good way to strengthen an economy. A typical tourist dollar is re-spent four to ten times before leaving the local area.

Questions to ask yourself as you fill in the worksheet:

- What educational opportunities are present in your community? How are these being used to improve business conditions?
- What natural resources are in your community? Are there facilities, traditions, landmarks, or activities that are particularly noteworthy?
- How does the cost of living in your community compare to the state or province as a whole?
- Are there recreational opportunities that are unique to the area?
- What assets do new residents appreciate most?
- Why do people move to your area?
- What community assets keep businesses in the community?
- What community assets can be used to attract tourists?
- Are there any special amenities or assets that, if expanded, could encourage new businesses in your community?
- Are there any amenities that residents desire? Can you find a local entrepreneur who might wish to supply those services?
- What type of reputation does your community have in the region? Your region in the country? Is it known for having special cultural amenities or recreational facilities?
- How would you describe your community's way of life?
- What characteristics detract most from the quality of life in your community?
- What steps need to be taken if you want to expand the tourist industry in your community?

**Workshop A -- The Factors Analysis
Worksheet A5: Quality of Life**

Community: _____

Group Name: _____

Use this worksheet to record your analysis of how each factor affects business conditions in your community. The preceding page will help you complete this worksheet. **You should look at the quality of life from the perspective of a business person.** Identify questions, gaps and information issues as you discuss the factor—then fill out Worksheet A6 with need to know items generated from your analysis.

<p>Problems:</p>	<p>Assets:</p>
<p>Needs:</p>	<p>Windows of Opportunity:</p>

Need to know:

Workshop A -- The Factors Analysis Worksheet A6: Need to Know

Community: _____

Group Name: _____

Use this worksheet to identify what you need to know to better understand business conditions in your community in relation to your specific factor. Then identify people, or sources that might assist you in your efforts.

NEED TO KNOW LIST

List what other facts or information you need to know to better understand business conditions in your community or local area. Information might include:

- Statistics regarding employment
- An analysis of how and why past efforts have succeeded or failed
- A report on other work that has been completed on a particular topic and people's interest in pursuing this concept
- Information you need from knowledgeable people who did not participate in the workshop
- Any others that you can think of

As you develop this list, ask yourself if each item will actually help make project decisions. For some people, there is a natural tendency to continue to gather information instead of making a decision. Others try to make a decision without adequate information. Be careful not to fall into either of these traps.

1. Need to Know List

Worksheet A6: Need to Know (Continued)

2. Community Resources: Identify resources or people that might assist in answering your “Need to Know” list. Indicate the potential resources below.

Need to Know

Community Resources or People who can help

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Worksheet A7--Individual Homework

Understanding the Economic Renewal Principles

Principle #1 – Plug the Leaks

Take a look at your situation.

- 1) What individual actions have you taken, either at home or at work, that allowed money or resources to leave your community?

- 2) In the past month, can you think of any individual actions that you, your family, or co-workers have undertaken that have prevented the unnecessary leakage of dollars from you community?

Worksheet A8--Individual Homework

Principle #2 – Support Existing Businesses

Think about goods and services you have purchased in the last month.

- 1) List goods you have purchased in the last month (e.g., food, clothing, general merchandise). Next to each item, indicate which items were purchased in the community and those that were acquired out of town.

Item	Purchased Locally	Out of Town
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- 2) List services you have used in the last month (e.g., lawyer, accountant, dry cleaners, dentist, printer). Next to each service, indicate those that were acquired in the community and those that were acquired out of town.

Service	Purchased Locally	Out of Town
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Worksheet A8--Individual Homework

**Principle #2 – Support Existing Businesses
(Continued)**

3) For each item not bought in the community, indicate why you did not buy it locally. For example, you may have purchased a new dress out of town because the selection in town was poor or local prices were too high.

Item or service acquired out of town**Why did you buy it out of town?**

Item or service acquired out of town	Why did you buy it out of town?

4) What goods and services would you like to buy in town that you now buy out of town?

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Worksheet A9--Individual Homework

Principle #3 – Encourage New Enterprises

Think about the kinds of needs you, your family, and your friends have. What kind of new in-town business would make your lives easier or fulfill an unmet need?

- 1) In the last few months, have you or your friends thought of a new business that you would like in your community? For example, a friend may have remarked that the town needs a new family-style restaurant. You may have needed to make copies of some important business papers and wished that there was a full-service photocopy store in town.

List any new businesses, particularly small businesses, that you think are needed in your community. The businesses can be similar to those found in other towns or they can be a totally new type of business that may only exist as an idea.

--

Think now about people you know in your community who possess particular skills and an entrepreneurial spirit.

- 2) Are these people you know who are thinking about possibly starting a new business? What are their greatest fears or obstacles about starting a new business?

Possible New Business --
What is being considered?

What is the greatest fear or obstacle?

--	--

Worksheet A10--Individual Homework

Principle # 4 – Recruit Compatible New Businesses

Think carefully about what types of new business might be best for your community. Pretend that you have just been appointed as the economic development director for your community. Consider the following scenarios.

You realize that every other community in the region is attempting to attract new business. As your first task, the mayor has asked you to go to the regional capitol to convince regional officials that your community has some unique resources that will enable you to attract specific types of business.

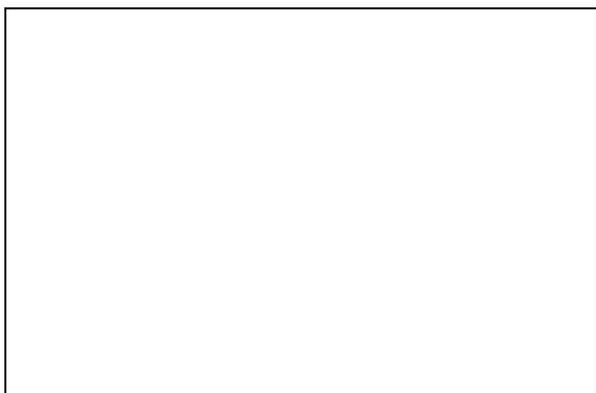
1) What special community resources will highlight for regional officials?



3) What amenities and resources does the region have that should be marketed on your behalf?



2) Given these special resources, what type of businesses are you going to tell them that they can attract?



Workshop B

The Economic Renewal Principles Analysis

WORKSHOP A The Factor Analysis	WORKSHOP B ER Principles and Strategies Analysis	WORKSHOP C Generating Project Ideas	WORKSHOP D Evaluating Project Ideas	FINAL RESULT A Blueprint for Action
<p>Analyze how each factor contributes to business conditions</p> <ol style="list-style-type: none"> 1. Access to capital 2. Business environment 3. Infrastructure 4. Human resources 5. Quality of life <p>Determine what you need to address business conditions</p>	<p>Analyze how each ER principle affects business conditions</p> <ol style="list-style-type: none"> 1. Plug the leaks 2. Support existing business 3. Encourage new enterprises 4. Recruit compatible new businesses <p>Determine what you need to address business conditions</p>	<p>Summarize business conditions</p> <p>Develop community vision and identify core values</p> <p>Generate project ideas</p> <p>Analyze the potential of each project idea</p> <p>Determine who benefits</p>	<p>Consider preferred future and select ER goals</p> <p>Analyze your resources</p> <p>Identify traps, dangers and liabilities</p> <p>Determine project timing</p> <p>Look at people’s politics</p> <p>Determine who benefits</p> <p>Assess the risk and reward</p>	<p>One or more economic renewal project ideas to initiate in your community</p>

WORKSHOP B

THE ECONOMIC RENEWAL PRINCIPLES ANALYSIS

SAMPLE AGENDA

Recap of Workshop A (*5 minutes*). The program coordinator will begin with a review of the first workshop- reviewing the 5 factors.

Homework Assignment Report (*30 minutes*). The program coordinator will facilitate a discussion of the need to know findings from Workshop A and ask participants to comment about what they learned as a result of completing their individual homework assignments (Worksheets A7-A10).

Introduction (*30 - 40 minutes*). The program coordinator will outline this second workshop and discuss the objective. During this time, the program coordinator will also present a recap of the 4 ER principles that were introduced with the readings assigned as homework. Participants should be instructed to analyze the ER principles and strategies from the perspective of the community.

Group Activity (*1 hour*). Break into 4 groups, one for each of the ER strategies. Be sure that each of these strategy-groups includes a member from each of the factors-groups assigned during Workshop A.

WORKSHEET B1-B4: (*45 minutes*) Complete the appropriate ER Strategy Analysis worksheet for your group by following the examples provided. As the groups work, they may think of additional information that they "need to know". Make note of these items at the bottom of the worksheet page.

WORKSHEET B5: (*20 minutes*) Each group will complete the Need to Know worksheet identifying any information that is required to better understand business conditions in the community. (Since this worksheet is an extension of the need to know section from workshop A, a review of those findings is encouraged.) Between now and Workshop C, the groups will collect the needed information from the specified resources. Assignments should be made and followed up on to ensure the work gets done.

Group reports/Discussion (*30 minutes*). Each small group will briefly report its 3 most significant findings to the larger group. The program coordinator will mediate the discussion on the findings of the workshop, basing on the common themes and areas of disagreement.

Summary/Homework Assignment (*5 minutes*). The program coordinator will briefly review the homework assignments (Worksheet B5 -- Need to Know) and (Worksheet B6 -- Innovative Approaches) and summarize the objective of Workshop C.

WORKSHOP B: THE ER PRINCIPLES ANALYSIS

Recap

In the first workshop we discovered our area's problems, needs, assets, and windows of opportunity by evaluating the five factors that contribute to business conditions: access to capital, business environment, infrastructure, human resources and quality of life.

Report on Workshop A Need to Know Assignment

Encourage the groups to report on their need to know questions and the answers they found out. Save questions and comments from the reading for the introduction.

Introduction to Workshop B

The Four Economic Renewal Principles:

This workshop expands on Workshop A and introduces the four economic renewal principles that serve as a basis for improvement in the local area or community. This workshop helps you analyze business conditions in your community using the same framework you used in Workshop A. Now, you will identify business problems, needs, assets, and windows of opportunity for each of the four ER strategies. *The analysis in this workshop is made from the perspective of the community.* This analysis asks you to consider community projects that will be practical and beneficial projects. To help you understand how to do this, an example worksheet is given for each of the principles. Once you have completed the analysis, look at the notes you made at the end of each worksheet: What do you need to know? Who can help you? Where you can get the information? Then assign someone from the group to find out the answers before Workshop C.

Principle One: PLUG THE LEAKS. This principle focuses on slowing or preventing the unnecessary leakage of money from your local area and community. Your community may be spending a lot of money elsewhere for goods and services that are, or could be, produced at home. There may be money leaking from your community because of the inefficient use of some resources. By investigating ways to use your community's own resources more effectively, you can save money and create business opportunities.

Principle Two: SUPPORT EXISTING BUSINESSES. This principle helps to strengthen the local economy by supporting, encouraging, and investing in existing businesses. The largest share of all commercial and industrial growth is generated by existing enterprise. Helping local businesses stay in the community, and perhaps even expand, can generate a high return. In addition, the community's culture is largely defined by the businesses already in place. The local economy is based upon an existing labor force, resource supply, infrastructure, expertise, and other ingredients. Supporting this existing economic base preserves and creates jobs, creates greater prosperity, and preserves your way of life.

Principle Three: ENCOURAGE NEW ENTERPRISES. This principle promotes the start-up of local businesses. Studies have shown that most new jobs in America and Western Europe are created by small, independent companies. However, a new business' first five years of life are risky. Most new businesses fail. This workbook and the *Economic Development Opportunities Handbook* will help you develop project ideas to fully use the community's skills and resources and keep promising new businesses alive.

Principle Four: RECRUIT COMPATIBLE NEW BUSINESSES. This principle emphasizes bringing in new businesses from outside your area. Careful and selective business recruitment can assist your community in finding those firms capable of taking advantage of the needs and opportunities you have identified, opportunities that may have been overlooked by either existing or new local businesses. Recruitment can also help your community expand its export capacity by bringing in a business that sells products and services out of town.

To ensure that no opportunities are missed, the workshop exercises are organized so that small groups will consider project ideas for each of the four economic renewal principles. Each small group will present to the entire group their top three findings.

Group Reports Discussion

The groups will report on their ideas. This discussion time is critical as each principle complements the next. For example, developing projects that fulfill the objectives of Principle #1 (plug the leaks) will help you support existing businesses, which is Principle #2. You may find that you come up with projects that encompass more than one principle. This is fine. On the other hand, you may decide not to do any projects for one of the principles. For instance, you may decide that efforts to recruit new businesses are already being addressed by your regional economic development organization. The key is to seek out those projects that meet your local area's or community's unique needs. Some of the projects may simply be the refinement of ideas that you have talked about for years. Other projects may grow out of particular conditions identified through the Community Economic Renewal program.

Homework to be completed before Workshop C

Between now and Workshop C, each small group will find the answers to their "Need to Know" questions identified in Worksheet B5. Also, each participant is asked to read the "The Business Opportunities Casebook" summarized in Appendix II to Chapter 6, read some of the ideas contained in the *CER Resource Handbook*, and complete Worksheet B6 -- Innovative Approaches.

WORKSHEET B1 – CER Principles Analysis

Demonstration Worksheet

PRINCIPLE #1: PLUG THE LEAKS

Instructions

The following example is intended to help you complete your analysis of business conditions from the perspective of Principle #1: Plug the Leaks. Remember that "plugging the leaks" results in four general business opportunities.

- * It saves money.
- * It helps retain business in your community.
- * It causes each dollar to be spent more times within the community and local area.
- * It's an attractive community characteristic that can help recruit new business.

Review the example. Then start on your own worksheet. (Refer back to the instructions for worksheet A if you need a refresher on the definitions of the categories- problems, assets, needs, windows of opportunity). Ask yourselves the questions listed after the example as you fill in the worksheet. If there are important “need to know” questions that you have, note them in the space provided at the bottom of the worksheet page. Identify questions, gaps and information issues as you discuss the ER Principle—then fill out Worksheet A6 with “need to know items” generated from your analysis of all four ER principles.

Example - Town of Bonesteel

<p>Problems:</p> <ul style="list-style-type: none"> Most residents use the bank in the neighboring town. Downtown retail businesses are failing. Most retailers cite competition, but some of us think the problem is lack of experience. We do not coordinate business efforts regularly. The town is always hiring outside consultants for contracts, particularly any type of construction. 	<p>Assets:</p> <ul style="list-style-type: none"> Banks make loans to locals, though only for large amounts. The chamber of commerce markets the community and its businesses. Strong community leaders from all sectors are involved; there is a high level of participation, particularly by service clubs. There is good utility service.
<p>Needs:</p> <ul style="list-style-type: none"> More locally run businesses that can compete with the large chains. Training workshops to help small businesses manage their operations. Fix roads and maintain them during the winter. 	<p>Windows of Opportunity:</p> <ul style="list-style-type: none"> The bank presidents are active in the ER effort. The local college is currently running a business class on marketing and PR. A developer is interested in a block of downtown property.

Read the questions on the next page before you fill in Worksheet B1.

Questions to ask yourself as you fill in Worksheet B1:

- What did we learn in Workshop A about our local business conditions that can help us determine the usefulness of this principle (i.e., plug the leaks) in our community? Access to capital? Business Environment? Infrastructure? Human Resources? Quality of Life?
- Do you know where people in your community shop, and what they buy? Do they go outside of the community to make major purchases? If so, why?
- What is currently being purchased outside (imported) that might be produced locally?
- What types of retail and service businesses exist in communities of similar size and location that don't exist here?
- Why do people shop outside our municipality?
- How are community resources being utilized? Are local resources combined with "imported" ones to add value?
- What does "unemployment" cause? Is it a problem or a symptom of a leakage and why? Human resources—migration? Human capital—money?
- Are there inefficient enterprises and, if so, how could we assess their problems?
- Is there an opportunity for utilizing the by-products of economic base firms that are now discarded or sold to outsiders?
- How can we retain our workforce? If training is needed do we know what the demand of businesses is?

WORKSHEET B1 -- CER PRINCIPLES ANALYSIS -

PRINCIPLE #1: PLUG THE LEAKS

Community: _____

Group Name: _____

Use this worksheet to record your analysis of conditions that help or hinder the community's efforts to "plug the leak". Refer back to the example if you need help. *You should look at the CER concept from the perspective of the principle you are examining* (e.g., what problems exist in plugging leaks, what assets does our community have available to help plug leaks, etc.)

<p>Problems:</p>	<p>Assets:</p>
<p>Needs:</p>	<p>Windows of Opportunity:</p>

Need to know:

WORKSHEET B2 -- CER PRINCIPLES ANALYSIS

Demonstration Worksheet

PRINCIPLE #2: SUPPORT EXISTING BUSINESSES

Instructions

The following example is intended to help you complete your analysis of business conditions from the perspective of Principle #2: Support Existing Businesses. Remember that a community can support existing businesses by matching services to needs, products to resources, and people's skills to jobs.

Review the example. Then start on your own worksheet. While the example is not complete, it should give you an idea of how your completed worksheet might look. (Refer back to the instructions for worksheet A if you need a refresher on the definitions of the categories- problems, assets, needs, windows of opportunity). And if there are important questions that you have, note them in the space provided at the bottom of the worksheet page.

Example - Town of Nova

<p>Problems:</p> <ul style="list-style-type: none"> • Existing businesses are not expanding. • There is too much red tape if you want to expand. The town's regulations are hard to understand and get through. • City government is not responsive to business needs. • The city's infrastructure, particularly the roads, is in bad shape. • Utility fees continue to rise. • Three businesses have failed in the last year. 	<p>Assets:</p> <ul style="list-style-type: none"> • There are three local banks familiar with the operations of existing businesses. • We have a stable downtown retail business. • Land for industrial or commercial enterprises costs one-half of what it does in the rest of the region. • People move to Nova because it has good schools and a strong sense of community.
<p>Needs:</p> <ul style="list-style-type: none"> • Expanding businesses need money. Most of them have to approach out-of-town banks for capital. • The local bankers need to get more involved in business financing issue. • Training programs should be offered to help existing companies take advantage of technology. • The unemployed need retaining programs. 	<p>Windows of Opportunity:</p> <ul style="list-style-type: none"> • More and more tourists are coming to this Province. There are a few recreational assets that people do not really know about. • The Province has started a loan program to help existing businesses expand. • Growth is occurring to the north and south of us. If we knew what to do, maybe some of that growth could filter into our area.

Questions to ask yourself as you fill in the worksheet:

- Are existing businesses producing at capacity? If not, why not?
- Are we losing businesses? What are the reasons?
- Are we in danger of losing any economic base firms in the near future?

- What is the status (stage) of privatization in the community? Are there firms that are currently not working? What are the reasons for delayed privatization?
- What is the relationship between business and local government? Are the needs of the firms known? Can bureaucratic barriers be reduced? Is there a normative base for encouraging local types of production?
- Why have businesses failed or stopped their activity?
- Do we know the needs of existing firms? What kind of assistance or services are available?
- What kind of business services does the community lack? Is it possible to provide these services?
- Would it be possible to develop some inter-firm networking among firms in the community or region to strengthen their ability to compete in external markets (nationally, internationally) and to buy raw materials at lower costs?

WORKSHEET B2 -- CER PRINCIPLES ANALYSIS

PRINCIPLE #2: SUPPORT EXISTING BUSINESSES

Community: _____

Group Name: _____

Use this worksheet to record your analysis of conditions that help or hinder the community's efforts to support existing businesses. Refer back to the example if you need help. ***You should look at the CER concept from the perspective of the principle you are examining*** (e.g., what problems exist in supporting and strengthening businesses now operating in our community, what assets does our community have available to help support these businesses, etc.)

Problems:	Assets:
Needs:	Windows of Opportunity:

Need to know:

WORKSHEET B3 -- CER PRINCIPLES ANALYSIS

Demonstration Worksheet

ER PRINCIPLE #3: ENCOURAGE NEW ENTERPRISES

Instructions:

The following example is intended to help you complete your analysis of business conditions from the perspective of Principle #3: Encourage New Enterprises. Remember that a community can "encourage new enterprises" by making the best use of the existing resources, such as labor force and infrastructure. Creating an entrepreneurial environment means taking advantage of resources, networks, and attitudes that encourage people to turn good ideas into successful firms.

Review the example. Then start on your own worksheet. (Refer back to the instructions for worksheet A1 if you need a refresher on the definitions of the categories- problems, assets, needs, windows of opportunity). If there are important questions that you have, note them in the space provided at the bottom of the worksheet page.

Example - Lakeview City

<p>Problems:</p> <ul style="list-style-type: none"> • Some people have tried to start a new business, but have failed because of a weak market. • There is too much red tape. It is hard to understand and comply with the city's regulations. • City government is not responsive to the needs of business. 	<p>Assets:</p> <ul style="list-style-type: none"> • In the last five years, ten businesses have been started in the community. • We have a number of aggressive entrepreneurial young people. • The community is an attractive place to live. That in itself is a positive thing.
<p>Needs:</p> <ul style="list-style-type: none"> • There is little or no money available for new ideas. Out-of-town banks are even less likely to fund new businesses from this community. We need financing programs. • We need programs or assistance to help new businesses or retraining programs. • We need training and retraining programs to create the needed labor skills for new business start-ups. • Businesses just getting started need help. 	<p>Windows of Opportunity:</p> <ul style="list-style-type: none"> • The university is interested in teaching more about economic development. Administrators feel they can play a bigger role in training a more diverse labor force. • The state just started a loan program to help start-up businesses.

Questions to ask yourself as you fill in the worksheet:

- Are community members interested in starting their own businesses?
- How many new firms have been established during the last two years?
- What barriers prevent residents from starting businesses?
- What resources exist to help business start-ups? How adequate are they?
- Do we have any entrepreneurship training programs to teach adults or young people how to start new businesses?
- Do we know local entrepreneurs? Why don't we know them?
- Do we have empty buildings or unused facilities that could be made available to new entrepreneurs at reasonable rates? What needs to be done to make this happen?
- Do we have any courses in our schools that encourage or train young people to become entrepreneurs?
- Has anyone considered using group entrepreneurship and other innovative approaches such as community cooperatives as a means of facilitating job and enterprise creation?

WORKSHEET B3 -- CER PRINCIPLES ANALYSIS

PRINCIPLE #3: ENCOURAGE NEW ENTERPRISES

Community: _____

Group Name: _____

Use this worksheet to record your analysis of conditions that help or hinder the community's efforts to encourage new enterprises. Refer back to the example if you need help. ***You should look at the CER concept from the perspective of the principle you are examining*** (e.g., what problems exist in encouraging new businesses, what assets does our community have available to help entrepreneurs start businesses, etc.)

<p>Problems:</p>	<p>Assets:</p>
<p>Needs:</p>	<p>Windows of Opportunity:</p>

Need to know:

WORKSHEET B4 -- CER PRINCIPLES ANALYSIS

Demonstration Worksheet

PRINCIPLE #4: RECRUIT COMPATIBLE NEW BUSINESSES

Instructions

The following example is intended to help you complete your analysis of business conditions from the perspective of Principle #4: Recruit Compatible New Businesses. Remember that the Community Economic Renewal program's approach to recruitment emphasizes local resources. To successfully "recruit compatible new businesses", efforts should be directed toward using resources within the community's control.

Review the example. Then start on your own worksheet. (Refer back to the instructions for worksheet A1 if you need a refresher on the definitions of the categories- problems, assets, needs, windows of opportunity). Ask yourself the questions following the example while you are completing the worksheet. And if there are important questions that you have, note them in the space provided at the bottom of the worksheet page.

Example - Town of Rockville

<p>Problems:</p> <ul style="list-style-type: none"> • We do not understand our assets- we try to entice new business by concentrating on what we can give away. • There are too many organizations trying to recruit new business. No one is coordinating the effort, and there are many duplicated efforts. • Local government has the reputation of being unresponsive to business needs. • The city's infrastructure, particularly the water system and roads, is in bad shape. 	<p>Assets:</p> <ul style="list-style-type: none"> • In the last five years, two businesses have relocated to the community. • The community is an attractive place to live. • Housing costs are low and the school system is good. • We have good access to transportation - both national highways and rail lines.
<p>Needs:</p> <ul style="list-style-type: none"> • There is little or no money available for a relocating business. We need to develop an incentive package. • We need to annex more land to accommodate potential growth. • We need training and retraining programs to create a skilled labor force for new businesses. • We need better municipal services. 	<p>Windows of Opportunity:</p> <ul style="list-style-type: none"> • A major regional airport is being planned within the area. • The state is providing a grant to help us plan for growth that might result from the new airport. • There might be other businesses that could be encouraged to locate next to the new businesses that just came to our city.

Questions to ask yourself as you fill in the worksheet:

- What comparative advantages do we have that would lead a business to locate here?
- What disadvantages do we have that might prevent a business from locating here?
- What opportunities exist for strategic partnerships?
- What resources (agencies, programs) are there (both inside and outside the community) that can help us attract new businesses?
- What types of businesses from outside the community (economic base firms, secondary firms) could fit our particular situation?
- Do we know what our assets are? What can we offer, in what quantity and quality? Raw materials? Semi-finished goods? Buildings or facilities? Natural resources? Trained work force? High quality of life?
- Do we have an attractive brochure or packet of materials to help “sell” our community to outside investors?

WORKSHEET B4 – CER PRINCIPLES ANALYSIS

PRINCIPLE #4: RECRUIT COMPATIBLE NEW
BUSINESSES

Community: _____

Group Name: _____

Use this worksheet to record your analysis of conditions that help or hinder the community's efforts to "recruit compatible new businesses". Refer back to the example if you need help. ***You should look at the CER concept from the perspective of the principle you are examining*** (e.g., what problems exist in attracting new businesses, what assets does our community have available to help attract new businesses, etc.)

Problems:	Assets:
Needs:	Windows of Opportunity:

Need to know:

Small Group Homework

Workshop B -- CER PRINCIPLES ANALYSIS Worksheet B5 – “NEED TO KNOW”

Community: _____

Group Name: _____

Use this worksheet to determine the homework you need to do between this workshop and Workshop C. Like you did in Workshop A, identify the things you need to know to better understand the business conditions in your community. Then *identify the specific resources needed and specify who will take responsibility for conducting the research* before Workshop C – Generating Project Ideas – is held.

Remember, this information should assist you in making a decision. Be careful to avoid the traps of finding unnecessary information or of making decisions without adequate information.

1. Need to Know List. List what other facts or information you “need to know” to truly understand the business conditions in your community, e.g., statistics regarding employment; an analysis of why past efforts succeeded or failed; or information you need from knowledgeable people who did not participate in the workshop.

2. Community Resources: What resources or people can be identified that might assist in answering your “Need to Know” list. Indicate potential resources below.

3. Assignment: Next to each resource, assign 1-3 people from your group to follow up with this resource. This information will be reported back at the next workshop.

Need to Know:

Community Resources

Assigned To:

--	--	--

Individual Homework

Worksheet B6: “INNOVATIVE APPROACHES”

Homework Assignment: Before Workshop C each workshop participant should read the “Examples of Principles and Techniques Used to Achieve CER” in Appendix II to Chapter 6, and read *Part II: CER Resource Handbook*. Appendix II provides examples of successful techniques and programs that can be used by communities to improve their local economies. It contains a menu of opportunities—a number of examples drawn from American experience where communities have used local skills and resources more effectively to support and expand existing businesses and encourage the development of new businesses. The *CER Resource Handbook* provides examples of different kinds of projects that local areas and communities in many countries, including Central Europe, have developed to solve particular business conditions or needs, facilitate economic restructuring, or facilitate employment creation and enterprise development. The casebook and handbook will present options that may not have been considered in your local area, ideas you may want to adapt to your community's unique conditions. Use these ideas to complement your own, enabling you to achieve increased economic prosperity.

After you have read Appendix II and the *CER Resource Handbook*, use the space below to record ideas or thoughts that might benefit your local area.

- 1) Having read Appendix II in Chapter 6 and reviewed the *CER Resource Handbook*, list any additions to your business conditions worksheet?

- 2) List a few examples of business solutions found in Appendix II and *CER Resource Handbook* that might be appropriate to use in your community.

Workshop C

Generating Project Ideas

WORKSHOP A The Factors Analysis	WORKSHOP B CER Principles Analysis	WORKSHOP C Generating Project Ideas	WORKSHOP D Evaluating Project Ideas	CONCLUSION A Blueprint for Action
<p>Analyze how each factor contributes to business conditions</p> <ol style="list-style-type: none"> 1. Access to capital 2. Business environment 3. Infrastructure 4. Human resources 5. Quality of life <p>Determine what you need to address business conditions</p>	<p>Analyze how each ER principle affects business conditions</p> <ol style="list-style-type: none"> 1. Plug the leaks 2. Support existing business 3. Encourage new enterprises 4. Recruit compatible new businesses <p>Determine what you need to address business conditions</p>	<p>Summarize business conditions</p> <p>Develop community vision and identify core values</p> <p>Develop project ideas</p> <p>Analyze the potential of each project idea</p> <p>Determine who benefits</p>	<p>Consider the vision and develop ER goals</p> <p>Analyze your resources</p> <p>Identify traps, dangers and liabilities</p> <p>Determine project timing</p> <p>Look at people's politics</p> <p>Determine who benefits</p> <p>Assess the risk and reward</p>	<p>One or more economic renewal projects to initiate in your community</p>

GENERATING PROJECT IDEAS SAMPLE AGENDA

The “Community ER Goals” list and “Generating Project Ideas” worksheets can be completed in a three to four hour workshop, depending on the number of participants. Everyone in the community should be invited to attend. At the beginning of the workshop, the CER program coordinator will summarize the purpose of the workshop. The coordinator also will help you understand how this workshop builds on the previous workshop. If you missed the last workshop, this review will make you a full participant in this workshop.

Recap of Workshop B. The program coordinator will begin with a review of the last workshop.

Homework Assignments Report (3 - 5 minutes per group). Between the last workshop and this workshop, each group was asked to identify community resources that might help in the development of your town's economic renewal strategy. A representative from each group will take five minutes to summarize what their group needed to know and what they found. Participants should also be asked to comment on any additions they made to their Business Conditions Worksheet and innovative approaches they found in Appendix II and BOH that they thought might be used in their community.

Introduction (15 minutes). The program coordinator will discuss the workshop's desired outcome and review the agenda.

Small Group Activity (45 minutes). Break into small groups of about 8 to 10 people in each group. Each group will develop a statement of the community's vision—the preferred future and identify the core values. Each group will complete a worksheet outlining their vision of the community's future.

Group Reports/Discussion (3-5 minutes per group) Representatives of each group will have a couple of minutes to summarize their community vision and statement of core values. Combine the lists of vision statements and develop a list of the community's most preferred goals.

Small Group Activity (45 minutes). Break into small groups representing the four ER principles. Sit with the same group you worked with in the previous workshop. A group of no more than ten people is best. Each group will complete the two worksheets for this Workshop.

Group Reports/Discussion (3 - 5 minutes per group). Representatives for each project idea will have a couple of minutes to summarize their project ideas. The projects reported should state the name of the project idea and what it can do to help the community's economy.

Group Exercise (10 minutes). In this exercise, you will work as an individual. You will be given three stick-on dots which will be used to rank the proposed projects. Before you leave this workshop, select the project or projects you think are most important for the community to undertake. You may place your dots on one, two, or three different projects. The choice is yours. The results of this priority - setting exercise will be announced at the next workshop. The projects selected by those in attendance at this workshop will be considered at the next workshop - Evaluating Project Ideas. At the end of this workshop, you will find the "Project Ranking Summary Sheet". You can record your selection as well as the outcome of the group ranking exercise on this sheet.

Homework (5 minutes). The workshop coordinator will briefly review the homework assignment (completion of Worksheet C5—Preliminary Project Assessment Worksheet), and summarize the objective of Workshop D.

WORKSHOP C

GENERATING PROJECT IDEAS

Recap

In Workshops A and B, you diagnosed your community’s business conditions. Workshop C allows you to explore a range of options to address the conditions you found. In the previous workshops, you analyzed the 5 Factors and 4 CER Principles as they relate to your community. Additionally, your homework assignment following Workshop B was to read the Business Opportunities Casebook in Appendix II of Chapter 6 and The CER Resource Handbook to help you further explore your community’s business conditions and options. You have also had time to reflect upon your experiences. Workshop C will build on your diagnosis of your community.

Report on Homework Assignment

Encourage the groups to report on their need to know questions along with the resulting answers from their research.

Introduction

Importance of Developing A Community Vision— The Preferred Future.

You need to develop a well thought out vision of your community’s preferred future and a list of its core values and most important goals in order to develop project ideas and select projects that will help your community and achieve them.

Developing Community vision

How to develop a community vision and identify core values.

“You must imagine the place you want to reach, so that you can recognize it when you get there.”

“Those who anticipate the future are empowered to create it.” * (J.F. Kennedy)

“If you want to move people, you need a vision that is positive to them, approaches important values and takes them to what they desire. It must be packaged in a captivating form so that they feel inspired to follow it.” (Martin Luther King)

“Those who say it is not possible should not hinder those who prove it is.”

“Obstacles are those terrible things that you see when you look away from your dream.
(Henry Ford)

What are the characteristics of a community vision? How does one go about writing one? There are many ways to approach these questions. To some, formulating a community vision is a little like trying to describe a great picture. “I can’t describe it, but I will know it when I see it.” For others, a community vision statement describes an ideal community in which they would like to live.

The objective is to put into writing what you want your community or county to look like ten years in the future. You are making a word picture that reflects what you want to keep from the past and present, what you want to change in the future, and tells who you are as a community or region. It should be brief enough that it could be used in a tourism brochure, on a brochure to attract new businesses, or on a postcard.

An inspiring vision

Characteristics of an inspiring vision:

- It is a challenge for the entire community
- It is a very strong motivator (Think of what the vision of Nirvana did for Buddhism, or the vision of Heaven for Christianity)
- It focuses on a better future
- It encourages hopes and dreams
- It reflects community values
- It describes positive results and can be turned into goals and strategies
- It emphasizes the power of a united group of people
- It uses descriptive word pictures, images and metaphors in simple clear language
- It sends forth enthusiasm and commitment

Examples of visions

Examples of community visions:

“We, the Nisga community, have a vision of us inhabiting our lands nurtured and sustained by the richness of the Niss Valley. In exchange, we will exercise our rights and responsibilities and take care of the land and protect it.

We have a vision of our children’s children describing our lands in the Nisga’a language and celebrating our relation with the earth through our cultural traditions and art. We have a vision of children’s children confidently using the most modern technology to administer the land and communicate and make exchanges with the entire society.”

“Our town’s economic development vision is to promote large and various opportunities of employment that will ensure a healthy taxation base and an excellent quality of life for all residents.” (Short version)

“Our economic development vision focuses on developing a strong business environment in our town that will support and emphasize our quality of life. We do not want to change the nature of our community, but to increase its economic viability so that we can continue to enjoy our family-based lifestyle.

We anticipate a business growth that will not affect the environment and will be compatible with the residential nature of our community. Our vision includes businesses that will contribute to our community by generating taxes to support excellent schools, enviable parks, the arts and our commitment to improve the public infrastructure.

We dream of building a more complex town that includes a revitalized business community, as well as a beautiful residential area. The town we dream of has better control over its destiny and is actively involved in creating a strong economy that will support community development over the decades.

Our basic strategy is very simple: to build a partnership between business leaders and political/civic leaders. Each partner brings important values to this new team. Business leaders bring a strong understanding of market economy dynamics, entrepreneurial energy and a long-term strategic approach. From the public sector, this partnership will take its resources, infrastructure and internal technical knowledge about how our town functions.

This partnership will focus on doing business that can create new jobs in our town, investing more money in our community, and generating new income from local taxes. Initiatives will concentrate on sustaining existing businesses and industries, facilitating business expansion and relocation, and supporting the community in all its aspects.” (Long version)

Identifying core values

The importance of identifying a community's core values

Your core values express your community's priorities. They define what you think is and will be best for your community. They describe the values that your community members share-- having a vibrant economy, enjoying clean water and air, maintaining the natural beauty of the environment, becoming the leading commercial center for the region, etc. They are the foundation stones that underpin your vision statement. The core values provide the elements that make up your vision statement. Your community leaders need to abide by your core values as they shape their plans and decisions. For example, if a community's core values are to maintain natural beauty, clean air and water and a vibrant economy, government and community leaders should consider only the industries that meet these core values. A community that decides to be a commercial area in twenty years will be very different from one that decides to be a bedroom community. Both types of communities are good and necessary, but it is important that the citizens know that their community leaders will abide by their core values when making decisions and plans.

Generating Project Ideas

The Importance of Generating Many Project Ideas.

Understandably, many communities experiencing economic problems are in a hurry to do almost anything to improve local economic conditions. They may desperately latch onto any ideas they have heard about or seen in a nearby town or in the regional newspaper. Jumping from problems to possible solutions without completely diagnosing your community's problems and fully exploring a range of potential solutions usually results in wasted time, money, and disappointment. You can avoid this pitfall by using the worksheets in this workbook. By taking three basic steps --Analyzing Business Conditions, Generating Project Ideas, and Evaluating Potential Projects -- you will understand the issues your community faces so you can develop successful project ideas.

This workshop will demonstrate that there are a wide variety of projects that may help renew your local economy. By exploring the broadest array of options, you will find better solutions, and thereby generate project ideas that have a better chance of success. Try to develop at least three project ideas for each of the four Economic Renewal Principles discussed previously.

How to Generate Project Ideas.

There are a number of methods for generating project ideas. These include brainstorming, surveys, and interviewing residents who represent community interests. Brainstorming works well for economic renewal because it allows a large number of people to interact.

When brainstorming, each participant generates as many options as possible. There are no wrong ideas. Participants should be open to new ideas, rather than simply trying to sell their own ideas to the rest of the group. If someone takes a strong position on a certain project idea, the discussion will turn into an argument instead of exploring the range of options.

To help you in your efforts, several "brainstorming" guidelines are included. Groups that follow these guidelines generate many more creative ideas.

Brain storming

Guidelines for Brainstorming

1. **Appoint someone to serve as facilitator.** It is that person's job to make sure that everyone gets a chance to share his/her ideas. It often helps if the facilitator summarizes the previous participant's idea before the next person speaks.
2. **Reinforce and encourage all ideas** by saying what you like about an idea.

Procedures and Worksheets

3. **There are no wrong ideas.** If you must comment, limit your comments to how an idea might be improved upon.
4. **Feel free to add to ideas or to combine ideas.**
5. **Listen to the full explanation of an idea.** Do not interrupt others until they are finished by explaining their idea.
6. **Nobody has all the answers.** Group success depends upon every group member sharing ideas, opinions, and observations.
7. **Pay attention to silence.** A silent individual or group may indicate that there is more to learn.
8. **Be open to new ideas.** Avoid promoting your own ideas and issues.

Procedures for Workshop C

During this workshop you will use a worksheet to develop a list of community goals and then complete three additional worksheets dealing with project ideas. Like the last workshop, this one is organized around the four ER principles. The four worksheets you will be asked to complete are:

WORKSHEET C1: COMMUNITY VISION AND CORE VALUES

This worksheet should be used to identify or develop a community vision—the preferred future—that the workshop participants would like their community to achieve.

WORKSHEET C2: PROJECT IDEAS

This worksheet is the tool with which you will develop a list of potential project ideas.

WORKSHEET C3: POTENTIAL PROJECT ANALYSIS

For each project idea you have come up with, you will indicate:

- Which principle the project idea addresses;
- How the project idea helps to improve conditions in your community; and
- What other information you might "need to know" to proceed with the project.

It is important to develop project ideas that respond to the Factor and ER principle analyses. This will ensure that the project ideas will actually improve business conditions in your community.

The **Business Conditions Summary Sheet** on the next page is an optional exercise you may wish to complete prior to undertaking your "Generating Project Ideas" worksheets. It will help you summarize the important things you learned from the analysis.

WORKSHEET C4: PROJECT RANKING SUMMARY SHEET

The last part of this workshop involves identifying priority projects. Through a ranking technique that involves placing "dots" next to priority projects, those involved in the ER Program can determine which project ideas have the most community support. Projects that do not rank high will not be forgotten; ER participants will keep a record of them for future implementation. Or, if a group of citizens feels strongly that a lower priority project should be implemented, they may choose to proceed with the idea on their own. You should select at least three, but no more than ten, of the highest ranking project ideas.

By the end of this workshop, you will know which potential project ideas are worth pursuing now, and which should be considered later. The final worksheets will help you evaluate each project idea and select those projects which have the greatest potential.

WORKSHEET C5: PRELIMINARY PROJECT ASSESSMENT WORKSHEET (INDIVIDUAL HOMEWORK)

Each participant should make a list of all project ideas that have been generated during Workshop C. This list should be put in Worksheet C5. During the time between Workshop C and Workshop D, each

Homework

participant should evaluate each project idea using the six categories and the rating scale on the worksheet. Then sum the ratings for each project idea. This assessment should be completed before attending Workshop D, and the completed worksheet brought to that workshop.

Workshop C – Generating Project Ideas

Business Conditions Summary Sheet (Optional)

Review the Factor Analysis and ER Principles Analysis worksheets to complete this optional exercise.

Decide which of the five factors that affect business conditions require the most attention. Next, indicate what community problem requires the most attention, or alternatively, what asset is best to capitalize on. Finally, analyze whether there is a particular “window of opportunity” that you feel the community should take advantage of now.

Summary Sheet

	Most Important Factor(s) to Address	Most important Problem to address or asset to build on	Best window of opportunity to capitalize on
Principle 1: Plug the Leaks			
Principle 2: Support Existing Business			
Principle 3: Encourage New Business			
Principle 4: Recruit Compatible New Businesses			

WORKSHOP C
GENERATING PROJECT IDEAS
WORKSHEET C1 – DEVELOPING A COMMUNITY VISION

Group: _____

DEVELOPING A COMMUNITY VISION -- THE PREFERRED FUTURE

“If we do not change the direction of this ship, it will end up where it is heading.” (Author unknown)

Develop a vision of your community’s preferred future, a vision your community in a paragraph or two, to tell others what you would like your community, province or region to look like in 10 years. This could be envisioned as a picture in words (some communities have drawn or painted their vision as well) that reflects what you want to keep from the past and present, what changes you want to make from the present. It tells who you are and what you want to become as a community, and can be used inside tourist materials, in a brochure used to attract new businesses, and to guide you in writing your strategic plan and developing your CER project proposal. (Review the material on writing a community vision and core values at the beginning of the section if you have forgotten what they should include.

Our Community Vision:

Our Core Values:

Demonstration WORKSHEET C3 POTENTIAL PROJECTS ANALYSIS

One to three people should work on each project idea. Volunteer for the idea you prefer. Then complete the Potential Projects Analysis Worksheet for your project idea(s). You may find it helpful to review the example provided below. This example illustrates how to complete your Potential projects Analysis Worksheet. In this example, only one project has been included for each principle. Your group should try to generate at least three project ideas to address the ER principle that you group has chosen.

Project Idea	ER Principle it Addresses (Circle one or more)	How Project Helps to Improve Business Conditions	What Do You "Need to Know" to Initiate the Project
Business Visitation Program	<p>PRINCIPLE 1: Plug the Leaks</p> <p>PRINCIPLE 2 : Support Existing Businesses</p> <p>PRINCIPLE 3: Encourage New Enterprises</p> <p>PRINCIPLE 4: Recruit Compatible New Businesses</p>	<ul style="list-style-type: none"> • Would assist failing businesses; might help prevent local businesses from leaving town • Will strengthen networks between businesses • Will help identify other business assistance projects 	<ul style="list-style-type: none"> • What organization is interested in taking the lead? • What is the difference between a "Chamber of Commerce" run program and a college run program? • How much does it cost annually to run?
Downtown Revitalization	<p>PRINCIPLE 1: Plug the Leaks</p> <p>PRINCIPLE 2 : Support Existing Businesses</p> <p>PRINCIPLE 3: Encourage New Enterprises</p> <p>PRINCIPLE 4: Recruit Compatible New Businesses</p>	<ul style="list-style-type: none"> • Will help improve roads in one important part of town • May provide an incentive for existing businesses to expand • Will increase community pride and improve our image • Will provide a nice place to shop 	<ul style="list-style-type: none"> • What existing resources are available in the town or at the state level? • Need to talk to other towns that have undertaken this type of project • How much will it cost?
Improve Business Climate Through Government Relations	<p>PRINCIPLE 1: Plug the Leaks</p> <p>PRINCIPLE 2 : Support Existing Businesses</p> <p>PRINCIPLE 3: Encourage New Enterprises</p> <p>PRINCIPLE 4: Recruit Compatible New Businesses</p>	<ul style="list-style-type: none"> • If local government has a "helping new business program" the existing perception that there is too much red tape will be reduced • Government can provide business loans through state programs • Sends messages that the city is here to help business 	<ul style="list-style-type: none"> • Need to develop more specific projects. The casebook has some examples, but we need more • Cost should be low; what about administrative costs? • Is it possible to change attitudes; how long does it take?
Undertake Targeting Study	<p>PRINCIPLE 1: Plug the Leaks</p> <p>PRINCIPLE 2 : Support Existing Businesses</p> <p>PRINCIPLE 3: Encourage New Enterprises</p> <p>PRINCIPLE 4: Recruit Compatible New Businesses</p>	<ul style="list-style-type: none"> • We can market our community character • Infrastructure can be used as drawing card • Will help us organize our effort and understand our strengths and weaknesses 	<ul style="list-style-type: none"> • Is there state assistance? • Do we need to hire a consultant? • We should review successful examples

WORKSHEET C3

POTENTIAL PROJECTS ANALYSIS

For Each Project Idea Indicate:

- Which principle the project idea addresses
- how the project improves local business conditions
- what other information you need to proceed with the project idea.

If you get stuck, refer to the example on the preceding page.

Project Idea	ER Principle it Addresses (Circle one or more)	How Project Helps to Improve Business Conditions	What Do You "Need to Know" to Initiate the Project
	PRINCIPLE 1: Plug the Leaks PRINCIPLE 2 : Support Existing Businesses PRINCIPLE 3: Encourage New Enterprises PRINCIPLE 4: Recruit Compatible New Businesses		
	PRINCIPLE 1: Plug the Leaks PRINCIPLE 2 : Support Existing Businesses PRINCIPLE 3: Encourage New Enterprises PRINCIPLE 4: Recruit Compatible New Businesses		
	PRINCIPLE 1: Plug the Leaks PRINCIPLE 2: Support Existing Businesses PRINCIPLE 3: Encourage New Enterprises PRINCIPLE 4: Recruit Compatible new Businesses		
	PRINCIPLE 1: Plug the Leaks PRINCIPLE 2 : Support Existing Businesses PRINCIPLE 3: Encourage New Enterprises PRINCIPLE 4: Recruit Compatible New Businesses		

WORKSHEET C3

POTENTIAL PROJECTS ANALYSIS - (continued)

Project Idea	ER Principle it Addresses (Circle one or more)	How Project Helps to Improve Business Conditions	What Do You "Need to Know" to Initiate the Project
	PRINCIPLE 1: Plug the Leaks PRINCIPLE 2 : Support Existing Businesses PRINCIPLE 3: Encourage New Enterprises PRINCIPLE 4: Recruit Compatible New Businesses		
	PRINCIPLE 1: Plug the Leaks PRINCIPLE 2 : Support Existing Businesses PRINCIPLE 3: Encourage New Enterprises PRINCIPLE 4: Recruit Compatible New Businesses		
	PRINCIPLE 1: Plug the Leaks PRINCIPLE 2 : Support Existing Businesses PRINCIPLE 3: Encourage New Enterprises PRINCIPLE 4: Recruit Compatible New Businesses		
	PRINCIPLE 1: Plug the Leaks PRINCIPLE 2 : Support Existing Businesses PRINCIPLE 3: Encourage New Enterprises PRINCIPLE 4: Recruit Compatible New Businesses		
	PRINCIPLE 1: Plug the Leaks PRINCIPLE 2 : Support Existing Businesses PRINCIPLE 3: Encourage New Enterprises PRINCIPLE 4: Recruit Compatible New Businesses		

PROJECT RANKING SUMMARY SHEET WORKSHEET C4

Use the space below to record your three priority projects:

1. _____
2. _____
3. _____

Use the space below to record the outcome of the group ranking exercise.

Homework for the Next Workshop

Worksheet C5 -- Preliminary Project Assessment Worksheet

Project Ideas	Importance in improving business conditions 3 very important 2 some concern 1 little concern	Resources needed 3 modest 2 considerable 1 very large amount	Approval Authority 3 local level 2 regional 1 national	Complexity 3 not complex 2 some complexity 1 very complex	Time to Implement 3 1 month or less 2 3 to 6 months 1 over 6 months	Results 3 measurable 2 some indicators 1 intangible	Negative environmental impact 3 Little or none 2 Moderate 1 Considerable

Workshop D

Evaluating Project Ideas

WORKSHOP A The Factors Analysis	WORKSHOP B CER Principles Analysis	WORKSHOP C Generating Project Ideas	WORKSHOP D Evaluating Project Ideas	FINAL RESULTS A Blueprint for Action
<p>Analyze how each factor contributes to business conditions</p> <ol style="list-style-type: none"> 1. Access to capital 2. Business environment 3. Infrastructure 4. Human resources 5. Quality of life <p>Determine what you need to address business conditions</p>	<p>Analyze how each ER principle affects business conditions</p> <ol style="list-style-type: none"> 1. Plug the leaks 2. Support existing business 3. Encourage new enterprises 4. Recruit compatible new businesses <p>Determine what you need to address business conditions</p>	<p>Summarize business conditions</p> <p>Develop community vision and identify core values</p> <p>Develop project ideas</p> <p>Analyze the potential of each project idea</p> <p>Determine who benefits</p>	<p>Consider the community’s vision and develop ER goals</p> <p>Analyze your resources</p> <p>Identify pitfalls and liabilities</p> <p>Determine project timing</p> <p>Look at people’s politics</p> <p>Determine who benefits</p> <p>Assess the risk and reward</p>	<p>One or more ER projects to initiate in your community</p>

WORKSHOP D

EVALUATING PROJECT IDEAS

SAMPLE AGENDA

The "Evaluating Project Ideas" worksheets can be completed in a three to four hour workshop. This sample agenda will help you develop an appropriate CER agenda and strategic plan for your local area or community. At the beginning of the workshop the program coordinator will review the agenda, explain the process of evaluating project ideas, and review the results of past workshops. To help you develop a schedule, approximate times for each agenda item have been noted in parentheses.

Recap of Workshop C. The program coordinator will begin with a review of Workshop C.

Homework Assignment Report (3 - 5 minutes per group). The program coordinator will also tabulate the homework assignments completed by participants (Worksheet C5 – Preliminary Project Assessment) to determine which projects scored the highest in the preliminary project assessment, and review those projects that are compatible with the community's preferred future and explain how they address existing business conditions. You will be asked to review and ratify this list of projects.

Introduction (10 minutes). The program coordinator will review the agenda and will explain why evaluating project ideas is important.

Group Exercise (2 hours). Break into small groups by project. Choose a project that you would like to see implemented. A group of no more than ten people is best. Your group should complete the attached Evaluation Worksheet. Appoint a recorder and presenter before you get started. They need not be the same person. Before you start, review the "Evaluation Guidelines" These guidelines will be particularly useful as you complete each worksheet task. The program coordinator will highlight important considerations for your community.

Group Reports (5 minutes per group). A representative from each group should briefly report on their evaluation.

Summary of Project Evaluations (20 minutes). The program coordinator will summarize the group findings. Based on the evaluations, the group will decide which projects are worth pursuing.

Workshop D

Evaluating Project Ideas

Introduction

The Importance of Evaluating Project Ideas

The purpose of this exercise is to evaluate your community's project ideas. Your first task is to choose which projects you will evaluate. This consideration should include two items:

- Is the project a community project, supported by more than one sector of the community?
- Are your group's efforts required for the success of this project?

Your group would then complete a five page evaluation worksheet (which identifies seven tasks to complete for each proposed project: community goals, resource analysis, pitfalls and liabilities, timing, people and politics, who benefits, and final considerations for each project idea selected or assigned to you for evaluation.

Since this evaluation is occurring prior to implementing your project, the successful completion of this worksheet will require you to make some educated guesses. Other people in the room may be able to provide needed information. If you get stuck on a question, move on to the next. It is important that the community select only those projects that it can begin to take meaningful action on. If too many projects are chosen, community resources will be spread too thin. On the other hand, if too few projects are chosen, those who spent many hours on the Economic Renewal process may feel that they wasted their time. Some of the questions you should ask are:

- Does each project idea help you to realize your community's preferred future?
- Do you have the necessary resources to implement each project?
- How much volunteer or professional time will be required?
- How long is each project likely to last?
- Who needs to be involved?
- Is there broad and sustainable community support?
- How do project risks compare with likely rewards?
- Who is likely to benefit from each project - the community as a whole or particular interests?

Evaluating potential projects before you decide to proceed is important. It allows you to:

- Determine when each project should proceed,
- understand how much effort will be required,
- identify stumbling blocks that may prevent implementation of some projects,
- determine if project ideas are compatible with community goals and values,
- assess citizen commitment to each project idea, and,
- gauge how many projects the community can comfortably undertake over the next few years.

This evaluation is an essential step in the Economic Renewal process. However, it is a *preliminary* evaluation, requiring no additional data or further study. This evaluation does not systematically compare project costs with likely benefits. It does not analyze possible side effects or consider opportunities that might be lost by undertaking one project instead of another.

Further evaluation should be undertaken if a project:

- requires large amounts of money,
- is likely to have significant side effects,
- eliminates another important project, or sets an important precedent.

Introduction - continued

WORKSHOP D EVALUATING PROJECT IDEAS

You may wish to conduct a more detailed evaluation of all project ideas before you proceed with any project. You should consider this option if your community has a history of undertaking projects that:

- have resulted in the spending of limited community resources with no improvement to the community's overall economic health,
- seem to benefit only a small number of people in the community, or are little more than hobbies for a few well-meaning citizens.

By the end of this workshop, you will have determined which projects are worth pursuing. Each will have the following characteristics:

- The project will be compatible with the community's goals - its vision of a "preferred future".
- The project will provide rewards that are worth the risks.
- The benefits of the project will be clearly understood.

Evaluation Guidelines:

Guidelines for Evaluating Projects

Since this is a preliminary evaluation, some important information will not be known. If you are not sure how to answer certain worksheet questions, make an educated guess rather than leaving a question unanswered, then go on to the next question. The following evaluation guidelines will help you complete the worksheets for this workshop. There are guidelines for each of the six tasks found in the Project Evaluation Worksheets.

Guidelines for Task #1:

Task #1: The Preferred Future and Community ER Goals

Shape your project to be compatible with your community's vision, core values and goals.

The goals derived from this vision and core values may include concerns about the effects of economic development efforts on the people of the community and its environment.

- Have community goals been taken into account in the development of your project?
- Has your community identified its goals, values, vision, or preferred future in public meetings?
- If not, is there an opportunity to do so?

Projects that are compatible with community visions, values and goals are most likely to succeed because more people in the community will support them.

- Is your project consistent with your community's goals?
- Can your project be changed so that it is consistent with community goals?
- You have considered the ways in which your project will benefit your community. Have you considered possible costs?

An example of community goals derived from a community vision and core values (from Logan 2020 Strategic Plan) include:

- Growth Management: Effectively manage future growth of the city and encourage cooperation among all citizens.
- Transportation: Effectively reduce traffic congestion and increase roadway safety and capacity.
- Valley wide cooperation: Promote cooperation between cities in the valley and all key entities.
- Business Attraction: Attract businesses that will produce high paying jobs, will not negatively impact the environment and will encourage development of downtown and business and industrial parks.
- Open Space: Maintain the open space currently identified in the land use plans and increase development of public parks, river and water ways.
- Affordable Housing: Encourage the development of affordable and attractive housing developments for first time buyers, seniors and other citizen groups.

**Introduction
- continued**

**Evaluation
Guidelines**

*Guidelines for
Task #2*

*Guidelines for
Task #3:*

*Guidelines for
Task #4*

**WORKSHOP D
EVALUATING PROJECT IDEAS**

Task #2: Resource Analysis

Shape your project to respond to the community's current problems, needs, assets, and windows of opportunity.

- Does the project take full advantage of community resources?
- If conditions change in the community, will the project still be useful?
- Can the project be adapted to respond to different conditions?
- If existing opportunities vanish, is the project still feasible?

You will need adequate funding and the technical capability to administer the project.

- Are there sufficient community resources to undertake the project?
- Is sufficient funding available or will you need other financial resources?
- Is there a paid staff person who is available to take on the project? The potential for success increases if you can rely on paid staff instead of volunteers.

Task #3: Traps, Dangers and Liabilities

Often community projects fail due to legal problems. Anticipate these problems prior to undertaking any project.

- Is there sufficient legal authority to undertake the project?
- Is the project legally defensible?
- What liability will you incur?
- Might you be sued as a result of initiating the project?

Projects that deal fairly with all interest groups are more likely to succeed than those that benefit only a few.

- Does the project deal fairly with local interest groups? This doesn't mean that all interest groups should receive equal benefit, rather that they have been recognized and equitably addressed.
- If the project is likely to hurt certain interests, how can these negative effects be minimized or compensated for?

Task #4: Timing

When choosing projects to pursue, select some projects that provide immediate results as well as projects that will have long-term benefits

- When will the benefits be realized?
- Are the benefits visible?

Make sure you clearly understand the time commitment necessary to complete the project.

- Have you anticipated planning, development, implementation, and maintenance time requirements?
- Does the workload fall on the shoulders of a few individuals or is it distributed among many community members?

**Introduction
- continued**
*Evaluation
guidelines*

*Guidelines for
Task #5*

*Guidelines for
Task #6*

*Guidelines for
Task #7*

WORKSHOP D EVALUATING PROJECT IDEAS

Task #5: People and Special Interests

Projects that are actively supported by two or three interest groups have a higher chance of success than projects that are created by one group.

- Can you involve representatives from at least two of the following four sectors -- public (government), private, nonprofit, and educational?
- Are you willing to include other interests in our project discussions?
- Have you included the "naysayers"? If not, is this cutting you off from necessary criticism?

Understand that not everyone will be in favor of the project.

- Can you identify project supporters? Are they involved already?
- Can you identify potential opponents? Can you overcome their opposition?

Task #6: Who Benefits?

Ensure that your project is easy to explain and understand. A clear definition of community benefit is attractive to potential supporters.

- Is your project easily understood?
- Can the effects of the project be easily monitored and measured?

Shape your project to be compatible with other community programs, policies, and regulations.

- Does the project duplicate existing efforts?
- Does the project duplicate existing efforts?

Task #7: Final Considerations

Assess the risk factor before you undertake any project.

- Have you estimated the down-side risk or worse case scenario?
- Can you identify and explain all risks to project supporters?

Select projects that can be initiated quickly as well as those that may take many years to complete.

- Do the projects address short-term as well as long-term needs?
- Are you committing time and resources for a short period of time or have you chosen projects that will be implemented over the next three to five years?

**WORKSHOP D
EVALUATING PROJECT IDEAS
WORKSHEET D1**

Project Idea: _____

Principle # _____

Date of Evaluation: _____

The project addresses the following community conditions (problems, needs, etc).

**TASK 1: DEVELOPING COMMUNITY ER GOALS
FROM YOUR VISION and CORE VALUES**

From the vision statement you drafted in Workshop C, develop a list of community ER goals and write down the six most important goals on this worksheet. (For an example of community goals, see the guidelines for Task # 1 above.) After listing the most important goals for your community, mark each with a (+) if the project you are evaluating will have a positive effect on achieving it. Mark each goal with a (-) if your project will have a negative effect. Mark each with a (0) if your project will have no effect.

- 1.

- 2.

- 3.

- 4.

- 5.

- 6.

**WORKSHOP D
EVALUATING PROJECT IDEAS
WORKSHEET D1 - (continued)**

If you have just marked any of your community's goals with a (-), list specific ways in which your project may negatively affect these goals.

What changes might be made to your project so that it will be more consistent with community goals?

In addition to the benefits your project will bring to your community, it may bring costs. What might those costs be?

Can you think of ways to avoid these costs?

**WORKSHOP D
EVALUATING PROJECT IDEAS
WORKSHEET D2**

Project Idea: _____

Principle # _____

Date of Evaluation: _____

The project addresses the following community conditions (problems, needs, etc).

TASK # 2: RESOURCE ANALYSIS

What resources are *currently available* to assist in initiating and implementing the project?

List people, organizations, and interest groups.

List financial resources such as cash, donations, in-kind support, funding programs, real estate, etc.

List community assets and opportunities.

**WORKSHOP D
EVALUATING PROJECT IDEAS
WORKSHEET D2 - (continued)**

What resources are *needed* to assist in initiating and implementing the projects?

List people, organizations, and interest groups.

List financial resources such as cash, donations, in-kind support, funding programs, real estate, etc.

List community assets and opportunities.

What do you need to know about the resources that are necessary to initiate and implement this project?

**WORKSHOP D
EVALUATING PROJECT IDEAS
WORKSHEET D3**

Project Idea: _____

Principle # : _____

Date of Evaluation: _____

The project addresses the following community conditions (problems, needs, etc).

TASK 3: TRAPs, DANGERS AND LIABILITIES

List the potential traps (something that may create a problem) that may hinder or prevent project implementation.

What are the risks or potential liabilities of this project?

Will doing this project no make it harder to do other more important projects later? _____

If yes, how? _____

Will political controversy arise from undertaking this project? _____

Is this a problem? _____

Will the project negatively affect other community efforts? (e.g. Will the project inconvenience area businesses) _____

If this project goes ahead, will another project not get funded? _____

If yes, what? _____

Will the project hurt any community interests? _____

Other Potential Liabilities:

**WORKSHOP D
EVALUATING PROJECT IDEAS
WORKSHEET D4**

Project Idea: _____

Principle # _____

Date of Evaluation: _____

The project addresses the following community conditions (problems, needs, etc).

TASK 4: TIMING

PROJECT SCHEDULE

When should the project begin? (circle one)

- Immediately In the short term (next few months)
Next term (next year or so) Long term (project is 2 - 5 years away)

TIME COMMITMENT

How much time will community leaders, staff, and volunteers need to commit? The time commitment is likely to be (circle one)

- Minor Moderate Extensive

PROJECT DURATION

How long do you estimate it will take to complete the project from start to finish? (circle one)

- under 3 months 3 - 6 months 6 - 12 months
1 - 2 years 2 - 5 years over 5 years

CRITICAL PATH

Do other projects have to be completed before you start this project? (circle one)

- Yes No

If you start this project, will it allow you to undertake other potentially beneficial projects later? (circle one)

- Yes No

EFFECTS OF THE PROJECT

The positive effects of the project will be realized by the community: (circle one)

- Immediately within the next year in over a year
in 2 - 5 years will have long-term benefits not realized for over 5 years

WORKSHOP D EVALUATING PROJECT IDEAS WORKSHEET D5

Project Idea: _____

Principle # _____

Date of Evaluation: _____

The project addresses the following community conditions (problems, needs, etc).

TASK 5: PEOPLE AND SPECIAL INTERESTS

Who is likely to lead this project:

List the appropriate organization and, if possible, the lead person in that organization.

Who needs to be involved? (Up to a point, it is good to include as many people as possible. However, as more and more people with different perspectives and interests get involved, the complexity of the project increases. Also, the project's initiators tend to have less control and less responsibility.) List people and organizations that need to be involved in the project. These can be local, regional, state-wide, and national.

What people and organizations are likely to be supportive of the project? Place a mark next to those names of people who may be willing to commit resources (e.g. time, money, or supplies).

Experience indicates that project success is more likely if at least two, preferably three, sectors are involved with a project. Which sectors can be involved in the project? (Circle those that apply)

Public (Government)

Private

Education

Nonprofit

Other (List)

WORKSHOP D EVALUATING PROJECT IDEAS WORKSHEET D6

Project Idea: _____

Principle # _____

Date of Evaluation: _____

The project addresses the following community conditions (problems, needs, etc).

TASK 6: WHO BENEFITS?

Every community is made up of many different interest groups. Some are formally organized, others simply share values and attitudes. If one interest group is left out of the community's economic development strategy, it may be an unfair strategy.

Besides, the group that is left out may be able to block your project. Therefore, the most fair and effective strategy ensures that all interest groups get some of the benefits. To ensure that all interest groups benefit from your emerging strategy, carefully identify who gains from each project. Though the project idea that you are evaluating may have important benefits, it is essential that you honestly examine who benefits from your project idea and who does not..

List the interest groups within the community that will benefit from the proposed project. *List the specific results (benefits) that will be obtained by each group*

List interest groups in the community that probably won't be affected if the project proceeds. They will neither lose nor gain.

List the interest groups in the community that might be hurt by the project. Negative effects might include:

- preventing another project from occurring
- costing the interest group money while it receives nothing in return
- hindering some business activity due to project related activity (e.g. construction).

List each interest group and the specific ways that they might be hurt.

**WORKSHOP D
EVALUATING PROJECT IDEAS
WORKSHEET D7**

Project Idea: _____

Principle # _____

Date of Evaluation: _____

The project addresses the following community conditions (problems, needs, etc).

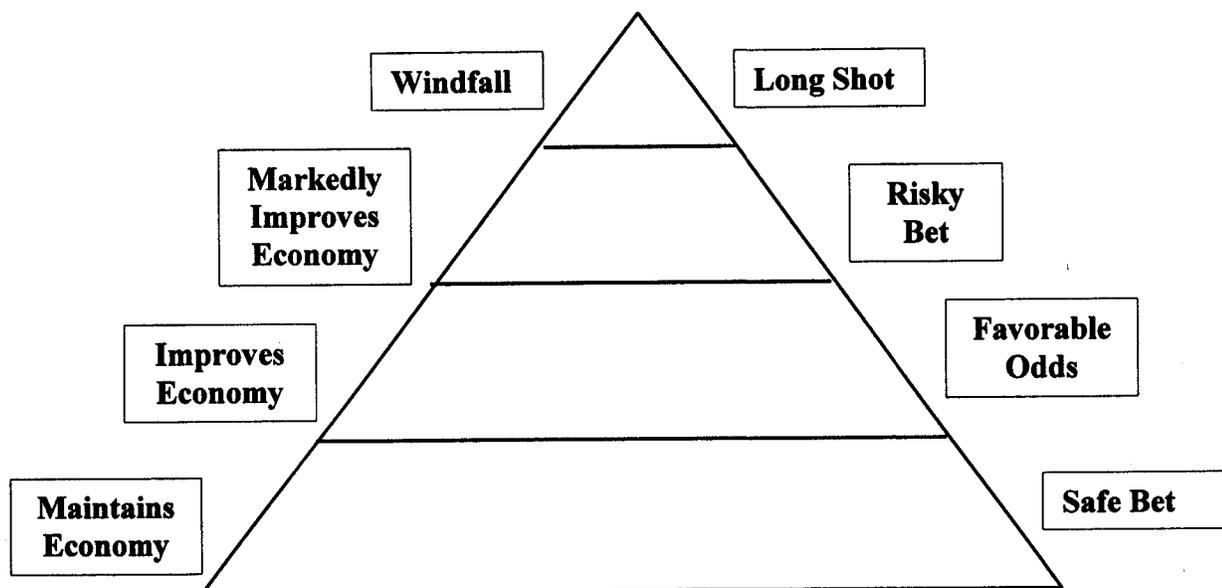
TASK 7: FINAL CONSIDERATIONS

This final task combines all previous tasks. It has two parts: Part A asks you to address the question, "Is it worth it?" Part B asks you to rate the project using the symbol of a traffic light. Does the project get a green light, yellow light, or red light?

A. The Likelihood of Success

As a final consideration, it is important to ask what chance the community has of implementing a project and, in turn, how the project will strengthen the local economy. The first step is to conduct a preliminary risk analysis. Borrowing a concept from financial advisors, think about your project's "return on investment." Will it pay back what you invest in it? Will it be worth it?

The following "pyramid" exercise will help you assess the project's risks and return. Financial advisors suggest that a stock portfolio should include something from each of the four categories. Similarly, your community's projects should fall within each of the four categories. *Indicate below which category your project will fall into.*



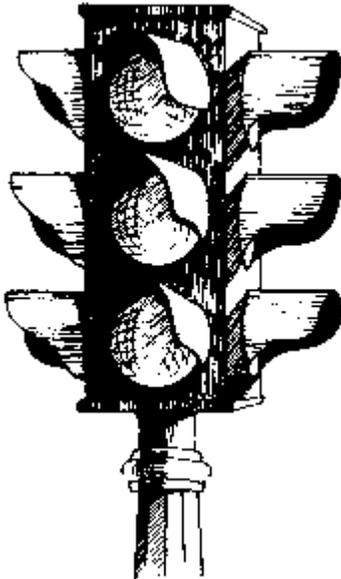
**WORKSHOP D
EVALUATING PROJECT IDEAS
WORKSHEET D7 - (continued)**

TASK 7: FINAL CONSIDERATIONS

Part B: Project Ranking

Based on your preliminary evaluation of this project, assess the overall strengths and weaknesses of this project and its risks and rewards.

Your project ranking based on this evaluation is: (circle one)



A Green Light (The risk is well worth the reward.)

A Yellow Light (The project has potential and should be considered. More information is needed to evaluate its benefits to the community. There are a number of uncertainties that could negatively effect the project.)

A Red Light (There are too many uncertainties or potential obstacles to overcome to get the project off the ground.)

**WORKSHOP D
EVALUATING PROJECT IDEAS
WORKSHEET D7 - (continued)**

TASK 7: FINAL CONSIDERATIONS

Part C: Project Summary

In the chart below, record all the ER projects your community wishes to pursue. Is this distribution of risk and project scheduling appropriate for your community?

Project Scheduling	Now	Short Term (1 year)	Near Term (1-3 years)	Long Term (3 years or more)
Green				
Yellow				
Red				

WORKSHOP D - EVALUATING PROJECT IDEAS WORKSHEET D 8

Please evaluate each project idea between 1 and 5 according to the following criteria.

Evaluation Scale: 1 = Strongly Disagree
 2 = Disagree somewhat
 3 = Undecided
 4 = Agree somewhat
 5 = Strongly Agree

Criterion Number	Criteria	Project Idea				
		A	B	C	D	E
1	Preferred Future and Economic Benefits					
1a	The project is consistent with our community's goals					
1b	The project would directly contribute to the community's preferred future					
1c	The project will help local entrepreneurs start new businesses and create jobs in the community					
1d	The project will lead to higher local wages and income					
1e	The project will help retain and strengthen existing businesses					
1f	The project will attract new basic firms or industries that bring funds and jobs into the community					
1g	The project will reduce leakage (money that leaves the community)					
2	Resource Analysis					
2a	The project takes full advantage of community resources					
2b	The community has sufficient resources to implement and support/sustain the project					
2c	There is an appropriate local partner (s) to help implement and support/sustain the project					
2d	The community has sufficient funding or can obtain the funding necessary to undertake the project					
3	Traps, Dangers and Liabilities					
3a	The benefits of the project can be easily monitored and measured					
3b	There is sufficient legal authority to undertake the project					
	There are no traps or dangers that are presented by this project.					

Criterion Number	Criteria	Project Idea				
		A	B	C	D	E
4	Timing					
4a	There is a clear understanding of the time commitment that will be necessary to implement the project					
5	People, politics and special Interests					
5a	The project would not be too controversial					
5b	The project is actively supported by several major interest groups in the community (government, private businesses, education, etc.)					
6	Who Benefits					
6a	The project would not place an unfair burden on a particular segment of the community					
6b	The project would not unfairly benefit a particular group at the expense of the rest of community					
6c	The project does not duplicate existing efforts					
6d	The project would actually address community problems and needs					
7	Final considerations					
7a	The project would maintain or improve the environment					
7b	The project will increase “social capital” in the community (increase trust, neighborliness and capacity of people to work together)					
7c	The project is realistic, acceptable and technically feasible					
7d	The project will provide tangible benefits that are worth the risks					
7e	The project addresses long term needs					
7f	The project addresses short term needs					
	Total					

FINAL RESULTS

A Blueprint for Action

WORKSHOP A The Factor Analysis	WORKSHOP B ER Principles Analysis	WORKSHOP C Generating Project Ideas	WORKSHOP D Evaluating Project Ideas	FINAL RESULT A Blueprint for Action
<p>Analyze how each factor contributes to business conditions</p> <ol style="list-style-type: none"> 1. Access to capital 2. Business environment 3. Infrastructure 4. Human resources 5. Quality of life <p>Determine what you need to address business conditions</p>	<p>Analyze how each ER principle affects business conditions</p> <ol style="list-style-type: none"> 1. Plug the leaks 2. Support existing business 3. Encourage new enterprises 4. Recruit compatible new businesses <p>Determine what you need to address business conditions</p>	<p>Summarize business conditions</p> <p>Develop community vision and identify core values</p> <p>Develop project ideas</p> <p>Analyze the potential of each project idea</p> <p>Determine who benefits</p>	<p>Consider the community’s preferred future</p> <p>Analyze your resources</p> <p>Identify traps, dangers and liabilities</p> <p>Determine project timing</p> <p>Look at people’s politics</p> <p>Determine who benefits</p> <p>Assess the risk and reward</p>	<p>One or more</p> <p>Economic</p> <p>Renewal</p> <p>projects</p> <p>to</p> <p>initiate</p> <p>in</p> <p>your</p> <p>community</p>

CONCLUDING REMARKS: What should you do next?

This chapter of the workbook has shown you how, through the Community Economic Renewal program's Phase I four-step workshop process, you can assess your community's situation and develop realistic projects to improve your local economy. You have come to understand how five factors—access to capital, business environment, infrastructure, human resources, and quality of life affect your local economy. You have analyzed business conditions and looked for ways to plug the unnecessary leakage of money from your community, to support existing businesses, and encourage new businesses to start-up or relocate to your local area.

If you have completed the worksheets during Phase I, you will have developed the basic elements that are part of a strategic CER plan and identified a number of potential projects to implement in your community. Review these projects to ensure that they have the following characteristics:

- The projects are in keeping with community vision, core values and goals.
- The projects' rewards are well worth the risks.
- The projects enjoy broad community support.
- The projects will not degrade the environment—and may even improve it
- There are community leaders willing to see the projects through to success.
- Resources can be obtained to carry out the project.

Having reached community consensus on what projects to pursue, you are now at the stage of developing a project proposal and implementing each project. In a few cases—projects that are straight forward, low cost and easy to implement—you will not need much planning. However, most Economic Renewal projects tend to be more complex. These projects will require more planning, some organization and the development of an action plan. These tasks will be completed in Phase II, covered in Chapter 7.

To maintain project enthusiasm and momentum at this stage of the CER project development process, you should incorporate the following elements into your project design and implementation strategy.

Helpful Hints

Helpful Hints for Achieving Success When Initiating a CER Project

- Form a project committee** that is willing to develop a course of action or workplan that outlines the actions you will need to take, resources required and responsibilities.
- Celebrate your success.** Spend some time with other committee members reviewing what actions and processes were successful in getting you to this point.
- Market your accomplishments.** Use local newspapers, radio, and public forums to let the community know what has been accomplished to date and what you are planning to do next.
- Seek broader support.** Look for ways to build on other community efforts. Seek others who are willing to join your effort.

CONCLUDING REMARKS - (continued)

Helpful hints for achieving success (continued)

Helpful Hints - Continued

- ❑ ***Initiate some research of your own.*** Review your “need to know” list. Have new questions arisen? Is there additional information that may now be of assistance? Now is the time to contact other communities to learn about their efforts and avoid their mistakes.
- ❑ ***Determine what type of help you may need for your projects.*** Learn more about the community resource people who may be able to help, as well as the professional services that may be available. Talk to these people now about the skills, methods, and insights they could potentially bring to your project.
- ❑ ***Assess your financial needs.*** At this point, you need not develop a budget of any kind. You just need an estimate. Is this an under US\$ 1,000 project? A \$5,000 to \$10,000 project? A \$50,000 project? Or a multi-million dollar effort requiring funding for many years.
- ❑ ***Understand the motivations, interests, concerns, and commitment of all project committee members.*** Find out what each person needs to see happen in order for them to feel satisfied with their volunteer time commitment.
- ❑ ***Discuss and decide upon a process for making committee decisions.*** What are the obligations of committee members?
- ❑ ***Decide when, where, and how often the committee will meet.*** Ensure that everyone is comfortable with the schedule.
- ❑ ***Decide whether or not to transform the committee into a permanent Economic Development Organization (EDO), and if so, what kind of organization it should become.*** Refer to Chapter 2 of the guide to see what the alternatives are and how to go about developing an EDO for your local area or community if one is needed.

Chapter 7 will introduce and explain Phase II of the CER process—Implementing Business Solutions in Your Community. Phase II is a four step process to help you and your Community ER Team further refine your project ideas, complete a strategic plan, write a project proposal, implement your project, evaluate it and consider the next steps. ***The end result of Phase II will be one or more completed projects that can generate economic growth and jobs in your community.***

Appendix I

Access to Capital

Access to capital is an important factor in community economic renewal. There are three components to this factor:

1. How accessible is money? Is it easy to borrow money?
2. Who provides money for businesses and individuals?
3. What are the local lending practices?

Access:

To understand how accessible money is in the community, you need to have some sense of how much money is flowing into your community and how much is leaving due to various financing practices.

If possible, reduce the unnecessary flow of money out of your community.

It may turn out, however, that there is little you can do. The scale of the lending and savings institutions in your community, branch banking and general economic conditions may make it difficult to influence the flow of money.

Who Provides Money:

There are seven basic lending sources for businesses and individuals. These are:

1. Local bank loans
2. Credit cooperatives
3. Government-sponsored business loan funds (e.g., made available through business incubators, small business development or promotion centers, etc.)
4. Revolving loan fund programs
5. Pension and insurance funds
6. Social investment funds (established with international donor contributions or government money)
7. Funds made available for projects to strengthen businesses and promote local economic development by international donors and lenders (PHARE, USAID, GTZ, EBRD, World Bank etc.)

Money can be lent to a business or individual either as a loan or as equity financing. A loan, sometimes called debt financing, is money borrowed with an agreement to repay the loan over a period of time at a specific interest rate. Equity financing means obtaining money in exchange for providing the financier with a share of ownership in the project, including its eventual profits.

Loans are available from banks as well as from certain regional or state nonprofit organizations backed by government interests. These organizations often have loan programs to provide lower cost financing to businesses that meet certain criteria.

Equity financing is available from many companies and individuals. Often these people make their living by investing in potentially high-growth companies.

Finally, insurance companies and pension funds are another potential source of capital.

Local Lending Practices

Local lending practices have significant influence on whether or not a business can borrow money locally.

Lending practices are influenced by:

- the objectives of the lending institution or agency
- the type of business wishing to borrow money
- whether the business is in town or out of town
- the amount of money requested
- what type of loan is needed (start up money, money for operations, or money for expansion)
- what type of collateral is requested to borrow the money
- the period of time the business needs to borrow the money for
- the interest rate a business is willing to pay for the borrowed money

If you have a business in your community seeking to borrow money, it is important to analyze all potential sources and compare their lending terms and practices.

Appendix II

Examples and techniques to achieve economic renewal

(Adapted from the publication: *Business Opportunities Casebook*, written by Barbara Cole and published by the U.S. Small Business Administration, 1988.)

What are some of the successful techniques and programs that can be used by communities to improve their local economies? The following pages describe a “menu” of opportunities--a number of examples drawn from American experience where communities have used local skills and resources more effectively to support and expand existing businesses and encourage the development of new businesses. They have been selected to emphasize how communities have used the four basic principles of economic renewal: plug the leaks; support existing businesses; encourage new enterprises; and recruit compatible new businesses.

The techniques and approaches outlined below are successful because they include one or more of the following characteristics:

- use of existing skills in the community
- help local residents develop new skills
- provide support for businesses
- remove obstacles to business success
- expand local markets
- take advantage of the community’s infrastructure
- contribute to the efficient use of the community’s resources
- capitalize on existing resources
- emphasize local control to achieve more predictable results
- do not overtax the community’s resources

Principle #1: Plug the Leaks

The first principle of the Economic Development and Renewal Program is the easiest to overlook. Plugging the leaks means spending money locally instead of out of town and stopping the needless outflow of money and resources from the community.

Plugging the leaks

- saves money
- helps retain business, and
- is an attractive community characteristic that helps recruit new business.

Good examples of programs that plug the leaks fall into four categories:

1. maintaining a skilled work force
2. visitation programs
3. connecting local businesses to local suppliers
4. reducing infrastructure costs

1. Maintaining a skilled workforce

Skilled labor is essential to economic viability and business growth. It is often cited as the number one factor in business relocation decisions. But maintaining a skilled work force involves more than training. It requires the availability of the right type of jobs in the community. To begin, consider the following questions:

- What types of skills do residents have?
- Are most residents working in jobs that take full advantage of their skills?
- Are there diverse employment opportunities in the community?
- Are there opportunities for advancement?
- Do job opportunities match with job skills?

2. Business Visitation Programs

A business visitation program, “plugs the leaks” by assuring that local businesses’ needs are continually met. It helps existing businesses expand by using local resources and helps a town maintain and expand its local economy without taking big chances.

Under a visitation program, community leaders (such as business owners and managers [active or retired], elected officials, community bankers, Chamber of Commerce executives, city staff, local college faculty, and school board members) visit small and large businesses in the area to collect up-to-date confidential data on local business needs and problems. This information is used to develop a comprehensive strategy to help local firms prosper.

These programs are popular with hometown businesses who often watch with dismay as local governments serve up a gourmet feast to entice outside industries and only leave the scraps for existing enterprises which might, with similar support, be able to expand.

The long run benefits of visitation programs include:

- improved understanding of community economic outlook
- development of a comprehensive strategic plan for encouraging local economic development
- implementation of programs that improve the competitiveness of local firms and assist in expanding their markets
- development of informal channels of communication among local development-related organizations, and
- retention of jobs and income.

3. Connecting local businesses to local suppliers

“Buy local” programs are one example of who linking local businesses to local suppliers can create jobs and strengthen the economy. Rather than looking elsewhere for economic development solutions, “buy local” programs use a “bootstrap” approach that “plugs the leaks” by rerouting money that used to leave the local economy to other local businesses.

[There are many kinds of buy local programs. They include business directories, advertising campaigns, and special “made in our town” labeling.

4. Reducing infrastructure costs.

Cities can also develop programs to plug the leaks. Any reduction in the cost of providing municipal services or facilities means taxpayer savings. These savings make more money available to circulate through the local economy.

A first step in looking at ways to reduce infrastructure costs is to ask yourself the following questions:

- Is expansion of existing infrastructure the only alternative? For example, are there real leaks in the water system? Can an existing school be renovated rather than abandoned?

- Can municipal workers assist in construction efforts rather than hiring outside consultants?
- If outside expertise is needed to solve a particular problem, can they utilize community resources?
- Are there materials that can be recycled as a means to save community resources?

Principle #2: Support existing businesses

For most communities, opportunities for economic renewal exist in their current business community. A community can improve its economy by matching services to needs, products to resources, and people's skills to jobs. Efforts to support and enhance existing business within a community, the second principle of the Economic renewal program, have proven to be very successful in strengthening local economies. Successful methods to support existing businesses include:

1. Business assistance programs
2. downtown revitalization efforts
3. programs to export local product lines
4. tourism
5. new forms of business entrepreneurship and ownership

1. Business assistance programs

Business assistance programs provide many ways for a community to invest in itself. Some offer ideas for people who want to start a new business. Others assist young firms. Still others target more stable businesses, promoting their expansion or helping them stay in the community. While business assistance programs can be tailored to meet a wide array of local needs, the more successful programs are targeted on particular needs. Most business assistance programs are designed to provide technical assistance, although some also provide financial support. Technical services can range from assistance on packaging a loan to information about federal procurement rules. Most business assistance programs are offered at a centrally located facility and are referred to as "business assistance centers."

Business Assistance Centers can be established to meet the needs of start-up, emerging or established businesses. It is important to recognize the different needs these businesses often have. Start-ups need assistance in business planning, particularly in the areas of strategy, market analysis, marketing, and finance. Emerging and established businesses both can require management assistance. The most needed skills are in the areas of finance, sales, marketing, and administration.

Business assistance centers can be found at all levels of government. Most are designed to meet the needs of small business. Through trained staff, referrals, and a wide range of information services, they provide skills essential to business success -- marketing, finance, business planning and management/personnel.

In many states and provinces, government provides a center that offers booking assistance, loan advice, and related financial help. At the local level, many community colleges offer business management courses designed to help small business owners learn necessary business skills. These courses are part of an overall package of skill-building resources found at a business assistance center.

2. Downtown revitalization

In most towns, the downtown retail area is ripe for improvement. Dozens of successful revitalization strategies have helped existing businesses expand and prosper, resulting in significant increases in sales and property tax revenue for local governments.

In the U.S., a study by the National League of Cities and U.S. Conference of Mayors highlighted the importance of downtown development to successful local economic development efforts. The NLC study identified the most successful economic development programs across the country. In all cases, downtown development figured prominently in these success stories.

Downtown revitalization efforts can be undertaken by local governments, specially created redevelopment authorities, or merchant based associations. Key to the success of these efforts is broad-based support from people that live, work, or shop in the downtown area.

Downtown revitalization projects are initiated not only to support existing businesses, but to improve the area economy, improve the business activity mix, improve downtown infrastructure, and change the appearance of an often decaying central business district.

A key ingredient to successful downtown revitalization is organization. Developing an active and influential downtown business association is a beginning. By banding together, downtown businesses can coordinate seasonal promotions, sales, and special events to bring new customers into the downtown core.

Marketing a downtown area is also easier when one umbrella group is handling advertising, promotion, and events. By pooling advertising dollars, for example, a downtown can compete against a regional mall's unified image and large advertising budget.

A downtown organization can also become an effective lobbying group that reminds local governments to keep downtown concerns in mind when allocating limited capital improvement money.

Another common characteristic of successful revitalization efforts is an understanding of the downtown's special market niche. Identifying this market niche is often best accomplished by compiling a market study of the area. Such studies reveal who shops downtown, how much they spend, and what goods and services they buy and expect to find. A market study can help identify strengths and weaknesses and guide redevelopment efforts so your downtown can move confidently into the future instead of pining for the past.

3. Exporting local product lines

Another method which has proved successful in enhancing local business is a program aimed at exporting local products. Local products can be exported within the region, within the country, and internationally. By developing, packaging, and marketing local products to new markets, the local economy prospers. Many economic developers view exports as the largest untapped potential for economic growth in a country.

4. Tourism

Tourism is one of the most important industries in nearly all countries.

Improving a community's tourist potential involves seeing the town through the visitors' eyes. A community needs to think about its accessibility.

- Are there good roads, with good signs to the town and its attractions?
- How well does the nearest airport serve the area? Information and activities need to be readily available to the tourist.
- Have local and regional activity guides been developed?
- Can the local attractions handle an influx of visitors? Local business needs to be prepared to handle visitors.
- Are there enough restaurants and hotels?
- Do business hours meet the needs of travelers?
- Have employees been trained to help tourists?

To successfully increase tourism appeal, communities need to understand their target market and develop a promotional campaign. Communities also need to have something to sell. Single attractions or a renowned destination does not guarantee success. There needs to be a package of attractions, events, and amenities.

5. New forms of entrepreneurship and ownership

Group entrepreneurship and cooperative forms of ownership are another successful method communities use to “Support existing business.” -- as well as generate new businesses. Businesses being privatized or closed by an outside owner can be purchased by their workers to save the jobs in the community.

Franchises remain the easiest method of employee ownership. Business standing on their own have a 50 percent failure the first year, but fewer than 5 percent of franchised businesses close their first year. Becoming a franchisee can be the safest way to start a new business. Many of these are started by laid off workers or managers eager to run their own business.

Besides franchises, there are two principal forms of employee ownership: Employee Stock Ownership Plans (e.g., ESOPs in the U.S., or MRP in Hungary) and worker cooperatives. Both can be utilized either to restructure an existing firm (e.g., one being privatized, sold, or closed) or to start a new venture. (For additional information on this topic, see Chapter 12 in Part II of this *LED Guide*.)

Principle #3: Encourage New Enterprises

While application of the first two Economic Renewal principles will indirectly result in new business opportunities, there are a number of programs that are specifically directed toward encouraging new enterprise.

New businesses can be created in a community by making the best possible use of the community’s labor force, infrastructure, and other identified resources.

Techniques to promote new enterprise in a community fall into two main categories:

1. Programs that use the community’s natural resources and existing infrastructure in new and creative ways
2. Programs that look to develop and support a community’s human capital--the talent, experience, and knowledge of the residents

Programs that fall under the first category include:

1. increasing the value of local products
2. business incubators
3. adapting old buildings to new uses

The second category, which deals with developing human capital, includes:

4. entrepreneurial education
5. community relations

1. Increasing the value of local products

Towns should focus not only on supporting their existing businesses, but also on developing strategies to add value to existing resources and raw materials. Adding value can make exports much more profitable for both the producing firms and the community.

A community can add value to its exports in a number of ways. The two most popular methods are adding value by processing a raw material or by capitalizing on the skills of local residents to develop a new product for export. For example, if an area now exports raw timber, it can explore businesses which make furniture or other higher-value wood products. Value-added strategies have proven to be an important economic development tool for rural agricultural communities.

2. Business incubators

A new business has to be efficient and productive to prevail. It must overcome competitors possessing the advantages of established business habits, facilities, and brand names. In the U.S., 80-90 percent of firms do not live to see their fifth birthday.

It is during these initial years that a company is most fragile and prone to failure. The company needs business and financial advice that, however essential, is often not affordable. As a rule, an entrepreneur will have exhausted all personal resources as well as those of family and friends during the start-up years. Conventional sources of financing are unlikely to risk loans to a small, unproved firm with no track record.

One creative solution to these difficulties is the business incubator.

These hatcheries support a new business through its early stages of development. The incubator concept has been introduced as a tool to attract, nurture, and help entrepreneurs turn a good business idea into a new local company.

In the U.S., the success rate of incubator tenants is high; it is estimated that 85 percent survive, compared to the national new small business survival average of only 15 percent.

Although owned and operated by diverse interests, business incubators generally share such features as multi-tenant facility offering rents below or at market rates, flexible space arrangements and leases, centralized services and equipment at low or no cost, business assistance and training programs, easy access to pertinent business information, financial assistance, and a relatively secure environment.

Intended to be temporary environment, the incubator reduces a new venture's vulnerability to high overhead costs and initial lack of business skills. As these businesses expand and move on to their own quarters, a continuous revitalization process is initiated, spreading strong businesses throughout the community.

If your community wants to start an incubator facility, do not make the common mistake of overlooking building and space requirements. Consider the following:

- What type of incubator are you developing?
- What types of businesses do you want to attract? What are their space requirements?
- Where should the facility be located (e.g., downtown, edge of town, near major highways)?
- What type of building is most appropriate (e.g., new warehouse space, historic building)?
- How will you ensure that the work spaces stay flexible to allow for the incubation of new businesses once you hatch a stabilized business?

3. Adapting old buildings to new uses

Abandoned or underused buildings, old cultural institutions, schools, or medical centers can play an important role in supporting local development. Vacant facilities might yield new schools, hospitals, retirement apartments, community adult training centers, libraries, or business incubators.

4. Entrepreneurial education

Starting a new enterprise requires specialized knowledge in many fields. Programs that provide support to a small business or help entrepreneurs learn all that is required to start and operate a new business are ways to increase the success rate of new ventures.

Any successful small business owner will tell you a good idea, hard work, and access to money are three essential ingredients to start a profitable business. They may forget to tell you that there are a few skills most often needed for an entrepreneur to succeed include:

- an ability to listen
- previous experience in the type of business being pursued
- ability to analyze and evaluate opportunities
- management skills
- understanding where to go for help

Entrepreneur development and training programs can be started to turn unemployed and underemployed individuals into self-employed businesspersons. They can also be started in secondary and vocational schools to teach students the basic principles of entrepreneurship and foster an entrepreneurial culture in the next generation.

5. Community relations

A community's attitude toward business, how the community goes about solving problems, leadership, and the cooperation among different entities has a profound effect on business activity in any community. The number of new businesses that start-up, business failure and relocation is closely related to these complex community relations. Communities that have successfully removed barriers to business start-up and those that developed a "can-do spirit" have shown that attitude can make a difference in a community's efforts to encourage new enterprise.

Communities that are willing and able to commit time and resources to help businesses are likely to have more new businesses starting up in their community.

Some communities have structured programs to identify and resolve start-up problems created by local governments. The particular problem may involve zoning conflicts, a need to alter traffic flow patterns, arrange for improved services, or acquire public financing for business development.

Principle # 4: Recruit compatible new business

The economic renewal program's approach to recruiting focuses on local resources. To successfully recruit new business, efforts should be directed toward capitalizing on resources in the community's control. The intent behind this 4th principle is to help your community custom tailor its recruitment strategy to the strengths and capacities of both local and regional economies.

Of the four principles, recruitment is the least predictable. It is also highly competitive and often very expensive, requiring upfront funding for staff, marketing, economic research, and incentives.

Recruitment is a high stakes game involving most of the larger cities across the country. Small communities can remain competitive in this game, but to do this they must market unique local resources rather than trying to "buy" new business with financial incentives.

Experience suggests that new businesses that relocate based on community resources are more responsive to their new community. These are the firms that can create lasting jobs, are likely to do well, and with enhance the community.

If you intend to direct community efforts toward recruitment, you should follow these simple rules:

1. **Develop a recruitment program in concert with one or more of the other three economic renewal principles.**
2. **Identify local resources, particularly unique assets, that might interest new businesses.**
3. **A recruitment strategy that seeks to attract small and diverse companies offers more promise than one which seeks a single large manufacturer.**

4. **Competition between communities for new businesses should be resource based. Financial inducements are short term in nature.**
5. **Ensure that the benefits of recruiting a new business outweigh recruitment costs.**

There are four activities recommended that can lead to better success in recruiting new business. These are:

1. Target for recruitment
2. Establish recruitment goals
3. Develop affordable incentives
4. Recruit businesses that have a stake in the community

1. Target for Recruitment

Successful recruiting means attracting a new company that utilizes local resources, complements the community, does not involve major costs to entice, and is a relatively healthy business venture.

In the U.S. there are over 30,000 community economic development organizations trying to recruit a new company to their town. Hence, it does not pay to compete for a limited number of Fortune 500 companies and participate in a fierce bidding war. Often the communities which enter these wars have lost sight of the most appropriate targets for their attention: small and medium-sized, firms that make use of local resources. Firms that locate in your community to capitalize on local resources or to utilize a unique asset are businesses that will make a lasting contribution to the community.

A decision to relocate based on the availability of certain resources proves to be a more successful recruitment strategy than one based on outbidding another community.

How can a community begin to target the businesses that are most likely to be interested in its unique resources? First, a community needs to identify what it has to offer that is better than or different from the competition. The message must then be packaged for delivery to companies that could operate profitably and happily in the community.

A community which has an excellent quality of life, for example should target firms most interested in that asset. Geography is often important. A centrally located town in a regional market or even altitude can be emphasized as a unique asset.

One approach is to examine your region's successful and growing firms. Not only are these firms most likely to expand to new locations in the area, but they also indicate what advantages the area offers to similar businesses. However, be sure to examine sales volumes, growth rates, and profitability to obtain a complete picture.

2. Establish recruitment goals

To design a business recruitment strategy, a community must determine what its goals are and evaluate potential industries accordingly. At minimum, a recruitment strategy should include specific goals for employment, business opportunities, community growth and character, public services and facilities, and the environment.

Employment: Employment goals should address the issue of jobs. Most communities that are involved in recruiting new business are chasing jobs. When setting employment goals, consider the size of the firm you wish to attract, the kind of jobs you want to create--permanent or temporary, skilled or unskilled--and whether you are interested in firms that hire local residents or attract new people to the community.

Business opportunities: A good recruitment strategy will also take into account the types of business opportunities created or lost by efforts to attract outside industry. Decide upfront whether you wish to recruit new businesses that might displace or directly compete with existing businesses.

You will also need to clarify whether or not you want to attract firms that generate labor and business income from the sale of goods and services outside the community's boundaries. These "basic industries" can lead to the creation of local business opportunities, reinforcing ER principle no. 3.

You might also wish to develop a recruitment strategy aimed at attracting firms that can produce goods or services that are currently purchased outside the community, thereby helping "plug the leaks" ER Principle no. 1.

Community growth and character: If your community decides to recruit outside business, thought must be given to how new industry will impact growth in the community as well as community character. The relocation of a few small businesses may have little impact on community character. However, the recruitment of a large manufacturing facility will significantly impact the community's character and its growth patterns.

Consider how fast you want the community to grow. The growth rate can significantly affect how the community accepts change. Before initiating your recruitment campaign, determine how much growth is acceptable. This can be expressed in number of people, traffic lights, schools, etc.

It is important to realize that recruiting new businesses will bring about social changes.

Public services and facilities. To successfully recruit new businesses, many communities have found it necessary to provide incentives. Recruitment teams think a lot about financial assistance and site or building inducements. Common subsidies include gifts of land, buildings, and infrastructure improvements financed by local government. Sometimes governments offer direct financial aid.

Public services and facilities most often mentioned as necessary to a successful recruitment effort include adequate water and sewer lines, good transportation, electricity and telephone service, and an excellent school system. Improving these services can be costly.

A community should carefully assess what it is willing to provide in the way of public services and facilities. Making infrastructure improvements is a common commitment that can have long-term consequences that affect the entire community.

The environment: A recruitment strategy needs to also develop environmental goals. Most communities are looking for "clean" industry. Yet, as local economies decline, some communities have considered attracting a new business that adversely impacts the environment. You should ask yourselves what you are willing to give up in order to attract a new business.

3. Develop affordable incentives

Traditional incentives fall in three categories: financial assistance, real estate, and infrastructure. The importance of these incentives to business location decisions has been difficult to assess. Few, if any, businesses relocate based solely on financial incentives. However, if all other things are equal, businesses will choose a community that offers an incentive.

Of the ten most important locational factors companies look for in relocating their headquarters, incentives are seventh on the list.

Reliance on incentives results in bidding wars. Costs imposed on the taxpayers seldom prove to be cost-effective in the long run.

There is little guarantee that heavy spending for incentives will produce the hoped for results.

For communities with limited resources there are some effective alternatives to traditional incentives. First the best type of assistance is to be responsive to the needs of new business. Additional nonfinancial incentives might include: providing an attractive business environment, high quality of life good educational facilities, training assistance, etc.

If you decide to offer traditional economic development incentives, it is important to be knowledgeable about the tools available and deliver on your promises. Use only those types of incentives that your community can afford. Evaluate the

incentive options for the targeted business. Look for the best fit between the community's characteristics and the business to be supported. Be sure and analyze the true cost of the incentive.

4. Recruit businesses that have a stake in the community.

A key issue in any economic development is ownership. The owners of a business have the ultimate decision-making power. Their involvement with and commitment to the community will be key indicators of the extent to which the community's welfare will enter into their decisions.

Companies that have made a commitment to the community tend to stay longer, with loyalty growing over time.

Locally owned firms tend to be more responsive to the community and to reinvest more of their profits locally.

Conclusion

In order to successfully renew your community's economy you should incorporate the following elements into the development of any project that will help your community business climate.

- 1. Business opportunities cannot be developed overnight. Success is a result of sustained efforts.**
- 2. Develop business opportunities that rely on better utilization of local resources and capitalize on unique community assets.**
- 3. Concentrate on small business. There are greater opportunities for economic renewal.**
- 4. Support entrepreneurs. They can create new jobs and businesses.**
- 5. Develop a unified strategy. Involve elected officials, municipal staff, the banking community, the real estate community, the local newspaper, local businessmen, and citizens from all walks of life.**
- 6. Put your "best foot forward" --offer affordable incentives that are unique to your community. Look first to incentives or community attributes that entail no direct cost.**
- 7. Economic renewal should concentrate on specific people, specific projects, and specific places. Economic renewal cannot happen if you talk only in general terms about increasing jobs and income.**
- 8. Don't reinvent the wheel. Evaluate what has worked and has not worked in your community before you initiate a new program or project. Understand the common characteristics of successful economic renewal projects whether they are people, processes, or timing.**
- 9. As the saying goes, "Don't put all your eggs in one basket." Make sure you have developed alternative strategies to implement your economic renewal ideas.**
- 10. Make sure the public sector takes an active role in the effort, since profit-oriented businesses are not always thinking about how to make the best use of community resources over the long run. "The profit seeker can move on to more fertile territory when the resources are depleted; and the public sector cannot."**

Successful communities clearly understand the problems and needs and unique assets and opportunities they possess. In order to be successful your community must be able to articulate what its unique hurdles to success have been and how to overcome them.

Chapter 6

CER WORKSHOP MATERIALS

PHASE II: Implementing Business Solutions in Your Community

This chapter introduces and explains Phase II of the CER process. It contains the information, instructions and materials workshop participants need to complete Workshop E and begin implementing a project. It also outlines the procedures and formats for writing a strategic plan and economic renewal project proposal and gives the Project Implementation Team the information and worksheets needed to start and carry out business solutions in a community. The implementation team will also receive follow-up technical assistance from the USDOL/WSI Project Office Industrial Adjustment Specialists.

Chart 6.1 on the following page outlines the three phases and essential elements of the CER Component. It provides a roadmap to the work to be carried out in Phase II, and, subsequently, in Phase III.

**Chart 6.1
Community Economic Renewal Component**

Startup Pre-workshop planning and preparations	Phase I Discovering business opportunities in your community	Phase II Implementing business solutions in your community	Phase III Continuing economic renewal in your community	Final Results
<p>Carry out pre-workshop planning and preparations</p> <p>Identify communities interested in participating in ER process</p> <p>Recruit Core and Community ER teams</p> <p>Train local CER IA Specialists and Core Team members</p> <p>Train small group facilitators</p> <p>Workshop “Zero” Conduct meeting to “launch” CER Component in the community and provide overview of CER process</p>	<p>Workshop A Conduct factors analysis</p> <p>Workshop B Conduct ER principles and strategies analysis</p> <p>Workshop C Generate project ideas</p> <p>Workshop D Evaluate ER project ideas</p> <p>Blueprint for Action Community goals, an ER strategy, and one or more project ideas to refine and implement</p>	<p>Workshop E Overview of Phase II and project implementation procedures</p> <p>Write strategic plan and project proposal(s)</p> <p>Establish organization and management structures and select project implementation team</p> <p>Implement approved ER project(s)</p> <p>Monitor and evaluate project implementation</p>	<p>Workshop F Overview of Phase III strategies, objectives and activities</p> <p>Conduct sustainability analysis</p> <p>Revise and update strategic plan</p> <p>Review and modify existing ER organization/structure to meet future needs</p> <p>Identify new project ideas and write project proposals</p> <p>Obtain skill training needed to strengthen ER efforts</p>	<p>1. Completed ER projects that generate economic growth and jobs</p> <p>2. Updated community vision, goals and strategic plan</p> <p>3. New project proposals to market to potential donors</p> <p>4. The experience, organizational capacity and skills to continue economic development on a continuing basis</p>

PHASE II: IMPLEMENTING BUSINESS SOLUTIONS IN YOUR COMMUNITY

Introduction to Phase II and Workshop E

Purpose: This chapter provides the workshop materials, instructions and worksheets you will need to participate in Workshop E and complete Phase II of the CER process. During Workshop E you and the other members of your community team will learn how to write a strategic plan and a project proposal along with how to implement and manage a CER project. You will also receive training and practice in teambuilding and guidance in setting up EDOs to continue economic renewal activities in the future. Upon completion of Workshop E, you and your team will be ready to proceed with the implementation of a CER project in your community.

Phase II follows the sequence outlined below:

Phase II: Implementing Business Solutions in Your Community

STEP ONE Strategic Planning and Proposal Development	STEP TWO Project Organization and Management	STEP THREE Project Implementation	STEP FOUR Project Evaluation	Final Result of Completed CER Projects
<p>Write strategic plan and submit proposal to implement CER projects in your community</p> <ol style="list-style-type: none"> 1. Introduction to region, issues, problems 2. Summary of factors and CER principles 3. Proposed goals, objectives and CER projects 4. Project work plan and implementation team 5. Budget and matching funds <p>Determine what you need to do to address your business conditions</p>	<p>Establish organization and management structures needed to implement projects</p> <ol style="list-style-type: none"> 1. Legal structure of project 2. Charter and mandate 3. Organization structures 4. Project management 5. Implementation teams <p>Determine what you need to do to successfully implement your CER projects</p>	<p>Develop action plan for projects and make assignments to each work group or team</p> <p>Implement action plan using project management tools</p> <ol style="list-style-type: none"> 1. Action log 2. Timeline and milestone chart 3. Meeting schedule 4. Reporting criteria and procedures 5. Monitoring and follow up <p>Develop measures to evaluate the results and impacts of your projects</p>	<p>Evaluate results and impact of projects on business conditions</p> <ol style="list-style-type: none"> 1. Results of projects completed— objectives, summary of planned and unplanned outcomes 2. Impact of projects on goals, business environment, factors and CER principles 3. Update strategic plan and consider new projects <p>Assess the risks and rewards, and consider your next steps</p>	<p>Community</p> <p>goals,</p> <p>a strategic plan</p> <p>and</p> <p>completed CER</p> <p>projects</p> <p>that</p> <p>generate</p> <p>economic growth</p> <p>and jobs</p> <p>in</p> <p>your</p> <p>community</p>

Workshop E

CER Phase II Implementation Workshop

Sample Agenda

This sample agenda outlines the topics and activities that Workshop E will cover. Community Project Implementation Teams should bring the materials they generated during their four Phase I workshops—Vision Statement, Core Values and economic renewal goals, summaries of Workshops A, B, C and D, and prioritized list of project ideas—to this workshop..

Introduction (30 minutes)

Objective: To present an overview of the CER Component II and prepare community implementation teams to complete the necessary steps to write an acceptable proposal and implement it after it is approved by the USDOL Adjustment Project Office

The program coordinator will discuss the purpose and desired outcomes of this workshop and review its agenda and format. To ensure that everyone's workshop time is used effectively, questions and suggestions will be welcomed.

The program coordinator will review Phases I and II of the USDOL/WSI CER Component

Strategic Planning and Project Proposal Development (30 minutes)

Objective: To help community implementation teams use the data and information they generated in Phase I to: (a) write a strategic plan for their community and (b) write a project proposal for funding by the USDOL Project office.

Small Group Work (1 hour)

Writing a CER Strategic Plan (goals, strategies and implementation agents)—section I, Parts A and B.

Break (10 minutes)

Project Proposal Writing (15 minutes)

Small Group Work (45 minutes)

Writing a CER Project Proposal –Section II

Organizing for successful CER (30 minutes)

Objective: To help community teams understand and consider the various ways they can formally organize to carry out their CER projects and further their economic renewal efforts after the USDOL project ends.

Participants will review the different skills and organization models available to carry out their CER projects and future CER activities

Lunch (45 minutes)

Project Implementation (management and administration) (30 minutes)

Objective: To inform community teams of the types of information and reports they must prepare and submit to: (a) access and account for funds received from the USDOL, and (b) collect essential information and report on their progress in implementing the approved CER projects.

Topics covered will include accessing USDOL funds, project monitoring, reporting, and other issues

Project Evaluation Strategy (1 hour)

Objective: To teach the community teams basic project evaluation procedures and provide them with suitable measures to collect the necessary information to evaluate the implementation of their project and to determine its impact and contribution and any other outcomes on the community.

Topics covered in this section include evaluation measures, data collection and documentation, project impact indicators, and participant responses.

Building Effective Teams (30 minutes)

Objective: To help community teams learn to function effectively as implementation teams.

Small Group Work (90 minutes)

Participants will engage in small group exercises and other activities to help them work together effectively, facilitate communication and coordination, and promote good public relations

Next Steps/Wrap up (30 minutes)

Workshop E

Step 1

Strategic Planning and Proposal Development

STEP ONE Strategic Plan and Proposal Development	STEP TWO Project Organization and Management	STEP THREE Project Implementation	STEP FOUR Project Evaluation	Final Result of Completed CER Projects
<p>Write strategic plan and submit proposal to implement CER projects in your community</p> <ol style="list-style-type: none"> 1. Introduction to region, issues, problems 2. Summary of factors and CER principles 3. Proposed goals, objectives and CER projects 4. Action plan and implementation team 5. Budget and matching funds <p>Determine what you need to do to address your business conditions</p>	<p>Establish organization and management structures to implement projects</p> <ol style="list-style-type: none"> 1. Implementation teams 2. Legal structure of project 3. Charter and mandate 4. Organization structures 5. Project management <p>Determine what you need to do to successfully implement your CER projects</p>	<p>Develop action plan for projects and make assignments to each work group or team</p> <p>Implement action plan using project management tools</p> <ol style="list-style-type: none"> 1. Action log 2. Timeline and milestone chart 3. Meeting schedule 4. Reporting criteria and procedures 5. Monitoring and follow up <p>Develop measures to evaluate results and impacts of projects</p>	<p>Evaluate results and impact of projects on business conditions, jobs and development</p> <ol style="list-style-type: none"> 1. Results of projects completed— objectives, summary of planned and unplanned outcomes 2. Impact of projects on goals, business environment, factors and CER principles 3. Update strategic plan and consider new projects <p>Assess the risks and rewards, and consider your next steps</p>	<p>Community goals, a strategic plan and completed CER projects that generate economic growth and jobs in your community</p>

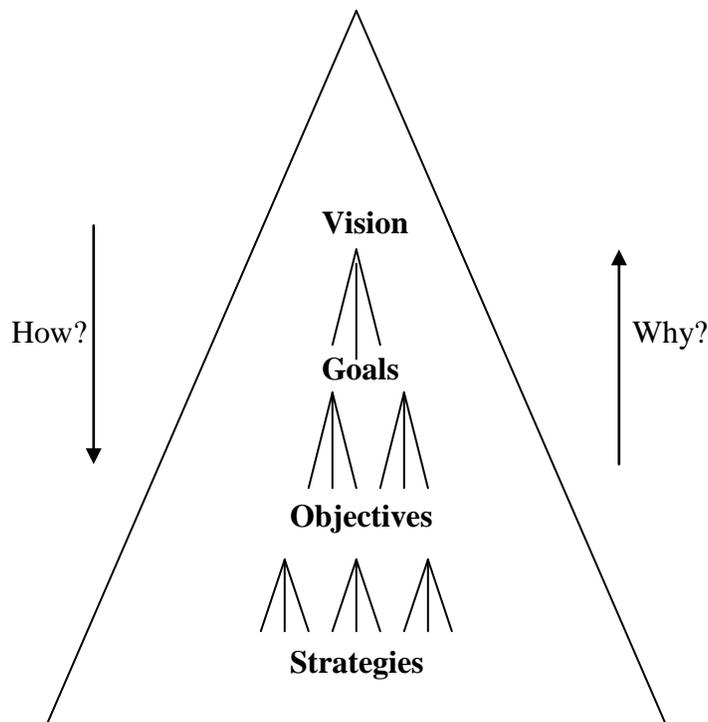
Section I: Writing Your Strategic Plan

Importance of Strategic Planning

Your community strategic plan is developed within the context of your value system. It guides all of the policy decisions your local government and community leaders make as they shape your quality of life issues. The strategic plan also helps businesses and industry to work in partnership with your community and government to avoid costly mistakes. Communities that are pro active have a strong sense of where they want to be five, ten and even twenty years in the future and thus have more control over their destiny.

Chart 7.2 illustrates the strategic planning process.

Chart 7-2
Strategic Planning



Notes

Characteristics of Successful Strategic Plans

Unfortunately, the economic development landscape is littered with many unsuccessful strategic plans. Many of the failures can be attributed to the process by which they were developed. Hiring a consulting firm to write an economic renewal plan for a community or having a small group of officials in the Mayor's office prepare a plan may be efficient, but it is unlikely to be well received or successful unless there is citizen input in all stages of the process.

Chart 7.3 identifies some of the characteristics of successful CER plans based on wide experiences in North America. Groups undertaking the process of developing and implementing strategic CER plans for their communities should consider every item on this list very carefully as they work.

Chart 7-3

Characteristics of Successful Strategic CER Plans

Experience suggests that to be successful, strategic CER plans should contain the following characteristics:

1. The strategic plan has an analytical basis (e.g., like that used in the CER process) and is based on accurate information. The data provide meaningful facts about the local situation and other things that affect a community's future.
2. Pertinent information from previous studies is considered (in a substantive manner as opposed to a mere bibliographic citation) during the assessment and planning activities.
3. The writing of the strategic plan involves widespread public participation.
4. The strategic plan's projects and activities are compatible with the analytical findings.
5. The strategic plan is a "work program" that transforms present conditions into improved conditions. The strategic plan specifies concrete actions to be undertaken during a definite period of time (usually one to two years).
6. There are appropriate linkages between capital projects and program activities to maximize the capital projects, and vice versa.
7. The roles and responsibilities for each proposed project and/or activity are clearly defined and assigned in the strategic plan.
8. The strategic plan reflects or creates an institutional framework to achieve its objectives or to complete its proposed projects and/or activities.
9. The proposed projects and/or activities are realistic and achievable within a given time frame.
10. The strategic plan contains a formal commitment to ongoing evaluation and monitoring, including a formal program review.

Elements of a CER Strategic Plan

Putting together a strategic plan for a community typically includes the work carried out by community leaders and interested persons during the four CER Phase I workshops. One of the primary objectives of these workshops is to involve a cross section of community members and leaders in meetings to identify the most important issues facing their community and to determine the kind of future they want for their community. Once the four workshops are completed, the next step is to use the information generated to develop an economic renewal plan that outlines the direction the community's development efforts will follow for the next five to ten years.

A CER strategic plan has several key elements:

- ◆ Introduction and Background
- ◆ Basic data and demographic information about the community
- ◆ Summaries of the Factors Analysis and CER Principles Analysis carried out in Phase I Workshops A and B
- ◆ The community vision and core values statements developed in Phase I Workshops C and D
- ◆ Goals, strategies and projects that are consistent with the vision and core value statements
These are developed as part of the process of generating and screening project ideas in Workshops C and D
- ◆ Implementation Agents and time frame (those who will implement the strategies and projects, and when they will be implemented).
- ◆ **Appendix:** A list of all CER workshop participants and organizations or interests represented in the strategic planning process. Other items or documents supportive of your proposal can also be placed in the appendix.

The following paragraphs explain in more detail how these elements are incorporated into the strategic planning document. They also include examples to help you decide what to include in your community's strategic plan.

1. Introduction and Background

This section puts your CER planning process in context. It provides some background information about your community and explains how and why your CER process got started, including the steps or actions taken and by whom. The expected outcome of your CER planning activity is a planning document to guide your community economic renewal process for the next five to ten years.

2. Basic Data and Demographic Information

This section provides basic data and demographic information about your community. This includes population and growth projections, income levels, employment and unemployment, industrial base, and other information that describes the makeup of your community (see Chart 2.1 in Chapter 2). Much of this data and demographic information should have been obtained or gathered as part of the “need to know” homework during CER Phase I Workshops A-D.

3. Summaries of Factors and CER Principles Analysis

This section contains brief reviews of where your community or region is today. It describes what major problems and concerns were discussed by those people who participated in the CER Phase I Workshops A and B. It also summarizes what your community team learned by completing the Factors Analysis worksheets and from their analysis of each of the four CER Principles.

Your community’s problems and needs, major assets and windows of opportunity are the key issues and topics to be considered for inclusion in your strategic plan—where they are translated into goals, strategies and projects for action.

Examples of Economic Renewal Issues and Priorities

Some of the topics discussed by the Logan 2020 Community Team in the 1997 strategic planning effort are included in Chart 7-4A.

Chart 7-4A

Looking at Logan in 1997

- **Transportation and highways.** What are the transportation and highways like in our community? Do we have a transportation plan? Where is the congestion occurring and why?
- **Community infrastructure.** How good is our community’s infrastructure? This includes electric power needs, and our telecommunications system? What about water and sewer systems?
- **Land Use.** Do we have strong neighborhoods and attractive residential areas. Is our downtown commercial zone adequate and attractive. Do we have sufficient open space? Have we developed industrial areas that are attractive to businesses and reflect the needs of our community?
- **Housing.** Is the housing in our community sufficient to meet the needs of our citizens and their families? Today? In five to ten years? Do we have a variety of housing, homes, apartments, and other types of housing that meet the needs of young couples, poor people, families with children, and older people? Is land available for growth in the housing stock in our community?.
- **Revenues.** How does the community obtain the revenues to maintain and expand infrastructure and public services. It is adequate to meet our needs? Is the tax burden shared equitably among our citizens? What tax problems may need attention?

Chart 7.4B sets out the major issues facing the city that were generated for inclusion in the city's strategic plan as a result of the community discussions and assessment activities. These issues and priorities were considered in the context of the community's vision and core values.

Chart 7-4B
Issues generated by the Logan 2020
strategic planning committee participants

Key issues

- The lack of cooperation between the county and cities
- Lack of affordable housing for young families and poor people
- Economic vitality
- Roadways and transportation
- Quality of the environmental

Priorities

- Maintain clean air and water
- Maintain open space and expand a high quality of life
- Continue growth but restrict it to designated areas
- Improve public safety and fire protection
- Improve the quality of education
- Increase public revenues to cover future infrastructure and service needs
- Strong city planning and enforcement of plans through ordinances
- Economic vitality within the county surrounding our community

Other issues

- Doubt that Logan City will adopt and implement the strategy developed
- Uninformed and apathetic citizens

Use Worksheet E1 to identify and summarize the major issues, concerns and priorities that you generated in Workshops A-D, if this task has not already been accomplished.

Worksheet E1

Identifying goals to be included in your CER strategic plan

In your strategic plan, decide which of the five Workshop A Factors affecting business conditions in your community require the most attention. Then identify the community problems that require the most attention, or alternatively, the assets that you should capitalize on. Finally, analyze whether there are several particular “windows of opportunity” that your community could take advantage of now or in the near future. Some of these issues and opportunities can be considered for inclusion in your strategic plan and translated into goals and strategies for action.

Issues to be considered for inclusion in your CER strategic plan

	Most important Factor(s) to address	Most important problem(s) to address or asset(s) to build on	Best window(s) of opportunity to capitalize on	Should be included in our CER strategic plan? Yes or No
Principle 1 Plug the Leaks				
Principle 2 Support existing businesses				
Principle 3 Encourage new businesses				
Principle 4 Recruit compatible new businesses				

4. Community vision and core values statements.

This section of your community strategic plan contains your vision statement and the core values you identified during Workshops C and D. Your vision and core values statements provide the framework for determining which of the issues and problems you identify will be addressed, and then selecting the goals, objectives and critical strategies that must be implemented to achieve your vision.

The following definitions will help you understand what should be included in your vision and core values statements. (Some of these definitions have been adapted from the Logan 2020 Strategic Plan.)

Definitions of community vision and core values statements

Vision Statement

The brief vision statement (several sentences or a paragraph in length) embodies the core values of your community and provides a verbal framework for achieving your community's preferred future 10 or 20 years down the road. Use your vision statement in your promotional brochures and other publications.

Core Values

While the strategic plan includes implementation projects and even specifics, the vision and core values statements are the most important part. The core values statement is a longer and more detailed version of the vision statement. It states the community's priorities—what the citizens feel will be best for their community. For example, if a community's core values are to maintain natural beauty, clean air and water and a vibrant economy, government and community leaders should consider only the industries that meet these core values. A community that decides to be a commercial area in twenty years will be very different from one that decides to be a bedroom community. Both types of communities are good and necessary, but it is important that the citizens know that their government and community leaders will abide by their core values when making decisions and plans.

Examples of Vision and Core Values Statements

The following boxes include examples of community vision and core values statements.

**Chart 7-5A
Vision Statement**

"Our town's economic development vision is to promote large and varied employment opportunities that will ensure a healthy taxation base and an excellent quality of life for all residents." (Short version)

Chart 7-5B
Vision Statement of the Nisga community

“We have a vision of us inhabiting our lands nurtured and sustained by the richness of the Niss Valley. In exchange, we will exercise our rights and responsibilities and take care of the land and protect it.

We have a vision of our children’s children describing our lands in the Nisga language and celebrating our relation with the earth through our cultural traditions and art. We have a vision of our children’s children confidently using the most modern technology to administer the land and communicate and make exchanges with the entire society.”

Chart 7-5C
Logan City Core Values Statement

[The following list describes the core values of a group of citizens who participated in the Logan City 2020 strategic planning effort in 1997.]

As a community, we seek to be guided by the following core values to preserve and enhance our current quality of life and create a future for our children.

A Managed Future

We seek to carefully direct our future destiny by managing and planning for our growth and keeping it within desirable limits while respecting individual citizen property rights. We also value the diversity in our citizens, especially as our population increases, and encourage cooperation among all citizens regardless of their socioeconomic, ethnic, religious and other backgrounds. In doing so, we encourage each citizen to appreciate and respect each other and what is unique in our community.

A Community with Natural Beauty and a Historic Atmosphere

We value the natural beauty of our surroundings and the quality of life that historically has been a hallmark of our community. We seek to preserve open space and recreational areas for future use. We also seek to enhance our sense of community, our strong neighborhoods, our historic architectural structures and our hometown atmosphere. We strive to carefully preserve the quality of our air and water that distinctly contribute to the overall atmosphere of our community.

A Vibrant, Expanding Economy

We encourage desirable business growth within our community from both existing businesses as well as those attracted to us that result in high-paying jobs and quality career opportunities for current and future citizens. Careers and jobs that allow the citizens of Logan City to have a high level of individual and community quality of life.

An Active, Viable City Center

We value, and are committed to maintain and develop an active and viable city center comprised of a diverse mix of successful businesses and a wide array of high quality arts and cultural activities and amenities that are enjoyed and supported by citizens and patrons.

Chart 7.5C (Continued)***Regional & Community Leadership***

We value and encourage volunteerism and the involvement of all citizens in pro-actively leading out on community and regional issues, ***(continued on the following page)*** planning and preparing for the future of the valley and community, and implementing workable solutions to valley wide and community issues that affect all residents.

Valley Wide Cooperation

We value and seek to obtain a spirit of cooperation that eliminates the competition between cities in the valley, the unincorporated areas, Utah State University and other key entities within the County. We are also committed to search for cost effective solutions to common problems within the County and Region.

Maintaining & Building High-quality City Services

We value high-quality essential services that promote public health and safety, economic vitality, improve all modes of transportation and are delivered by an infrastructure that builds on our current base and expands to meet future needs.

Educational Opportunities

We value high-quality education accessible to all citizens with services provided at all levels of educational systems to facilitate lifelong learning.

5. Develop goals, strategies and projects that are consistent with your vision and core values statements

Develop your specific goals and strategies by combining the vision and core values statements you developed in Workshops C and D with the key issues you generated in Workshops A and B—and summarized in Worksheet E1. This is where you have to make some hard decisions about your priorities and what to include in the strategic plan. You can use one of the Worksheets E2A-C (depending on which format you prefer) to write down the specific goals, strategies, objectives and projects that you want to include in your CER strategic plan. You must make these decisions (and complete the strategic planning worksheets) before beginning your project and other actions by you and other implementation agents.

What are your economic renewal goals, objectives and critical strategies? Who will be the implementing agents for each strategy or project? What will be the time frame for its accomplishment?

The following definitions, adapted from the Logan 2020 plan, are included to help you understand the differences between these planning terms and concepts. In addition, several examples are included to help you see how writing your strategic plan can help you develop your goals, strategies and objectives. Make sure that the goals and strategies you include in your plan are realistic, capable of implementation, harmonious with and supportive of your core values and will help you achieve your community's vision statement.

Definitions of Goals, Objectives, Strategies

Goals

The dictionary defines a goal as “the result or achievement toward which effort is directed.” Goals are interim accomplishments on the road to the preferred future. They should focus on your priorities for the next three to five years and be used as a mid-range action plan. To accomplish your goals, keep your activities in harmony with your vision and core values statements. Governments that align their policies with their values and goals tend to be less reactive and crisis management driven and are in a much better position to take advantage of opportunities than communities without a clear vision.

Objectives and Critical Strategies

You must identify some specific objectives and critical activities to accomplish your strategic plan. If you fail to do so, your community will change in ways that override your core values. Your objectives measure whether your community is accomplishing its short-term goals. As you meet your goals, objectives, and strategies, your community can be sure that it is preserving the best of what it has and is prepared to take advantage of the best the future offers.

Examples of how vision statements and core values are translated into goals, objectives and critical strategies

There are many different ways to present the essential elements of the strategic plan. Therefore, the following pages contain several examples of how the CER vision and core values statements of different communities and regions have been translated into strategic plans with goals, strategies, objectives and implementation assignments. Note that these are for reference only and are not recommendations. Two different examples from Logan and Cache County show the evolution of a strategic planning process over time. The original Cache/Logan strategic plan was developed in 1985. (For more information see the description of this original activity in Chapter 3.) The second strategic planning efforts in Logan City and the Bear River Region (which includes Cache County) occurred in 1997 and 1998 respectively.

Worksheet E2-- Example of a Strategic Plan

Logan City "2020 Vision"			
Goals	Objectives (Measures of Success)	Critical Strategies	Implementation Agent
<p>Strategic Implementation Successfully implement the strategies of the "2020 Vision" and consistently influence city decisions, policy and programs.</p>	<p>2020 Strategy is regularly reviewed and updated.</p>	1. Periodically reform the "2020" Strategy Task Force to review and revise the strategic plan.	Mayor/City Council
		2. Educate the community about the "2020" strategy through workshops, public hearings, and the media.	2020 Vision Task Force
		3. Ensure that decisions made by all public leaders are consistent with and based on the values and goals of the 2020 Strategy.	2020 Vision Task Force
		4. Ensure that candidates running for elected office, state their position regarding the 2020 Strategy.	2020 Vision Task Force
		5. Integrate the plan into the programs and priorities of the City.	Mayor/Council

3/17/97

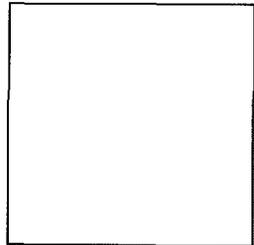
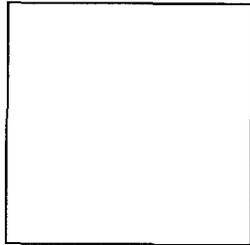
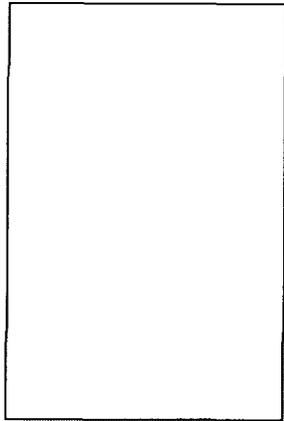
Strategic Planning Worksheet E2A

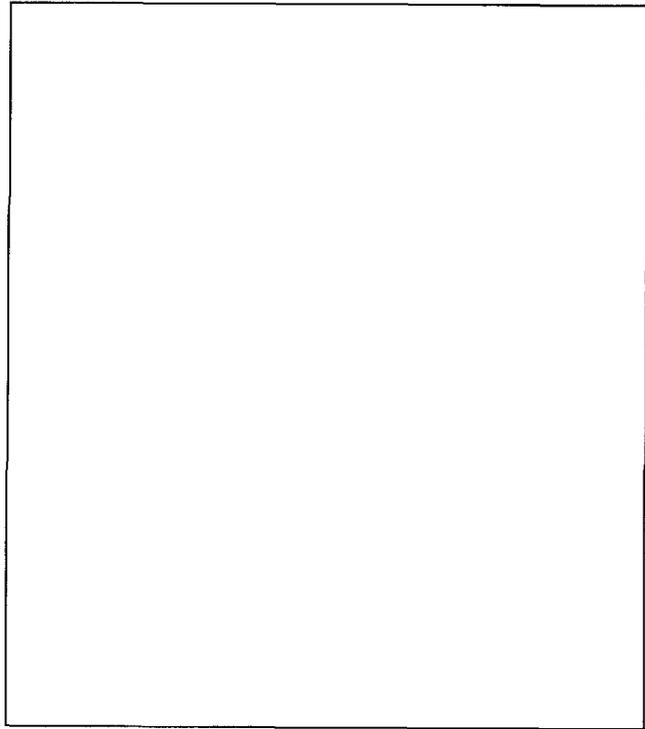
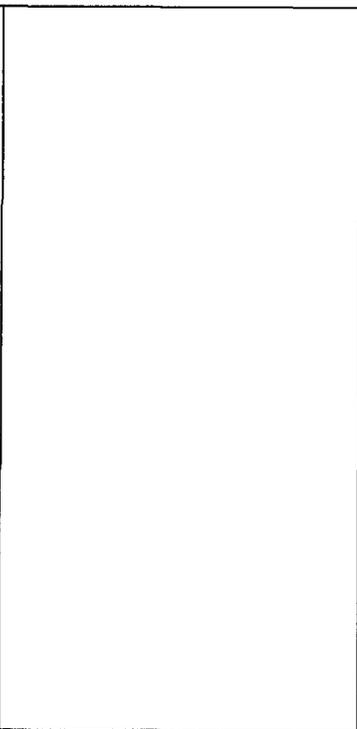
Goals

Objectives
(Measures of Success)

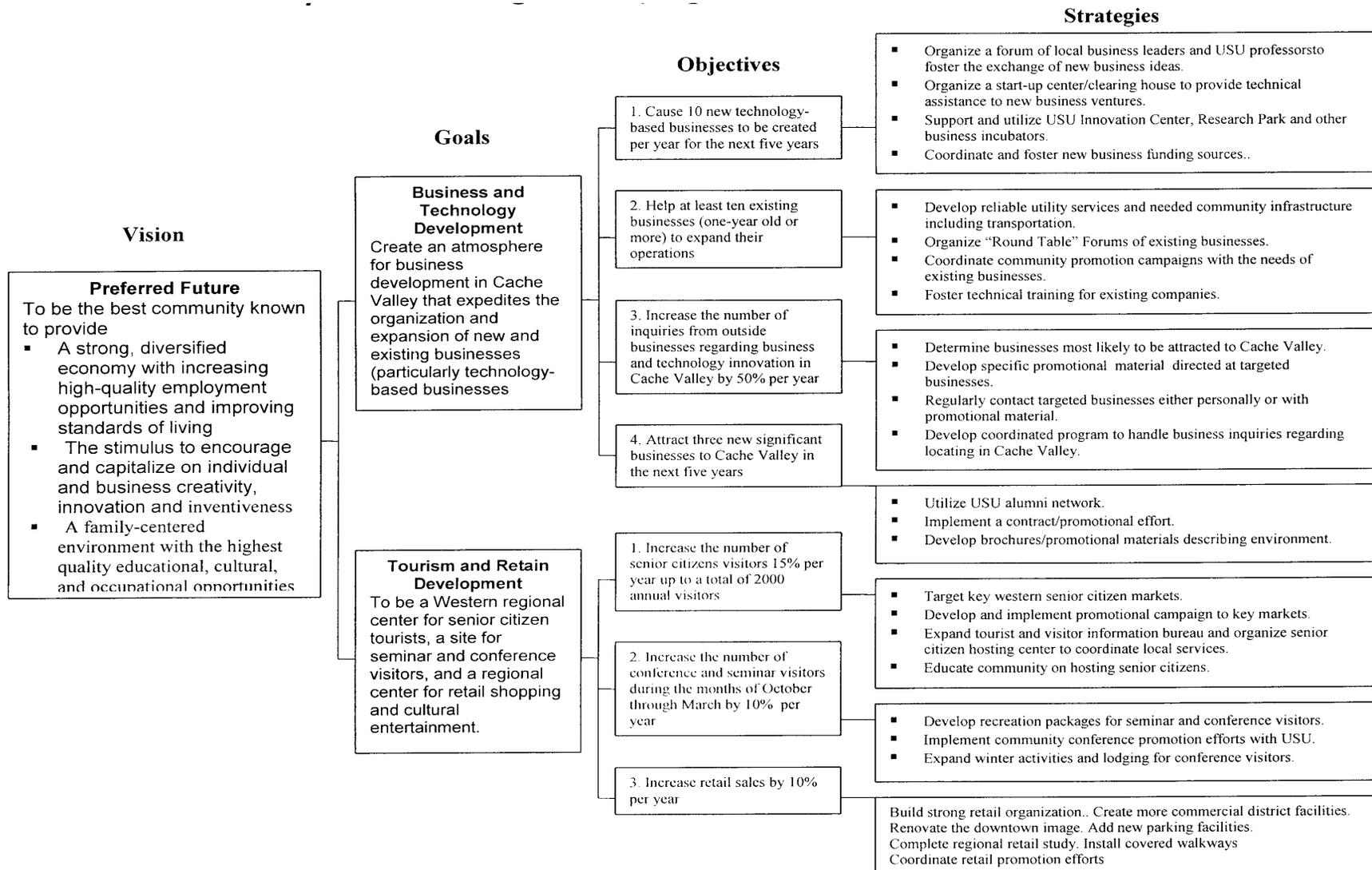
Critical Strategies

Implementation
Agent

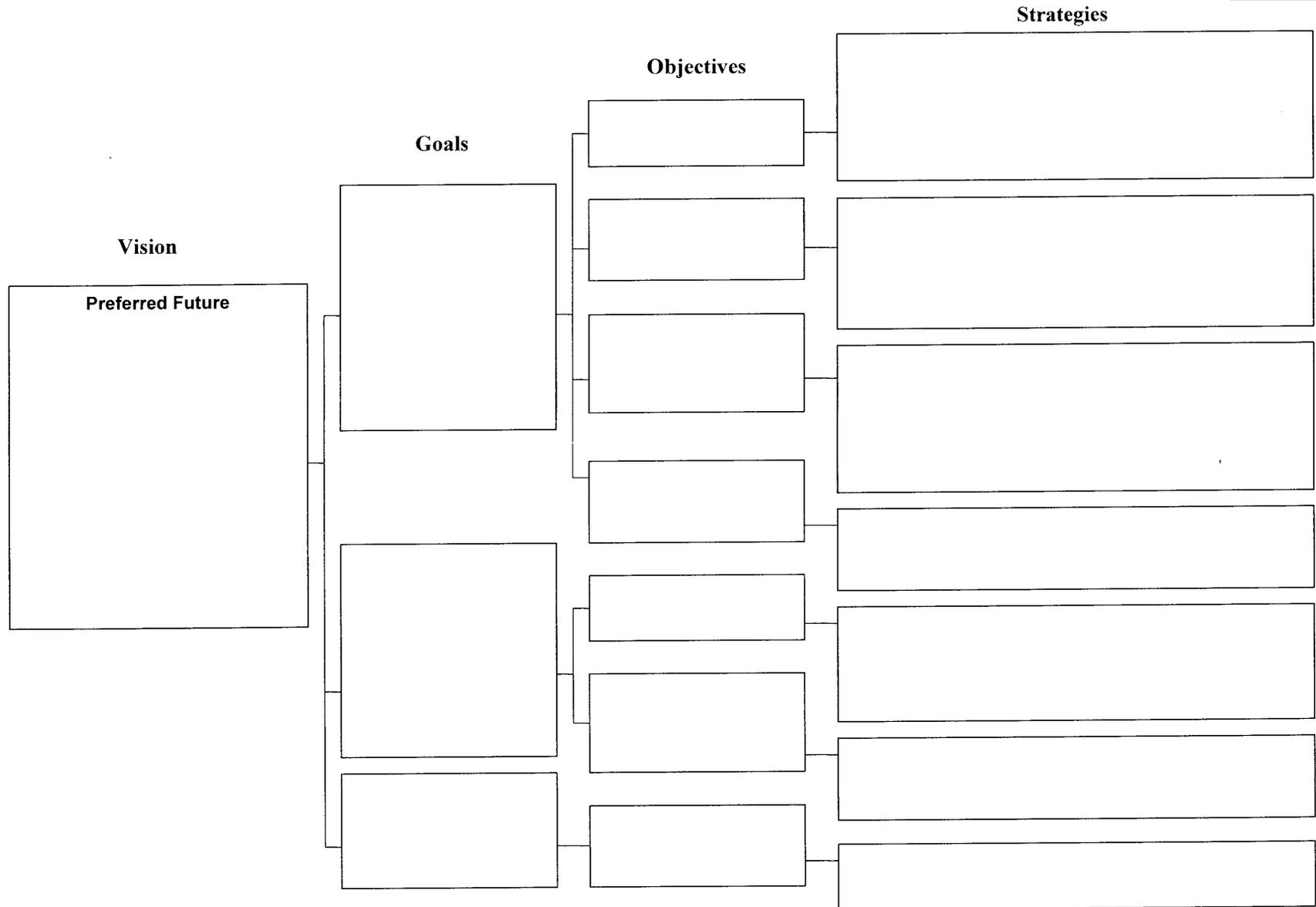


	
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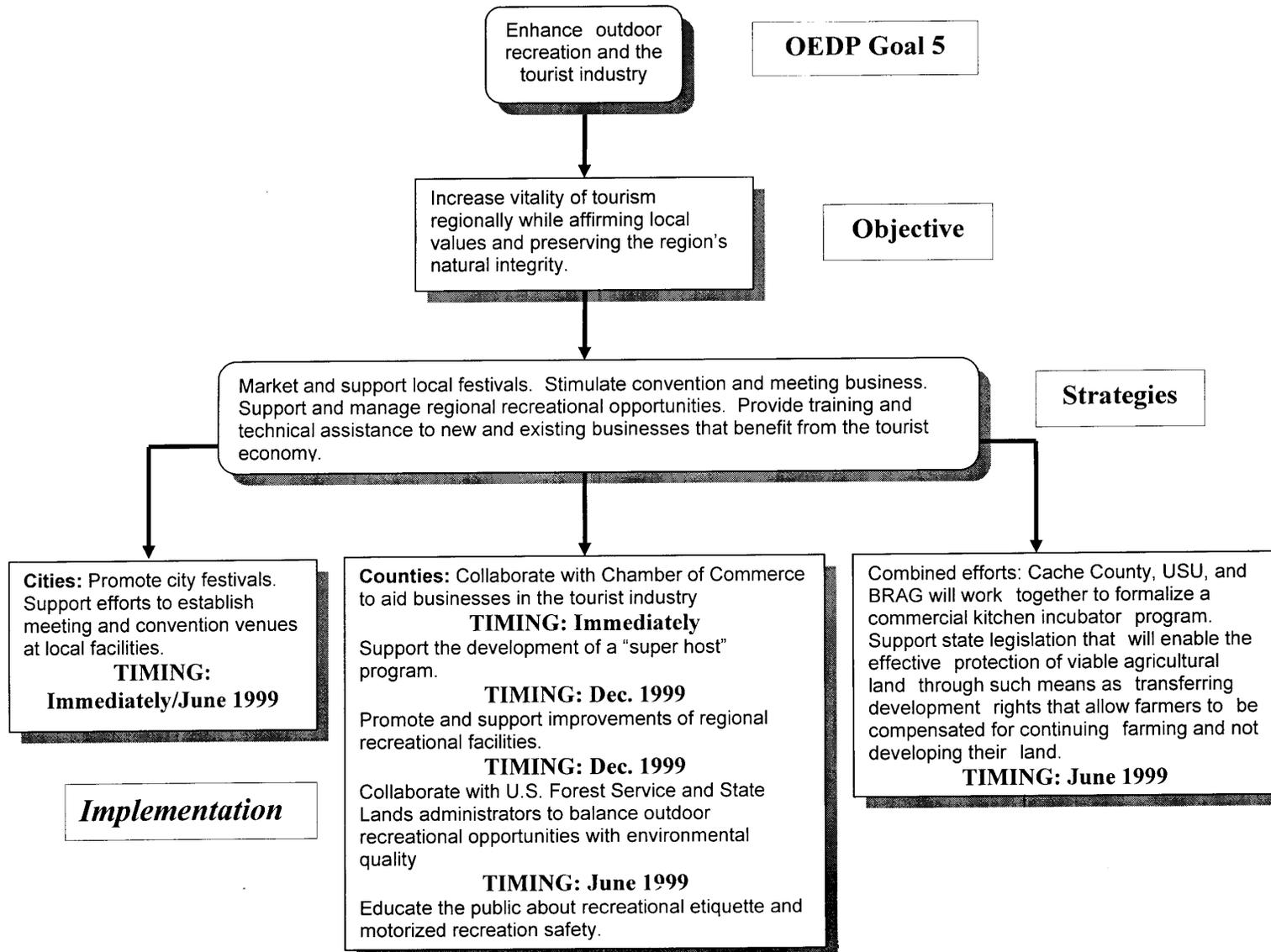
Worksheet E2 -- Example of a Strategic Plan (Logan/Cache)



Worksheet E2B -- Strategic Planning Worksheet

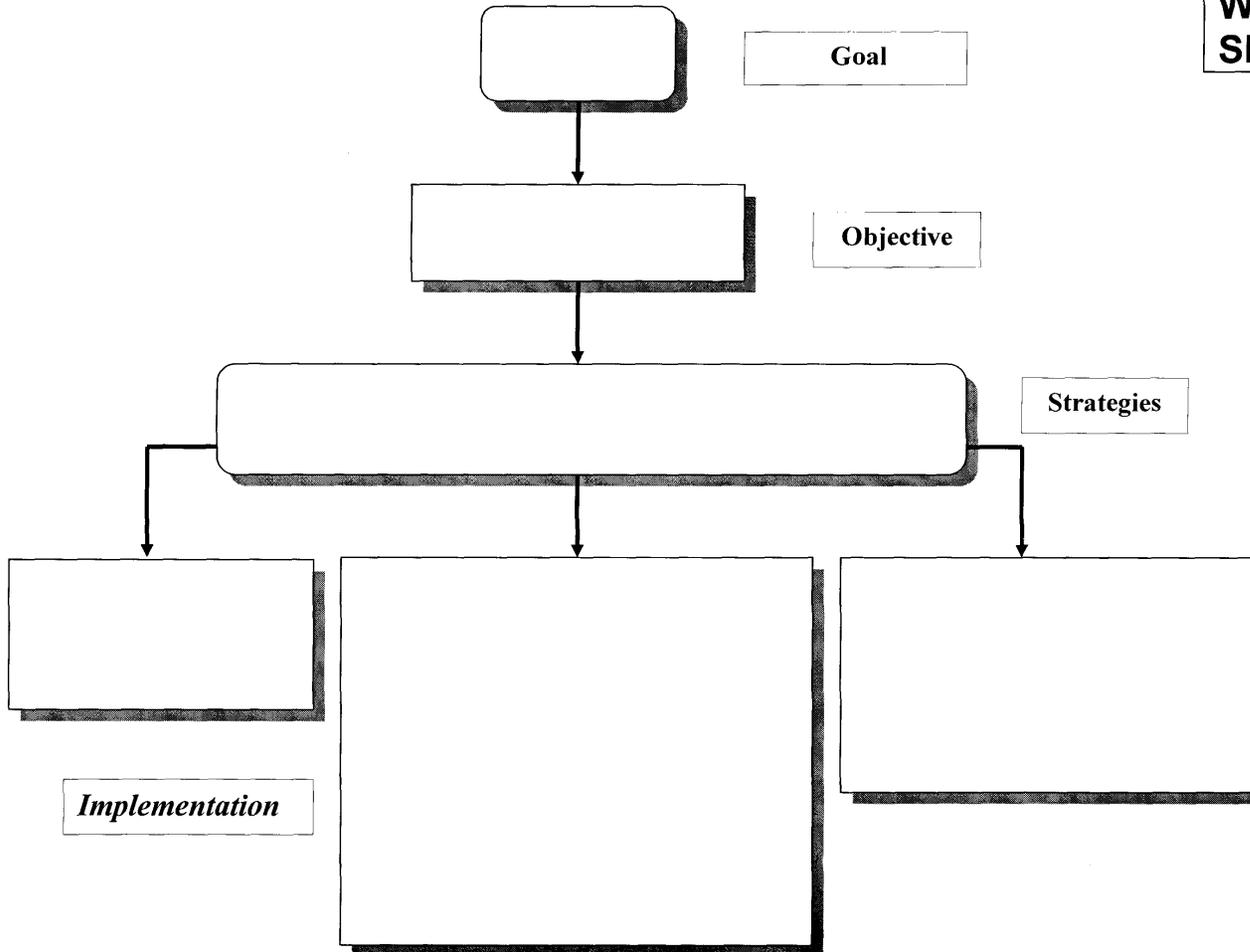


Worksheet E 2 - Example of a Strategic Plan (Bear River Region)



Strategic Planning Worksheet E2C

**Work
Sheet**



6. Implementation Agents

Nothing is likely to happen unless your strategic plan clearly states who will be responsible for each objective and strategy along with a specific timeline. Your plan should contain recommendations from the CER implementation team or committee on the groups, organization and individuals who should take the lead in accomplishing these critical activities. The implementing agents (if individuals) do not necessarily have to do the task(s) themselves, but they and the organizations they represent are responsible for getting them done. It is also important to state when the particular strategy or project derived therefrom will be implemented or completed.

7. Appendix.

The appendix of your project proposal should contain a complete list of the names and organizational affiliations of all who participated in the CER Workshops and subsequent activities that resulted in the development of your strategic plan. These people are responsible for the CER planning document. Everyone in the community should have knowledge of their involvement and efforts. If appropriate, place other supporting material or documents to support your proposal in the appendix.

Section II: Writing Your CER Project Proposal

Contents of CER Phase II Project Proposals

Once you develop your strategic plan, your next step is to prepare a formal project proposal to obtain initial funding from the USDOL Adjustment Project Office to implement one or more of the projects selected by your CER Implementation Team. The specific requirements of the USDOL Adjustment Project are presented in Workshop E. Proposals submitted to the USDOL Project Office must include two sections. Section One contains a copy of your community's strategic plan. Section Two contains your proposal for implementing a specific project with USDOL Project Office funds.

Additionally, your CER Implementation Team may want to prepare project proposals for submission to other agencies or funding sources to supplement the resources being sought from the USDOL Adjustment Project or independently to help your community carry out other goals or strategies in your CER Strategic Plan. While every agency may have its own requirements or format for funding proposals, most require similar contents.

Chart 7.6 outlines the basic items that must be included in a CER Phase II project proposal submitted to the USDOL Project Office.

Chart 7-6

Contents of CER Phase II Project Proposals

Section I

Part A: Background

1. Description of local area
2. History of CER project
3. Accomplishments to date

Part B: Strategic CER Plan for community

4. Summaries of issues from Phase I Workshops A and B
5. Community's preferred future (vision) and core values from Phase I Workshops C and D
6. Goals, Objectives, Strategies and Implementation agents derived from Workshops A-D
7. Priority of projects selected for implementation

Appendix: List of all workshop participants (and organizations or interests represented), plus other supporting documents.

Section II

CER Project Proposal

1. Name of project
2. Goal of project
3. Expected outcomes (be specific)
4. Timeframe
5. Detailed description of proposed project (work plan)
6. Concrete tasks and responsibilities
7. Persons responsible (project implementation team)
8. How and when implementation team will communicate with community team
9. Coordination with other local development agencies or plans
10. Public relations strategy and methods to be used
11. Opportunities for further development
12. Draft budget
13. Other funds being applied for (national or regional governments, PHARE, etc.)
14. Who has financial responsibility for receipt and disbursement of funds

The following paragraphs explain in greater detail what should be included in each of the fourteen items on the above list. Several worksheets are also provided to help you organize your thinking about what to include in each of these required items.

Contents of CER Project Proposals

1. Name of project

The name of the project should be sufficiently descriptive to enable the Project Office and others to understand where the project is located.

2. Goal of project

The goal (as stated in the strategic plan) of which the project is part of should be stated in specific and understandable terms. If other strategies and projects are or will be part of this goal, state how this project fits into the picture and what actions are anticipated or planned to complete the other strategies so that the overall goal is achieved. In other words, spell out how this project relates to the other strategies and objectives that are set out as part of this goal in the strategic plan, and what actions are planned to complete them once this project is implemented.

3. Expected outcomes (be specific)

State what are the expected outcomes of the project, e.g., a business promotion center will be set up. It will be located in a currently unused facility and have a full time director and two staff. The center will offer entrepreneurship training to five groups of people during the first year, and it is expected that 5 new businesses will be created during the first year. Also, the center will organize small business marketing network will be created among the furniture making firms in the region. These expected outcomes will be the objectives that can be measured to see if the project is accomplishing what it set out to do.

4. Time frame

Spell out when the project will be started, and identify the various milestones that will be achieved as the project is implemented. It also provides the expected completion date. The timeframe can be spelled out by using a simple milestone chart. It provides a clear indication of when the various tasks will be accomplished and when the project will be completed.

5. Detailed work plan for the proposed project (Action Plan)

The action or work plan sets out in detail what the project is all about, and describes the sequence of what must be accomplished in what order and by whom to successfully complete the project. In short, it is the blueprint and set of instructions to guide those who will be implementing the project. It also demonstrates to the funding agencies that the people who are requesting money for a project have a logical design, they know what steps need to be taken in order to complete the project they are proposing. The action or work plan should also correlate with dates specified in the timeframe.

6. Concrete tasks and responsibilities

This section states exactly who will be doing what. It identifies who (individual, community team, contractor, etc.) has responsibility for each task or activity identified in the work plan. This links the work plan and timeframe with the specific individuals or groups who will be completing the tasks and activities.

7. Persons responsible (project implementation team)

This is a complete list of those individuals and organizations that are responsible for implementing the project. This could be the CER Project Implementation Team or core team or whoever will be the responsible group of people to ensure that the project is successfully completed.

8. How and when implementation team will communicate with larger community team

In most communities it is not realistic or possible to have everyone who participated in the CER Workshops also participate in implementing the project. Forty or fifty people may have attended the workshops. Also, others may need to be involved in the implementation because of their special skills or position in the community. Consequently, it is important to establish a regular schedule and means whereby the implementation team can communicate with the larger community team and broader community to keep them informed about the progress of implementing the project. Their support and involvement will be needed in continuing the work of CER and implementing the strategic plan.

9. Coordination with other local development agencies or plans

This section of the proposal sets out how the implementation team will communicate and coordinate with other local development agencies or regional plans. In many CEE countries there are now regional development councils, and other groups taking an active interest or role in economic renewal and development, it is important to establish links with these agencies and groups. The proposal should identify these agencies and spell out how this contact will be established and maintained.

10. Public relations strategy and methods to be used

Public relations and communication are critical to successful local economic development. Therefore, the proposal should indicate what information dissemination procedures will be used and who will be responsible for public relations and communication during the implementation of the project. How will the media be involved to advance the work of the project and inform the broader community about the CER activities? (See Appendix A at the end of Chapter 7 for information and guidance about developing your public relations strategy and methods for implementing it.)

11. Opportunities for further development

The strategic planning effort and CER project are not a one shot effort. The project will provide tangible results to the implementation team and demonstrate to the community that the CER effort does work. However, it should be considered the beginning of a process and not the end of a project. Therefore, the proposal should

include some indication of what projects, strategies and goals will be pursued next. How can the project be used as a springboard to continue, and expand the CER efforts. In many communities in the CEE region where

the CER process has been introduced the communities have been able to capitalize on their USDOL funded-project and planning efforts to develop new projects and find donors willing to fund them. This part of the proposal should identify where the community team wants to take the process next—after the immediate project is implemented—by starting new projects or strategies, or by creating new institutions to carry on the CER work.

12. Draft budget

The proposal is designed to carry out a project with funds provided by the USDOL/WSI Project Office. A budget must be submitted that spells out what the money will be used for and how it will be expended. The budget should be correlated with the action (work) plan and timeline. Is it a realistic budget that will enable you to get the project completed? If not, how do you propose to obtain the additional funds needed. The budget is an important element in the proposal. It will be used as the basis for awarding the grant and monitoring the expenditure of funds.

13. Other funds being applied for (from national or regional governments, PHARE, etc.)

This is a follow up to number 12. Do you plan, as part of the proposal or in pursuit of your strategic plan, to seek out other donors to provide funds for this or other projects? If the answer is yes, state who you will be submitting proposals to and for what purposes.

14. Who has financial responsibility for receipt and disbursement of funds

Fiduciary responsibility and accountability are important dimensions of CER. Consequently, your project proposal should identify who will be the designated recipient of the funds to carry out the project, and how these funds will be disbursed. Who will have fiduciary responsibility and will sign formal documents?

Project Proposal Development Worksheets

The following pages contain sample worksheets to illustrate how they can be used, and blank worksheets E3 to E7 that can be used as you begin work on the various sections of your proposal. Others may be used during the implementation stages of the project as well.

Worksheet E3
Project Proposal Development Worksheet
Section I

Proposal Development	Notes (Status, assignments, etc.)
1. Introduction to community, issues, problems	
2. History of CER Project	
3. Accomplishments to date	
4. Summaries of issues from Phase I Workshops A and B—Factors and ER principles analysis.	

Worksheet E3 (Continued)
Project Proposal Development Worksheet
Section I (Continued)

Proposal Development	Notes (status, assignments, etc.)
5. Community's preferred future (vision) and Core Values	
6. Goals, objectives, strategies	
7. Implementing Agents	
8. Priority of projects selected for implementation.	
Appendix: List of all workshop participants and organizations represented plus other supporting documents	

Worksheet E4

Project Proposal Work (Action) Plan Worksheet

The Project Proposal (outlined above in Section II of “Contents of Phase II Project Implementation Proposals” provides essential information about the project’s goals and objectives, what the expected outcomes will be, the team of people who will organize and manage the project, the budget required to carry out the various activities, and how the project will be implemented, e.g., by contracting it out, doing the work yourselves, etc. The Action Plan provides a blueprint setting out the specific tasks and activities that will be carried out to accomplish each objective, who will complete the task or activity, and when the work will be started and completed.

Proposed Action or Work Plan

Activities (What and How, Expected outcomes)

- 1.
- 2.
- 3.
- 4.

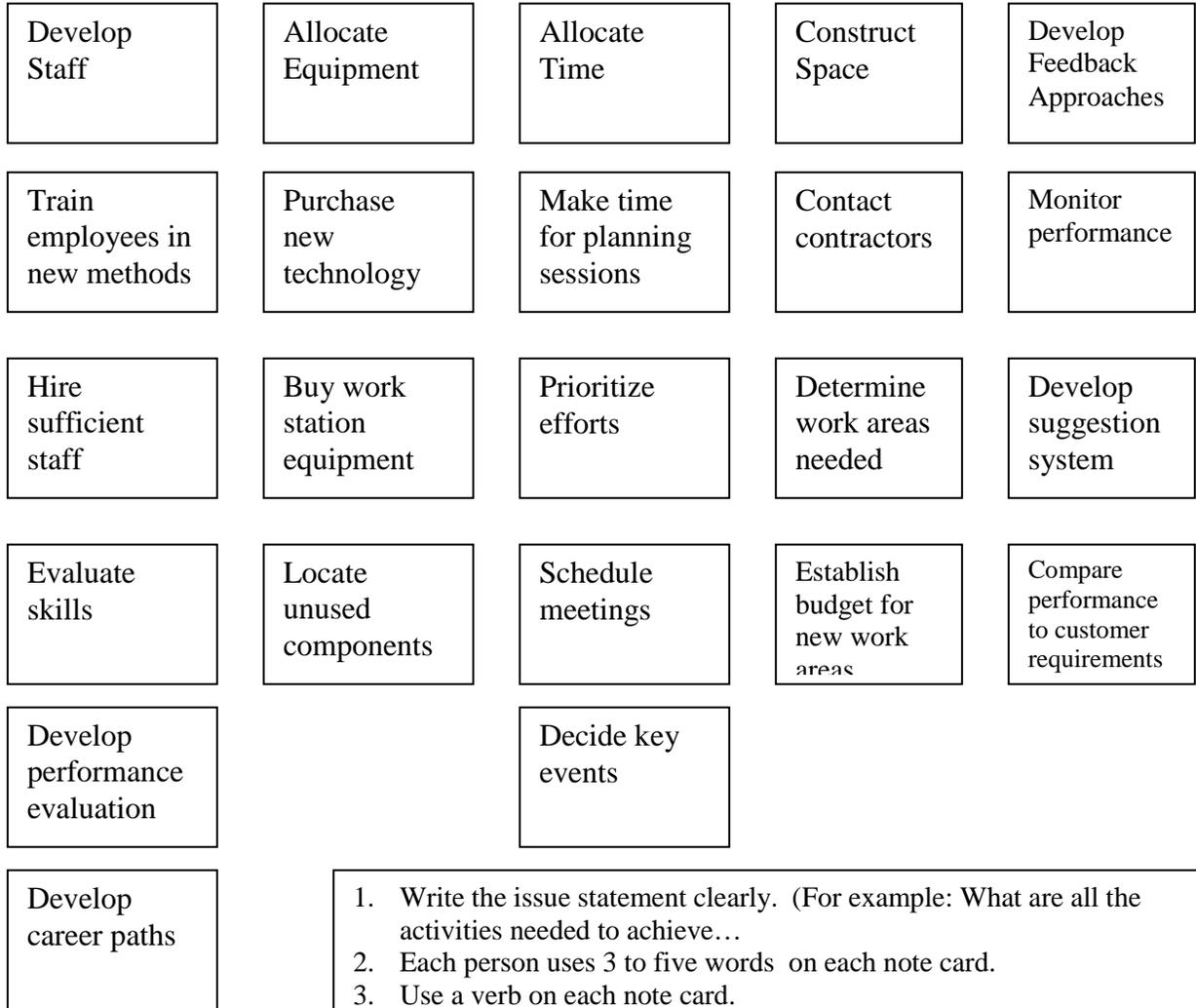
Assignments (Who)

Timeline (When)

Budget (The cost)

Worksheet E5

Example of Affinity Diagram



What are all The activities needed to achieve our project ?

1. Write the issue statement clearly. (For example: What are all the activities needed to achieve...)
2. Each person uses 3 to five words on each note card.
3. Use a verb on each note card.
4. Target for 5 to 10 note cards per person
5. Organize the note cards into vertical categories.
6. Place a "header" card at the top of each vertical category.
7. The header cards describe the key areas for success of the project
8. The affinity diagram can be used for small projects or large, and is effective in beginning corporate strategic planning.

Notes

Worksheet E6

Example of Supportive Action Matrix

Team Name: _____ Egar _____

Team Leader: _____ Kadar Miklos _____

Task No.	Task Description	Assigned To	Support From	Date Assigned	Planned Completion Date	Measure of Success	Review Date	Comments (Projected outcome; dependencies; revised date; lessons learned)
	Write draft proposal	Action team members A, B & C	Economic Development Council	5/1	5/31	Completed draft ready for presentation and submittal	5/15	(From review sessions)
	Present Proposal	Action team members	Community team	5/15	6/15	Presentation of project to community and submit	6/1	From review session

Notes:

Worksheet E6

Supportive Action Matrix Worksheet

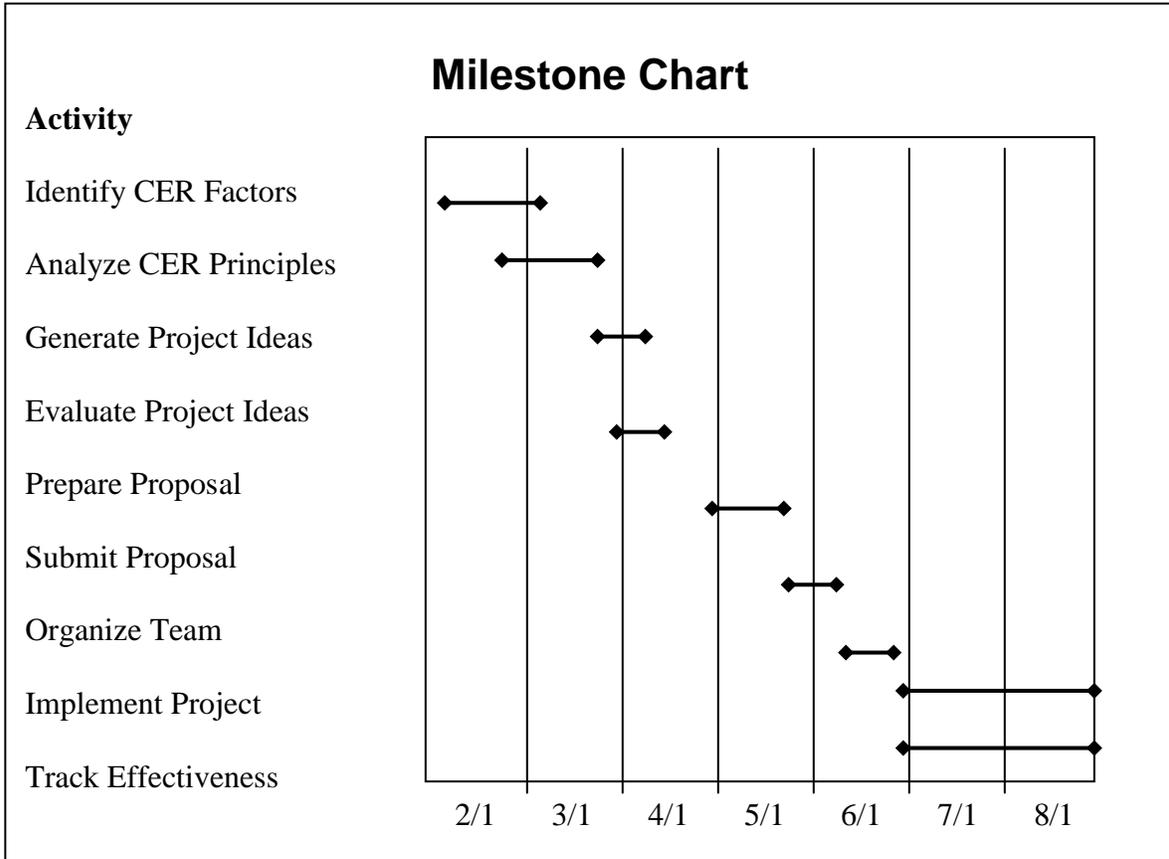
Team Name: _____

Team Leader: _____

Task No.	Task Description	Assigned To	Support From	Date Assigned	Planned Completion Date	Measure of Success	Review Date	Comments (Projected outcome; dependencies; revised date; lessons learned)

Notes:

Worksheet E7 Example of Milestone Chart



Worksheet E7
Milestone Chart Worksheet

Milestone Chart								
Activity:	<table border="1"><tr><td></td><td></td><td></td><td></td><td></td><td></td><td></td></tr></table>							
Date:								

Workshop E

Step 2: Organizing for Effective CER

Phase II: Implementing Business Solutions in Your Community

STEP ONE Strategic Planning and Proposal Development	STEP TWO Project Organization and Management	STEP THREE Project Implementation	STEP FOUR Project Evaluation	Final Result Completed ER Projects
<p>Write strategic plan and submit proposal to implement CER projects in your community</p> <ol style="list-style-type: none"> 1. Introduction to region, issues, problems 2. Summary of factors and ER principles 3. Proposed goals, objectives and ER projects 4. Project work plan and implementation team 5. Budget and matching funds <p>Determine what is needed to address business conditions</p>	<p>Establish organization and management structures needed to implement projects</p> <ol style="list-style-type: none"> 1. Legal structure of project 2. Charter and mandate 3. Organization structures created 4. Project management selected 5. Implementation teams established <p>Determine what is needed to successfully implement CER projects</p>	<p>Develop action plan for projects and make assignments to each work group or team</p> <p>Implement action plan using project management tools</p> <ol style="list-style-type: none"> 1. Action log 2. Timeline and milestone chart 3. Meeting schedule 4. Reporting criteria and procedures 5. Monitoring and follow up <p>Develop measures to evaluate results and impacts of projects</p>	<p>Evaluate results and impact of projects on business conditions, jobs and development</p> <ol style="list-style-type: none"> 1. Results of projects completed— objectives, planned and unplanned outcomes summarized 2. Impact of projects on goals, business environment, factors and ER principles 3. Update strategic plan and consider new projects <p>Assess the risks and rewards, and consider next steps</p>	<p>Community goals, a strategic plan and completed ER projects that generate economic growth and jobs in your community</p>

Organizational structures for Effective CER

One of the objectives of Phase II, in addition to implementing a specific CER project, is to help you and your community team members consider what organizational steps you will need to take to continue your CER efforts after the USDOL project ends. In Chapter 2, there is a section on the institutional structures needed to achieve economic development on a long-term basis. During Workshop E you should review the material on economic development organizations in Chapter 2. You should begin thinking seriously about what kind of organizational arrangements you will need to make to carry out your CER project—and, equally important, what steps you may want to take to set up a economic development organization (EDO) to continue this work in the future—if you do not already have one established in your community. Chart 7-7 describes the steps to do this. As you can see, you have already completed some of these steps during Phase I. You should consider what additional steps you need to take at this time.

Worksheets E8 and E9 on the following pages can be used to help you work through the process of determining what type of economic development structure and organization you will need to carry out your project and continue the economic renewal work in your community.

Chart 7-7

Steps to setting up a local economic development organization (EDO) to initiate economic renewal projects at the community level

1. Organize to start the economic renewal process
2. Choose the most appropriate legal and financial structure
3. Define EDO governing board and management responsibilities
4. Carry out a strategic planning process for the community
5. Carry out a business planning process for the EDO
 - Task 1: Identify the customer and assess the market
 - Task 3: Formulate goals, objectives and strategies for the EDO to pursue
 - Task 2: Develop a short, simple mission statement
 - Task 4: Set clear, measurable EDO performance goals
6. Develop a budget and marketing strategy
 - Task 1: Develop a budget
 - Task 2: Market the economic development programs and services to potential customers and partners
 - Task 3: Market the organization and its services to potential investors.
7. Translate the market findings and strategies into actions and programs
8. Develop a simple report card to provide feedback

Organizing for CER

Worksheet E8

Selecting an organizational structure for CER

Types of development organizations	Advantages	Disadvantages
1. Public agencies		
2. Independent private organizations		
3. Semi-public agencies		
1. Special committees, task forces or voluntary associations		
2. Other		

Organizing for CER

Teambuilding and Committee Effectiveness

As noted in Chapter 3, teambuilding and committee effectiveness skills are essential to successful CER efforts. CER project implementation teams need skills in working together, effective planning, conducting effective meetings, group problem solving, and decision making, etc.

Teambuilding and committee effectiveness training will be covered in Workshop E, but the teambuilding training materials and worksheets will be provided as a separate packet during Workshop E or whenever the teambuilding training is given.

Workshop E

Step 3: Project Implementation

Phase II: Implementing Business Solutions in Your Community

STEP ONE Strategic Planning and Proposal Development	STEP TWO Project Organization and Management	STEP THREE Project Implementation	STEP FOUR Project Evaluation	Final Result Completed ER Projects
<p>Write strategic plan and submit proposal to implement CER projects in your community</p> <ol style="list-style-type: none"> 1. Introduction to region, issues, problems 2. Summary of factors and ER principles 3. Proposed goals, objectives and ER projects 4. Project work plan and implementation team 5. Budget and matching funds <p>Determine what is needed to address business conditions</p>	<p>Establish organization and management structures needed to implement projects</p> <ol style="list-style-type: none"> 1. Legal structure of project 2. Charter and mandate 3. Organization structures created 4. Project management selected 5. Implementation teams established <p>Determine what is needed to successfully implement CER projects</p>	<p>Develop action plan for projects and make assignments to each work group or team</p> <p>Implement action plan using project management tools</p> <ol style="list-style-type: none"> 1. Action log 2. Timeline and milestone chart 3. Meeting schedule 4. Reporting criteria and procedures 5. Monitoring and follow up <p>Develop measures to evaluate results and impacts of projects</p>	<p>Evaluate results and impact of projects on business conditions, jobs and development</p> <ol style="list-style-type: none"> 1. Results of projects completed— objectives, planned and unplanned outcomes summarized 2. Impact of projects on goals, business environment, factors and ER principles 3. Update strategic plan and consider new projects <p>Assess the risks and rewards, and consider next steps</p>	<p>Community goals, a strategic plan and completed ER projects that generate economic growth and jobs in your community</p>

CER Project Implementation Tools and Forms

Implementing a CER project is a time consuming process. If the project is implemented by a contractor, the work will be done by someone other than the Implementation Team members. However, the tasks of organizing the project, obtaining a suitable contractor, and monitoring the work must still be done. If the project work is carried out directly by the Implementation Team, a more direct involvement of team members will be required. In either case, some basic management tools will be helpful in carrying out this step.

The six categories of tools and forms needed for project implementation are:

1. Strategic planning worksheet(s)

One of the first things that the Implementation Team should do after the project has been approved and funded by the Project Office is to make a large scale copy of the completed strategic plan worksheet(s) E2. The worksheet(s) should either be: (a) enlarged to a large scale on a xerox machine, or (b) used to make a large version of this worksheet(s) on a flip chart. The enlarged copy of the strategic plan worksheet(s) should be placed on the wall in a location where everyone can see it. This should be done so that you and your team members can refer to the strategic plan worksheet on a regular basis while implementing the project—to remind you of you of the goals, objectives, strategies, implementation agents and milestones.

2. Action planning tools

Some of the action planning tools (affinity diagram, supportive action matrix, milestone chart) were presented earlier in the proposal writing step one, to help you prepare your action plan. These same tools should also be used during step three to determine how well the process of implementation is going and whether the action plan is being followed. The radar chart (Worksheet E13) and project management worksheet (E 14) are also tools and worksheets that can be used in implementing and managing CER projects.

3. Pilot funds disbursement procedures

The pilot funds disbursement procedures and worksheet (E15) provide important guidelines needed for use in applying for, accessing and monitoring the use of USDOL/WSI Adjustment Project funds to complete your CER project.

4. Data collection and project documentation list.

The data collection and project documentation list identifies some of the information and data that will need to be collected on a regular basis during the project's implementation step. This is necessary so that a meaningful and accurate evaluation can be made of the project (Step Four) and a comprehensive "Final Project Report" can be prepared and submitted by your community implementation team to the USDOL/WSI Project Office after the project is completed.

5. Monthly progress reports

Information and sample worksheets are provided to explain what is required of CER project recipients as part of the community's monthly progress report that must be submitted to the USDOL Project Office each month during the life of the project. The reports have both administrative and financial sections that must be completed and submitted each month.

6. Project final report

As noted above, each CER project implementation team must prepare a comprehensive final report. This report must be submitted in a timely fashion to the USDOL/WSI Project Office when your CER project has been completed or the USDOL/WSI Adjustment Project ends, whichever occurs first. Worksheet E18 outlines the basic format of the final report. Additional information that can be used in preparing the Final Report will be obtained as part of the Project Evaluation activities carried out in Step Four. If good procedures are set up at the outset to collect the data needed for the various reports, then the preparation of the final report will be much easier to do.

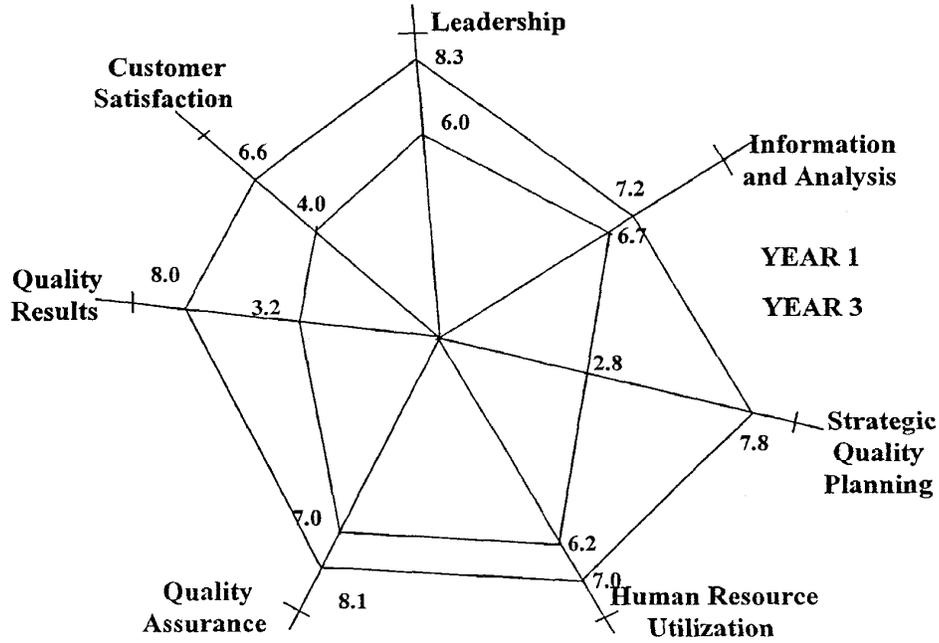
Project Implementation tools and forms

The following pages contain the instructions and examples of additional management tools and reporting forms that you will need or may want to use when you begin implementing your CER project.

Project Implementation

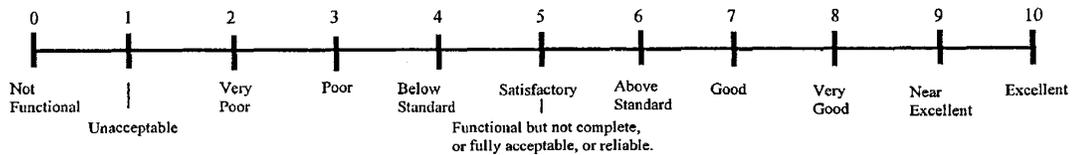
Worksheet E13

Radar Chart



HOW TO CONSTRUCT A RADAR CHART

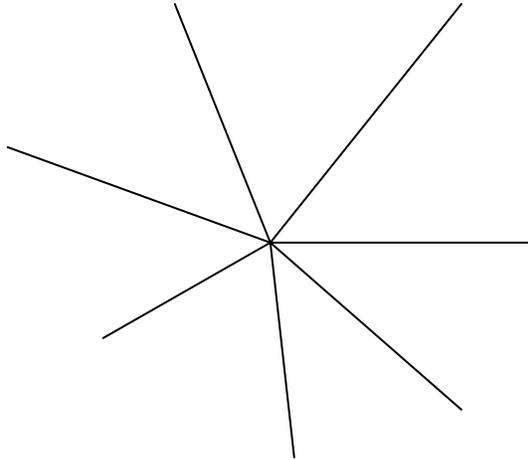
1. Draw a circle.
2. Draw a ray from the center to the outside circle for each category to be evaluated.
3. Place the category names on the circle at the end of each ray.
4. Place "0" (zero) at the center and "10" (ten) at the end of each ray as it intersects the circle.
5. Evaluate each category in terms of current performance. Ten is excellent. Zero is not functional. Consider using this scale:



6. Place a point on each ray representing the evaluation score.
7. Simply connect the points, forming a multi-sided closed figure. Shade the figure on the inside of the 'radar area.'
8. Interpretation is as follows:
 - The shaded area shows current performance.
 - The blank area between the shaded area and the circle shows the effort to be done to achieve excellence in all categories.

Worksheet E13
Radar Chart Worksheet

Notes



Project Implementation

Worksheet E14
Project Management Worksheet

Goals: _____

Objectives: _____

Action Item: _____

What: (Describe)

What needs to be done? _____

Management Functions: _____

Planning _____

Organization _____

Staffing _____

Training _____

Implementation _____

Coordination _____

Who:

Who needs to be involved? _____

Target Audience _____

Key Organizations _____

Key Individuals _____

Who is committed
to the action? _____

Who might be opposed? _____

Who does the work? _____

Project Implementation

Worksheet E14

Project Management Worksheet--continued

Where:

Where will the activity take place?

(local, county, province, state, national) _____

How:

Detail Action Plan _____

Meetings _____

Workshops _____

Communications _____

Other _____

Resources Needed:

Cost _____

Time _____

Materials _____

Evaluation:

Who will monitor the process? _____

How will we know when item is accomplished? (Outcome) _____

Timeline:

J F M A M J J A S O N D J

Date:

Activities:

Project Implementation

CER Pilot Funds Disbursement Procedures

Funding Source: Worldwide Strategies, Inc. is the funding source for CER pilot funding. WSI will advance pilot funds and invoice USDOL for reimbursement based on documentation provided by the Project Office.

Documentation Requirements: All pilot projects require USDOL approval before the issuance of any funds. Project Offices must provide the following information to WSI:

1. Names, titles, and institutions represented by the community team responsible for implementing the project.
2. Original signatures of community team members indicating agreement with the project's selection.
3. The project budget itemizing expenses to be paid by pilot funds and any local contribution, with separate totals for Direct Costs and any Administrative Costs.
4. Expected results of the project.
5. A minimum of two names of people who will withdraw and sign for the funds--only one of whom can be local government official.
6. For projects involving public/private partnerships, a Cooperation Agreement with original signatures outlining the rights and obligations of the parties.
- 7.

Timelines:

Initial Funding: Project documentation must be submitted to WSI for USDOL approval at least one month before funds are requested.

Subsequent Funding: Once the project is approved, WSI requires two days notice to wire funds.

Restrictions:

- Each wire request should not exceed 40% of the LED pilot funding.
- Administrative costs paid from pilot funds may not exceed 21%, without written support and justification from the USAID Mission.
- Each pilot project must establish a separate bank account to be used solely for LED pilot project expenses and to establish a tracking mechanism for financial reviews.
- Dual signatures are required for fund disbursement at all levels (i.e., at least two community team members--only one may be a government official, WSI project manager and WSI Director.)

Wire Request Instructions: (Note: LED Pilot Fund wire requests must be requested separately from routine wire requests for Project Office expenses.)

8. Project Office faxes to WSI a Fund Request Form signed by the community team (sample form attached for adaptation) and the Project Office manager.
9. WSI wires the requested amount into the Project Office bank account.
10. Project Office wires amount into a local bank account established by the community team.

Invoice Documentation/Process:

11. Project Office creates a spreadsheet to track the cash flow for each project, including all bank charges and exchange fees.

Project Implementation

CER Pilot Funds Disbursement Procedures (Continued)

12. Project Office immediately sends the Fund Request Form with original signatures and the spreadsheet to WSI by DHL or FedEx, etc. The signed request form and spreadsheet serve as WSI's receipt for USDOL reimbursement.

Financial Record keeping/Reviews

13. Project Office staff must routinely track pilot project cash flow to verify that expenditures match the funding amounts requested by the pilot projects.
14. Project Offices must require pilot projects to keep original receipts of all expenses which will be review during periodic reviews.
15. Expense receipts and other accounting records are not submitted to WSI until the pilot project is completed and the project office conducts a final financial review.
16. Project offices will submit a final report of the financial review to WSI, which will be forwarded to USDOL.

Frequently Asked Questions:

- Q. Are pilot funds tax exempt?
- A. Yes. These funds should be tax exempt by USAID bilateral agreement with each country. If USAID has no bilateral agreement, there should be an MOU on tax exemption that would be followed.
- Q1. Can pilot funds be used to compensate the community implementation team?
- Q2. Can a percentage of pilot funds be used to support an NGO or other sustaining partner?
- A. Because pilot funds are limited, it is critical that all resources be directed toward project activities to demonstrate success. In addition, communities need to be establishing a framework for this activity and should bear some of the costs. In-kind contributions by the communities is an indication of their level of commitment to the process.

Project Implementation

**Worksheet E15
FUND REQUEST FORM
for CER Pilot Projects**

USDOL/WSI CER Project

This is a request for \$ _____ as part of the _____
(Amount in USD) (Project Name)

budget of _____.
(Community)

We are requesting the funds for the purpose of _____

Please wire by _____.
(Date)

Signatures of Action Team:

- 1.
- 2.
- 3.
- 4.
- 5.

Signature of USDOL Project:

Signature of Worldwide Strategies, Inc.:

Date:

Project Implementation

Data Collection and project documentation

Data and information should be collected by the Project Implementation Team about Phase II activities. This data will be collected and used by the Team for three purposes: (1) some information will be submitted to the USDOL/WSI Project Office on an ongoing basis as part of the team's monthly progress reports, (2) some information will be used as part of the Project Evaluation Step (Four), and (3) some information will be used to prepare a final report on the project(s) that will be submitted to the USDOL/WSI Project Office after the project is completed.

Community organizational efforts made to carry out CER projects implemented in Phase II

1. Proposal development
2. Project implementation strategy
3. Partners participating and matching funds obtained
4. Intended and unintended outcomes (for example)
 - Changes (improvements?) in five factors
 - access to capital
 - business environment
 - infrastructure
 - human resources
 - quality of life)
 - Changes in community attitude toward LED
 - Success (or problems encountered) in using four LED principles
 - Leaks plugged
 - Enterprises strengthened
 - New enterprises started
 - Outside enterprises attracted to the community
 - Jobs created
 - Matching funds obtained
 - Worker training accomplished
 - Community organizational structures created or modified
 - Other changes made (list and describe)
6. Current status and future plans for continuing CER activities in the community
 - CER Projects undertaken after Phase II completed
 - Additional activities or projects being planned
 - Sustainability: organizations and partnerships created
 - Changes made to continue or expand CER activity
 - Future directions planned
7. Comments and feedback from participants and community leaders
 - The CER workshop E and Phase II project implementation processes
 - The outcomes achieved
 - Problems encountered
 - Other
8. Lessons learned from implementing CER component in this community
 - Institutionalization and sustainability issues remaining at the local level

Project Implementation

Community CER Monthly Progress Reports

INSTRUCTIONS

Each community shall complete a typed progress report each month and submit it to the Project Office no later than the 10th of the following month.

Each report shall include three sections: heading, administrative and financial management sections with the following information:

HEADING

1. **Name of Project and Location**
2. **Date of Report**
3. **Reporting Period**

The report shall include the first through the last day of the previous calendar month.

ADMINISTRATIVE SECTION:

4. **Accomplishments to Date**
Provide a summary of the project achievements since inception.
5. **Accomplishments during the Reporting Period**
Provide a concise description of the project achievements for the month based on the project's implementation plan.
6. **Accomplishments to be Performed during the Next Reporting Period**
Provide a concise description of the work that will be performed in the next calendar month.
7. **Technical or Administrative Problems**
 - a. Provide a brief summary of any technical or administrative problems that arose during implementation that delayed work and what was done or to resolve the problem.
 - b. Provide a concise description of any problem that occurred during the reporting period that will delay work and what is being done or help that is needed to resolve it.

FINANCIAL MANAGEMENT SECTION:

8. **Funds Received to Date**
List the date and amount of individual wire transfers received.
9. **Expenses to Date**
List the dates, amounts, and purposes of all expenditures.
10. **Balance of Funds and Date**
Amount remaining in project bank account at the end of the reporting period.

Project Implementation

Worksheet E16

Sample CER Monthly Report

1. **Name and Location of Project**
Cultivating of Waste Lands with Ethereal Oil Producing Plants
Rakitovo, Bulgaria
2. **Date of Report**
April 9, 2000
3. **Reporting Period**
March 1 - 31, 2000

ADMINISTRATIVE SECTION:

4. **Accomplishments to Date**
 - October 1999, soil samples were taken and it was determined that the soil should be treated with lime to obtain a neutral or alkaline pH. Fields were plowed and harrowed and plant beds were marked.
 - November 1999, team formed with Labor Office to select unemployed persons suitable for the planting jobs. Hired and trained from 24 up to 70 persons, based on work to be accomplished and time period available. Retained two persons to guard plants.
5. **Accomplishments during the Reporting Period**
 - (From December 1999 – February 2000, the project was dormant until Spring.)
 - On March 6, the community team met to review the project implementation and decided to conduct a site visit.
 - The planting of the lavender field was inspected and verified that 120 decarres had been planted, 20 more than planned.
6. **Accomplishments to be Performed during the Next Reporting Period**

Fields will be inspected to remove weeds, diseased plants, and treat for insects.
7. **Technical or Administrative Problems**
 - a.) **Summary:** Due to the late season for planting and the difficulty in obtaining lime, soil treatment with lime was postponed until next Fall. The laboratory recommended an alternative treatment, which was carried out mechanically and in compliance with the norm per decarre.
 - b.) **For the Period:** None

Project Implementation

Sample CER Monthly Report (Continued)

FINANCIAL MANAGEMENT SECTION:

8. Funds Received to Date

10/29/99	6380.25 Lv
11/9/99	20562.00 Lv
12/20/99	<u>7664.00 Lv</u>
	34606.25 Lv

9. Expenses to Date

11/1/99	6000 Lv	Lavender Plants
11/12/99	20,800 Lv	664 man-days wages
12/23/99	<u>7,800 Lv</u>	Guard wages
	34,600 Lv	

10. Balance of Funds and Date

6.25 Lv as of March 31, 2000.

Project Implementation

Work Sheet E17 ***Sample (Monthly, Quarterly) Meeting Agenda***

- I. Welcome, Introductions
- II. Business Items
 - A. Project progress reports
 - B. Funding, finance questions
 - C. Legal issues
 - D. Other
- III. New Business
 - A.
 - B.
 - C.
- IV. Administrative Issues
- V. Adjourn
 - A. Follow up assignments
 - B. Next meeting

Work Sheet E18

Sample Contents of Final CER Project Report

Refer to the Data Collection and Project Documentation list for details of what should be included in the final project report

1. Name of Project
2. Dates of project (starting and ending)
3. Project Implementation Team
4. Goal(s) of Project
5. Expected project outcomes
6. Summary of how, when and by whom Action Plan was implemented
7. Actual project outcomes
8. Other unanticipated benefits
9. Problems encountered
10. Lessons learned
11. Future plans (next steps)

Workshop E

Step 4: Project Evaluation

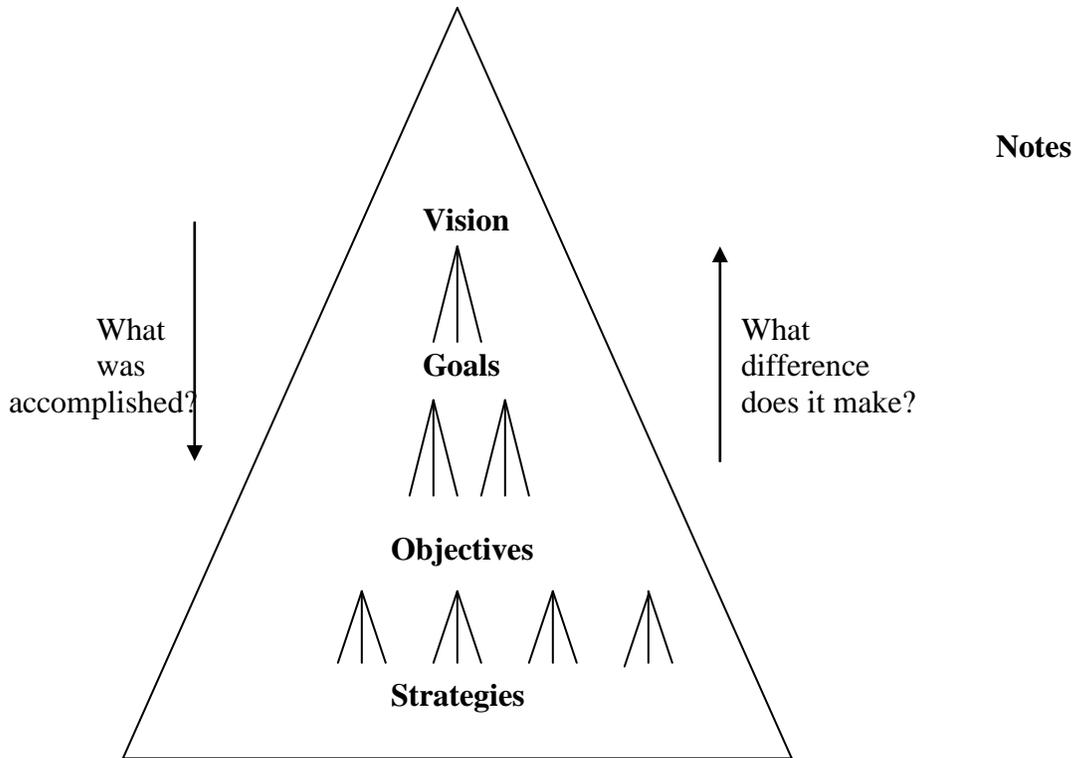
Phase II: Implementing Business Solutions in Your Community

STEP ONE Strategic Planning and Proposal Development	STEP TWO Project Organization and Management	STEP THREE Project Implementation	STEP FOUR Project Evaluation	Final Result Completed ER Projects
<p>Write strategic plan and submit proposal to implement CER projects in your community</p> <ol style="list-style-type: none"> 1. Introduction to region, issues, problems 2. Summary of factors and ER principles 3. Proposed goals, objectives and ER projects 4. Project work plan and implementation team 5. Budget and matching funds <p>Determine what is needed to address business conditions</p>	<p>Establish organization and management structures needed to implement projects</p> <ol style="list-style-type: none"> 1. Legal structure of project 2. Charter and mandate 3. Organization structures created 4. Project management selected 5. Implementation teams established <p>Determine what is needed to successfully implement CER projects</p>	<p>Develop action plan for projects and make assignments to each work group or team</p> <p>Implement action plan using project management tools</p> <ol style="list-style-type: none"> 1. Action log 2. Timeline and milestone chart 3. Meeting schedule 4. Reporting criteria and procedures 5. Monitoring and follow up <p>Develop measures to evaluate results and impacts of projects</p>	<p>Evaluate results and impact of projects on business conditions, jobs and development</p> <ol style="list-style-type: none"> 1. Results of projects completed—objectives, planned and unplanned outcomes summarized 2. Impact of projects on goals, business environment, factors and ER principles 3. Update strategic plan and consider new projects <p>Assess the risks and rewards, and consider next steps</p>	<p>Community</p> <p>goals,</p> <p>a strategic plan</p> <p>and</p> <p>completed ER</p> <p>projects</p> <p>that</p> <p>generate</p> <p>economic growth</p> <p>and jobs</p> <p>in</p> <p>your</p> <p>community</p>

Project Evaluation

Evaluation is a necessary component of any CER project. This is true from the standpoint of the Community Team, USDOL/WSI Project Office, and external donors or funding agencies. Everyone wants to know whether the project accomplished its objectives, whether the money was spent wisely, and what can be learned from the experience to improve the process the next time around. Consequently, it is important to provide some information and materials to help you develop suitable evaluation measures and collect the needed information as you begin your projects. The following charts and worksheets will help you in your work.

Chart 7-8
Project Evaluation



Project Evaluation

Chart 7-9

Guiding Principles for Selecting CER Evaluation Measures

System focused	Does it help achieve project goals and objectives?
Limited	Is it limited to the most important indicators of success, not everything, useful or not?
Practical and straightforward	Methodology and collection procedures are simple, straightforward, and as easy to implement as possible—they do not create an undue burden on staff and participants
Avoids unintended consequences	Does it lead to other consequences that are not supportive of project objectives?
Cost effective	Does it justify the cost of collecting and processing data?
Efficient	Streamline, use existing data sources to reduce data collection problems, barriers and costs
Reliable	Same measure yields same results in different circumstances
Valid	Measures what is intended
Informative	Has some utility and value to program managers and communities
Clear	Clear links are established between task and measure
Measure can be explained and justified to those who must collect data	Why data is collected, value of information; it is not a waste of time with little or no useful purpose
Supports continuous improvement	Do evaluation measures monitor the project's success and contribute to its improvement?
Contributes to sustainability	Will the measure help achieve the sustainability of the CER process in the community and country?

Data Collection for Project Evaluation

As noted in the previous step, a variety of data and information should be collected by the Community Team during Phase II. Some of this data should be collected and used as part of the project evaluation efforts.

1. Community organizational efforts made to carry out CER projects implemented in Phase II
2. Proposal development
3. Project implementation strategy
4. Partners participating and matching funds obtained
5. Intended and unintended outcomes (for example)
 - Changes (improvements?) in five factors
 - access to capital
 - business environment
 - infrastructure
 - human resources
 - quality of life)
 - Changes in community attitude toward LED
 - Success (or problems encountered) in using four LED principles
 - Leaks plugged
 - Enterprises strengthened
 - New enterprises started
 - Outside enterprises attracted to the community
 - Jobs created
 - Matching funds obtained
 - Worker training accomplished
 - Community organizational structures created or modified
 - Other changes made (list and describe)
6. Current status and future plans for continuing CER activities in the community
 - CER Projects undertaken after Phase II completed
 - Additional activities or projects being planned
 - Sustainability: organizations and partnerships created
 - Changes made to continue or expand CER activity
 - Future directions planned
7. Comments and feedback from participants and community leaders
 - The CER workshop E and Phase II project implementation processes
 - The outcomes achieved
 - Problems encountered
 - Other
8. Lessons learned from implementing CER component in this community
 - Institutionalization and sustainability issues remaining at the local level

Project Evaluation

Worksheet E19

Participant Responses

	Disagree	Agree	Notes
Workshop objectives are clear	1 2 3 4 5		
Time is well spent	1 2 3 4 5		
Workshop activities are productive	1 2 3 4 5		
Workshop materials are helpful	1 2 3 4 5		
CER Trainer did a good job	1 2 3 4 5		
Small group facilitators did a good job	1 2 3 4 5		
My expectations are being met	1 2 3 4 5		
The workshops will help us strengthen our community's economy	1 2 3 4 5		
Other (add)			

What aspects of the workshops were most valuable? _____

What aspects of the workshops were least valuable? _____

What would you change? _____

Project Evaluation

Worksheet E20 *Project Outcomes*

Project Objectives	Achievements	Notes
1. _____	_____	_____
Strategies	Achievements	_____
A. _____	_____	_____
B. _____	_____	_____
C. _____	_____	_____
2. _____	_____	_____
Strategies	Achievements	_____
A. _____	_____	_____
B. _____	_____	_____
C. _____	_____	_____
3. _____	_____	_____
Strategies	Achievements	_____
A. _____	_____	_____
B. _____	_____	_____
C. _____	_____	_____
4. _____	_____	_____
Strategies		_____
A. _____	_____	_____
B. _____	_____	_____
C. _____	_____	_____

Project Evaluation

Worksheet E23
Evaluation Strategy Worksheet

Category	What Data?	How collected?
Project Outputs (e.g., Statistical Data)		
Participants Responses		
Performance Results		
Project Outcomes		
Other Measures		
Notes:		

Final Result

Completed Economic Renewal Projects

Phase II: Implementing Business Solutions in Your Community

STEP ONE Strategic Planning and Proposal Development	STEP TWO Project Organization and Management	STEP THREE Project Implementation	STEP FOUR Project Evaluation	Final Result Completed ER Projects
<p>Write strategic plan and submit proposal to implement CER projects in your community</p> <ol style="list-style-type: none"> 1. Introduction to region, issues, problems 2. Summary of factors and ER principles 3. Proposed goals, objectives and ER projects 4. Project work plan and implementation team 5. Budget and matching funds <p>Determine what is needed to address business conditions</p>	<p>Establish organization and management structures needed to implement projects</p> <ol style="list-style-type: none"> 1. Legal structure of project 2. Charter and mandate 3. Organization structures created 4. Project management selected 5. Implementation teams established <p>Determine what is needed to successfully implement CER projects</p>	<p>Develop action plan for projects and make assignments to each work group or team</p> <p>Implement action plan using project management tools</p> <ol style="list-style-type: none"> 1. Action log 2. Timeline and milestone chart 3. Meeting schedule 4. Reporting criteria and procedures 5. Monitoring and follow up <p>Develop measures to evaluate results and impacts of projects</p>	<p>Evaluate results and impact of projects on business conditions, jobs and development</p> <ol style="list-style-type: none"> 1. Results of projects completed—objectives, planned and unplanned outcomes summarized 2. Impact of projects on goals, business environment, factors and ER principles 3. Update strategic plan and consider new projects <p>Assess the risks and rewards, and consider next steps</p>	<p>Community goals, a strategic plan and completed ER projects that generate economic growth and jobs in your community</p>

Chapter 7

CER Workshop F Materials

PHASE III: Continuing economic renewal and job creation in your community

Introduction to CER Phase III and Workshop F

Chapter 7 provides the workshop materials, instructions and worksheets needed to participate in Workshop F and complete Phase III of the CER process. Workshop F should be provided to the *CER Community Team* concurrently or as close in time as feasible, with Workshop E, the project management workshop designed for the *Project Implementation Team*. Phase III consists of the introduction and work sheets needed to complete all the tasks and activities for Workshop F

Phase III of the CER process is designed to assist participating communities to extend project implementation activities and/or to sustain local economic renewal beyond the scope of their initial CER project. Phase III will help position communities for the longer term commitment to economic development that will be required for growth and stability.

A four step process and workshop are used to help participating community teams achieve the objectives of Phase III. The Phase III objectives and steps used to achieve them are set out below

Charts 7.1 and 7.2 on the following pages outline the three phases of the CER Component and the essential elements of Phase III. These two charts provide a roadmap to successfully complete phase III and continue economic renewal and development in your community in the future.

**Chart 7.1
Community Economic Renewal Component**

Startup Pre-workshop planning and preparations	Phase I Discovering business opportunities in your community	Phase II Implementing business solutions in your community	Phase III Continuing economic renewal in your community	Final Results
<p>Carry out pre-workshop planning and preparations</p> <p>Identify communities interested in participating in ER process</p> <p>Recruit Core and Community ER teams</p> <p>Train local CER IA Specialists and Core Team members</p> <p>Train small group facilitators</p> <p>Workshop “Zero” Conduct meeting to “launch” CER Component in the community and provide overview of CER process</p>	<p>Workshop A Conduct factors analysis</p> <p>Workshop B Conduct ER principles and strategies analysis</p> <p>Workshop C Generate project ideas</p> <p>Workshop D Evaluate ER project ideas</p> <p>Blueprint for Action Community goals, an ER strategy, and one or more project ideas to refine and implement</p>	<p>Workshop E Overview of Phase II and project implementation procedures</p> <p>Write strategic plan and project proposal(s)</p> <p>Establish organization and management structures and select project implementation team</p> <p>Implement approved ER project(s)</p> <p>Monitor and evaluate project implementation</p>	<p>Workshop F Overview of Phase III strategies, objectives and activities</p> <p>Conduct sustainability analysis</p> <p>Revise and update strategic plan</p> <p>Review and modify existing ER organization/structure to meet future needs</p> <p>Identify new project ideas and write project proposals</p> <p>Obtain skill training needed to strengthen ER efforts</p>	<p>1. Completed ER projects that generate economic growth and jobs</p> <p>2. Updated community vision, goals and strategic plan</p> <p>3. New project proposals to market to potential donors</p> <p>4. The experience, organizational capacity and skills to continue economic development on a continuing basis</p>

**Chart 7.2
Phase III: Continuing economic renewal in your community**

STEP ONE Conduct sustainability analysis	STEP TWO Revise and update strategic ER plan	STEP THREE Develop new project proposal(s)	STEP FOUR Obtain skill training needed to strengthen ER efforts	Final result of Phase III 
<p>1, Carefully review Phases I-II</p> <p>2. Conduct assessment of community team vision, goals, organizational capacity, structure, financial support and sustainability</p> <p>3 Respond to questions: “where are we now, where do we want to go, and how do we get there?”</p> <p>4. Consider organization changes and financial support needed to continue CER on a long term basis</p> <p>4. Consider what is needed to attract donors/investors to support continued economic development</p> <p>5. Prepare summary report of findings and changes needed to achieve future success</p>	<p>1. Review existing strategic plan developed in Phases I and II</p> <p>2. Consider changes, modifications and additions needed in the plan to strengthen and sustain community’s future CER efforts</p> <p>3. Prepare new, updated strategic plan to guide the community economic renewal efforts during next five years</p> <p>4. Prepare an action plan to implement next steps set out in the strategic and sustainability plans</p> <p>5. Identify any skill training needed to implement the new strategic and action plans (from list of options)</p>	<p>1 Assess stakeholder or donor reactions to new project ideas</p> <p>2. Use project proposal outline, and guidelines to write new project proposal(s)</p> <p>3. Determine project management requirements</p> <p>4. Screen possible implementing organizations</p> <p>5. market project proposals to potential donors</p>	<p>Obtain skills training to help achieve strategic plan objectives, e.g.,</p> <p>1. Business planning (a) at the project level, and (b) at the economic development organization level</p> <p>2. Attracting donors/investors</p> <p>3. Evaluating development plans</p> <p>4. Using specialized tools in the CER Resource Handbook</p> <p>5. Integrating the three components of the Integrated Community Adjustment Program, i.e., RRDWA, CER and ERAC components</p>	<p align="center">Updated community vision, goals and strategic plan, new project proposals to market to potential donors, and the organizational capacity, resources and skills to continue economic development on a long term basis</p>

Workshop F

CER Phase III: Continuing economic renewal in your community

Sample Agenda

Many CER communities can and will implement Phase III and address sustainability and long term project implementation issues independently with little assistance or encouragement from country IAS staff. Some, however, will need help. Workshop F represents an ongoing agenda for sustainability and strategic planning and could require several months of regular community team meetings to complete. Throughout this process IAS specialists and country IAS staff should monitor workshop sessions and their outcomes and provide material support (information, research findings, facilitation and encouragement) if possible. An outline of Phase III topics and time schedule is provided below.

Phase III Outline	
1 day	Sustainability analysis
1-4 days	Strategic planning
2 days	Project proposal development
ongoing	Skill Training and development

A one-day orientation to Phase III, Workshop F, should be offered to Community Teams. IAS staff and local/national partners as needed, much like Workshop E, is offered to introduce the scope and requirements of Phase III. An outline for Workshop F orientation is presented here. It will be most effectively delivered using an actual CER community’s case study experience.

Workshop F Outline

<u>Day 1</u>	
1 hr	Introduction
2 hrs	Review of CER work to date
	--Phases 1-II
	--Presentation of Project Implementation Team
1 hr	Sustainability analysis
2 hrs	Strategic planning
<u>Day 2</u>	
2 hrs	Project proposal development
2 hrs	Skill training and development
1 hr	Conclusion, wrap-up, next steps

Workshop F

Step One

Conduct sustainability analysis

STEP ONE Conduct sustainability analysis	STEP TWO Revise and update strategic CER plan	STEP THREE Develop new project proposal(s)	STEP FOUR Obtain skill training needed to strengthen ER efforts	Final result of Phase III 
<ol style="list-style-type: none"> 1, Carefully review Phases I-II. 2. Conduct assessment of community team vision, goals, organizational capacity, structure, financial support and sustainability 3 Respond to questions: “where are we now, where do we want to go, and how do we get there?” 4. Consider organization changes and financial support needed to continue CER on a long term basis 4. Consider what is needed to attract donors/investors to support continued economic development 5. Prepare summary report of findings and changes needed to achieve future success 	<ol style="list-style-type: none"> 1. Review existing strategic plan developed in Phases I and II 2. Consider changes, modifications and additions needed in the plan to strengthen and sustain community’s future CER efforts 3. Prepare new, updated strategic plan to guide the community economic renewal efforts during next five years 4. Prepare an action plan to implement next steps set out in the strategic and sustainability plans 5. Identify any skill training needed to implement the new strategic and action plans (from list of options) 	<ol style="list-style-type: none"> 1 Assess stakeholder or donor reactions to new project ideas 2. Use project proposal outline, and guidelines to write new project proposal(s) 3. Determine project management requirements 4. Screen possible implementing organizations 5. market project proposals to potential donors 	<p>Obtain skills training to help achieve strategic plan objectives, e.g.,</p> <ol style="list-style-type: none"> 1. Business planning (a) at the project level, and (b) at the economic development organization level 2. Attracting donors/investors 3. Evaluating development plans 4. Using specialized tools in the CER Resource Handbook 5. Integrating the three components of the Integrated Community Adjustment Program, i.e., RRDWA, CER and ERAC components 	<p style="text-align: center;">Updated community vision, goals and strategic plan, new project proposals to market to potential donors, and the organizational capacity, resources and skills to continue economic development on a long term basis</p>

Step One: Conduct sustainability analysis

In Workshop F the Community Team will evaluate the CER activities carried out in Phases I-II and determine whether the commitment and capacity exist to sustain the economic renewal process, projects and activities that have been initiated in the past year. The first step in this analysis of sustainability is to review CER Phases I-II and then complete Worksheets F1 and F2. These worksheets are similar to those used in Workshop A and B (in Phase I), but the focus of their application in Workshop F is on the sustainability of community economic renewal activities and opportunities .

Use Worksheet F1 to record your analysis of CER sustainability or extended project implementation in your community. Identify problems (obstacles or constraints) needs (requirements), assets (resources or commitments of support in place), and windows of opportunities (existing or emerging) as part of your assessment of questions, gaps and information issues that will help you determine the potential for CER sustainability in your community. You may want to review Chapter Three “Institutional Structures for achieving economic renewal” of *A Guide to Community Economic Renewal, Part I: CER Participant Workbook* for guidelines and ideas of organizational strategies and appropriate legal structures for CER.

You may also decide to conduct a structured CER inventory or questionnaire (See Appendix VII “Community Economic Renewal Preparedness Index” for a sample index) to determine current economic development and renewal needs and issues in your community.

These kinds of research and data analysis efforts emerge from your discussion and completion of Worksheet F2 with “need to know” issues generated from your analysis. Following your analysis and discussion of sustainability from this exercise you will decide if CER sustainability is a desired community goal and will be ready for the next step in this workshop process. Sustainability analysis and discussion will take at least one-half day and could require more time if additional research and analysis is required.

Workshop F – Continuing Economic Renewal
Worksheet F1: Sustainability

Community: _____

Group Name: _____

Use this worksheet to record your analysis of CER sustainability or extended implementation in your community. Your review of CER Phase I, and your project implementation team's work in Phase II should help you complete this worksheet. Identify questions, gaps and information issues as you discuss sustainability—then fill out Worksheet F2 with “need to know” items generated from your analysis.

Problems	Assets
Needs	Windows of Opportunity

Workshop F – Continuing Economic Renewal**Worksheet F2: Need to Know**

Community: _____

Group Name: _____

Use this worksheet to identify what you need to know to better understand business conditions in your community in relation to your specific factor (sustainability). Then identify people, or sources that might assist you in your efforts.

Compile a “Need to Know” List:

List what other facts or information you need to know to better understand business conditions in your community or local area. Information might include:

- Statistics regarding employment
- An analysis of how and why past efforts have succeeded or failed
- A report on other work that has been completed on a particular topic and people’s interest in pursuing this concept
- Information you need from knowledgeable people who did not participate in the workshop
- Any others that you can think of

As you develop this list, ask yourself if each item will actually help make project decisions. For some people, there is a natural tendency to continue to gather information instead of making a decision. Others try to make a decision without adequate information. Be careful not to fall into either of these traps.

1. Need to Know List

Workshop F – Continuing Economic Renewal
Worksheet F2: Need to Know (continued)

2. Community Resources: Identify resources or people that might assist in answering your “Need to Know” questions or issues. Indicate the potential resources below.

Need to Know

Community Resources or People who can help

Need to Know	Community Resources or People who can help

Workshop F

Step Two

Update strategic plan

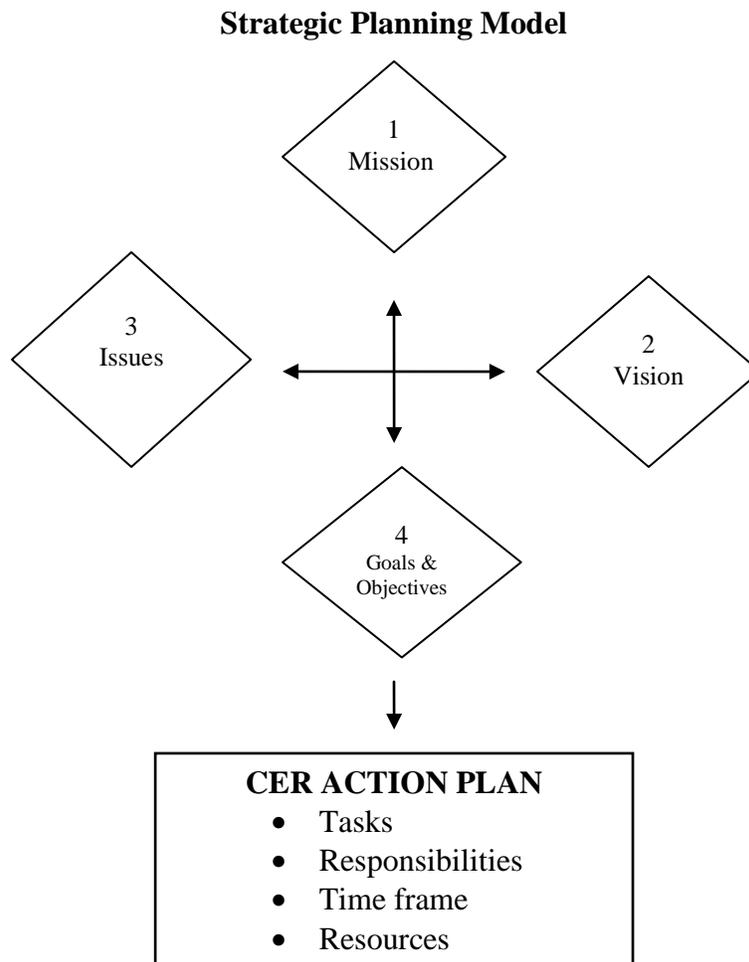
STEP ONE Complete sustainability analysis	STEP TWO Revise and update strategic CER plan	STEP THREE Develop new project proposal(s)	STEP FOUR Obtain skill training needed to strengthen ER efforts	Final result of Phase III 
<ol style="list-style-type: none"> 1, Carefully review Phases I and II. 2. Conduct assessment of community team vision, goals, organizational capacity, structure, financial support and sustainability 3 Respond to questions: “where are we now, where do we want to go, and how do we get there?” 4. Consider organization changes and financial support needed to continue CER on a long term basis 4. Consider what is needed to attract donors/investors to support continued economic development 5. Prepare summary report of findings and changes needed to achieve future success 	<ol style="list-style-type: none"> 1. Review existing strategic plan developed in Phases I and II 2. Consider changes, modifications and additions needed in the plan to strengthen and sustain community’s future CER efforts 3. Prepare new, updated strategic plan to guide the community economic renewal efforts during next five years 4. Prepare an action plan to implement next steps set out in the strategic and sustainability plans 5. Identify any skill training needed to implement the new strategic and action plans (from list of options) 	<ol style="list-style-type: none"> 1 Assess stakeholder or donor reactions to new project ideas 2. Use project proposal outline, and guidelines to write new project proposal(s) 3. Determine project management requirements 4. Screen possible implementing organizations 5. market project proposals to potential donors 	<p>Obtain skills training to help achieve strategic plan objectives, e.g.,</p> <ol style="list-style-type: none"> 1. Business planning (a) at the project level, and (b) at the economic development organization level 2. Attracting donors/investors 3. Evaluating development plans 4. Using specialized tools in the CER Resource Handbook 5. Integrating the three components of ICAP,: i.e., RRDWA, CER and EC components 	<p style="text-align: center;">Updated community vision, goals and strategic plan, new project proposals to market to potential donors, and the organizational capacity, resources and skills to continue economic development on a long term basis</p>

Step Two: Update strategic plan

If the decision is made to pursue CER sustainability then the next step is to revise your strategic plan to allow for future CER. The process of writing a revised strategic plan capable of driving and sustaining community economic renewal may take more than one session to develop and refine. The first task is to create a mission statement for the CER entity, a vision statement and analysis of existing issues including identifying mandates, values and beliefs, stakeholder analysis, and SWOT analysis. Then organizational goals and objectives can be determined, and agreement on an action plan including tasks, responsibilities, time frame, and resources for implementing strategic actions and activities achieved. See Worksheet F3D to review and evaluate possible community goals for economic renewal.

Worksheet F3E is provided for writing measurable CER objectives.

Worksheet F4 is a strategic management planning tool incorporating goals, objectives and an action plan.



Workshop F – Continuing Economic Renewal
Worksheet F3A: Mission Statement

Community: _____

Group Name: _____



Answer key questions before writing mission statement::

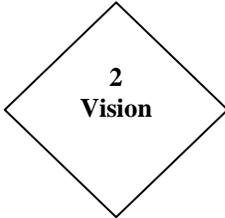
- Who are we as an organization?
- What is our business?
- What is our competitive edge?
What makes us unique and distinctive
- How should we respond to key stakeholders or customers?

1. Mission Statement

Workshop F – Continuing Economic Renewal
Worksheet F3B: Vision Statement

Community: _____

Group Name: _____



Answer key questions before writing vision statement:

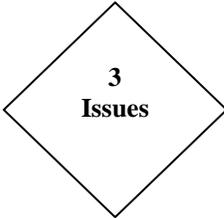
- Who inspires and motivates us?
- What future do we envision?
- What is unique about our dream for the future?
- How does this vision serve the common good?

2. Vision Statement

Workshop F – Continuing Economic Renewal
Worksheet F3C: Key Issues

Community: _____

Group Name: _____



Answer key questions about each issue

A--Stakeholder analysis

B--Trend analysis

C--SWOT analysis

D--Values and beliefs

E--Goals and objectives

3A Stakeholder analysis (List)

Stakeholder	Criteria by stakeholder to assess performance	Our judgment of our performance from others
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

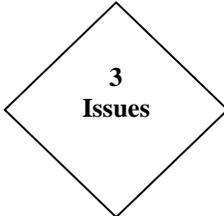
3B Trend Analysis (List)

Trends	Impact
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

**Workshop F – Continuing Economic Renewal
Worksheet F3C: Key Issues (continued)**

Community: _____

Group Name: _____



Answer key questions about each issue

A--Stakeholder analysis

B--Trend analysis

C--SWOT analysis

D--Values and beliefs

E--Goals and objectives

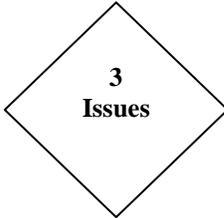
3C SWOT analysis

<p>Strengths (Internal analysis of capacity)</p>	<p>Weaknesses</p>
<p>Opportunities (External analysis of potential)</p>	<p>Threats</p>

Workshop F – Continuing Economic Renewal
Worksheet F3C: Key Issues (continued)

Community: _____

Group Name: _____



Answer key questions about each issue

A--Stakeholder analysis

B--Trend analysis

C--SWOT analysis

D--Values and beliefs

3D Values and Beliefs

Answer the key questions?

--What do we value and believe?

--What are our core values?

--What is our philosophy? Regarding customers, stakeholders and staff?

Values statement

**Workshop F – Continuing Economic Renewal
Worksheet F3D: Goals and Objectives**

Community Goals for _____

Goals and Objectives



Goals

- Supports organization’s mission, vision and values
- Impacts the community’s economic wellbeing

Objectives

- Supports and helps achieve boar longer-term goals
- Measurable and achievable

Goals

Rank the top seven

A. Growth goals

1. _____
2. _____
3. _____

B. Development Goals

1. _____
2. _____
3. _____

C. Stability Goals

1. _____
2. _____
3. _____

D. Social goals such as safety, freedom, and justice

1. _____
2. _____
3. _____

E. Stewardship of natural resources goals

1. _____
2. _____
3. _____

F. Build Trust within the Community Goals

1. 1 _____
2. _____

G. _____

1. _____
2. _____

Workshop F – Continuing Economic Renewal
Worksheet F3E: Goals and Objectives (continued)

Community Goals for: _____

Group Name: _____

Goals and Objectives



Goals

Supports organization’s mission, vision and values

Impacts the community’s economic wellbeing

Objectives

Supports and helps achieve boar longer-term goals

Measurable and achievable

Instructions for completing goals and objectives worksheet.

Discuss and formulate at least one but no more than three measurable goals that can be achieved in the coming year.

Step 1: On line (1) state the economic development goal for which you are writing measurable objectives, e.g., “job creation.”

Step 2: On line (2) carefully state a complete, one-sentence objective, e.g., “to expand employment by 50 new jobs that can be filled by community residents.”

Step 3: On line (3)state the quantifiable measure of performance objective, e.g., “50 new jobs created this year.”

Step 4: On lines (4) and (5) indicate data and source of data to measure progress and achievement of objective, e.g., “new job positions and new hires’ from...” individuals and businesses receiving assistance.

Step 5: On line (6) state briefly the efforts in the local community of accomplishing the objective, e.g., “the creation of 50 new jobs in the community will lower unemployment, lower the costs of unemployment assistance, increase local taxes, income and purchasing power.”

1 Economic Development Index _____

2. Objective (State in one sentence) _____

3. Quantifiable measure of achieving objective _____

4. Data needed to measure progress _____

5. Source of data _____

6. Impact of achieving objective on community _____

Workshop F – Continuing Economic Renewal
Worksheet F3F: Strategic Management Worksheet

Community: _____

Goals: _____

What:	(Describe)
What needs to be done?	_____

Who:	
Who needs to be involved?	_____

Where: **Where will the activity take place** _____

Workshop F – Continuing Economic Renewal

Worksheet F3F: Strategic Management Worksheet (continued)

Community: _____

How:

Detail Action Plan _____

Meetings _____

Workshops _____

Communications _____

Etc. _____

Resources Needed:

Cost _____

Time _____

Materials _____

Evaluation:

Who will monitor the process? _____

How will we know when item Accomplished? (outcome) _____

Timeline:

J F M A M J J A S O N D

Date:

Activities:

-
-
-
-
-

Workshop F

Step Three

Develop project proposal(s)

STEP ONE Conduct sustainability analysis	STEP TWO Revise and update strategic CER plan	STEP THREE Develop project proposal(s)	STEP FOUR Obtain skill training needed to strengthen ER efforts	Final result of Phase III 
<ol style="list-style-type: none"> 1, Carefully review Phases I and II. 2. Conduct assessment of community team vision, goals, organizational capacity, structure, financial support and sustainability 3 Respond to questions: “where are we now, where do we want to go, and how do we get there?” 4. Consider organization changes and financial support needed to continue CER on a long term basis 4. Consider what is needed to attract donors/investors to support continued economic development 5. Prepare summary report of findings and changes needed to achieve future success 	<ol style="list-style-type: none"> 1. Review existing strategic plan developed in Phases I and II 2. Consider changes, modifications and additions needed in the plan to strengthen and sustain community’s future CER efforts 3. Prepare new, updated strategic plan to guide the community economic renewal efforts during next five years 4. Prepare an action plan to implement next steps set out in the strategic and sustainability plans 5. Identify any skill training needed to implement the new strategic and action plans (from list of options) 	<ol style="list-style-type: none"> 1 Assess stakeholder or donor reactions to new project ideas 2. Use project proposal outline, and guidelines to write new project proposal(s) 3. Determine project management requirements 4. Screen possible implementing organizations 5. market project proposals to potential donors 	<p>Obtain skills training to help achieve strategic plan objectives, e.g.,</p> <ol style="list-style-type: none"> 1. Business planning (a) at the project level, and (b) at the economic development organization level 2. Attracting donors/investors 3. Evaluating development plans 4. Using specialized tools in the CER Resource Handbook 5. Integrating the three components of the ICAP model,: i.e., RRDWA, CER and ERAC components 	<p style="text-align: center;">Updated community vision, goals and strategic plan, new project proposals to market to potential donors, and the organizational capacity, resources and skills to continue economic development on a long term basis</p>

Step Three: Develop project proposal(s)

This component of Workshop F will assist you in assessing your “readiness” for future economic development activity, and to develop and market new project proposals.

Worksheet F4 reviews your assessment of stakeholder and donor reaction to your proposal ideas.

Worksheet F5 is an outline or format for project proposals guided by questions and issues to consider when developing proposals.

Worksheet F6 helps you identify project management requirements which you will need when screening possible candidate organizations for implementing project proposals. Worksheet F6 provides a tool for assessing feasibility of project proposals and securing possible implementing organizations.

Appendix IV gives you guidelines and tips on preparation of projects and approaching donors.

Workshop F – Continuing Economic Renewal

Worksheet F4: Project Proposal Development—assessing stakeholder and donor support for project ideas

Community: _____

Group Name: _____

Project idea: _____

Reaction	Negative			Neutral			Positive	
	1	2	3	4	5	6	7	
Stakeholder (list)								

Reaction	Negative			Neutral			Positive	
	1	2	3	4	5	6	7	
Donor or funding source (list)								

The first benefit of this worksheet is in identifying stakeholders and donors the second is to assess their possible reaction to project ideas and to compare support among and between stakeholders and donors. A third benefit might result from discussion on how support could be enhanced. Finally, comparing your assessment of support for a project idea with the actual support that emerges from stakeholders and donors will give you a better idea of how accurately you perceive the environment for project proposal development.

Workshop F – Continuing Economic Renewal

Worksheet F5: Project Proposal Development—assessing project management requirements

Community: _____

Group Name: _____

Project Proposal Outline

1. Problem or situation	Why is this an issue or concern of a donor or funding source? This one donor or funding source?
2. Goals and objectives of project	What will you do to assess problem or situation presented?
3. Action plan Tasks and activities Timeframe Budget Financing source(s)	How will you accomplish objectives? How feasible and realistic is it? Do you have support and commitment from key stakeholders?
4. Qualification of implementing organization and key personnel	What makes you uniquely qualified to achieve goals and objectives? Why will you succeed?
5. Monitoring and evaluation plan	How will you identify and track indicators that will chart progress and measure success?
6. Sustainability plan	How will this project continue beyond initial funding period? Can it be self sustaining? Should it be?
7. Appendices	Resumes of key personnel, letters of support and agreements, blueprints, plans and supporting documents.
8. Executive summary	Appears first, but completed after other parts of proposal

Project Management Requirements1. **Project:** _____2. **Measurement Objective:-** _____3. **Expected first year outcomes:** _____4. **Major Mayor duties/responsibilities of Project Management:**

Workshop F – Continuing Economic Renewal
Worksheet F5: Project Proposal Development—assessing project management requirements (continued)

5. Organizational requirements:

- a. Legal form
- b. Capital structure
- c. Years of operation
- d. Governance structure

6. Tasks to be performed to achieve first year outcomes: _____

- a. _____
- b. _____
- c. _____
- d. _____
- e. _____
- f. _____

6. Management and support staff requirement

7. Facilities and Equipment requirements

- a. Computer system and software
- b. Other office equipment
- c. Facility requirements

Workshop F – Continuing Economic Renewal
**Worksheet F5: Project Proposal Development—assessing project
management requirements (continued)**

8. Financial administration requirements

9. Marketing and outreach requirements

10. Service delivery requirements

Workshop F – Continuing Economic Renewal
**Worksheet F6: Project Proposal Development—assessing the
feasibility of economic development projects**

Worksheet for screening candidate organizations (circle appropriate answer)

Project title: _____

1. Organizational requirements **Yes** **No** **Comments**

- | | | | |
|-------------------------------------|-----|----|--|
| a. Appropriate legal form | Yes | No | |
| b. Appropriate capital structure | Yes | No | |
| c. Minimum years in operation | Yes | No | |
| d. Appropriate governance structure | Yes | No | |

2. Service Delivery Requirements

- a. Capacity to deliver expected results related to measurable objectives within given time frame

More than adequate	Adequate	Less than adequate	Don't know
-----------------------	----------	-----------------------	---------------

3. Management and support staff requirements, with respect to each job category below, assess the qualification of proposal

a. Management staff

Highly qualified	Adequately qualified	Not qualified	Don't know
---------------------	-------------------------	------------------	---------------

b. Administrative staff

Highly qualified	Adequately qualified	Not qualified	Don't know
---------------------	-------------------------	------------------	---------------

c. Professional staff

Highly qualified	Adequately qualified	Not qualified	Don't know
---------------------	-------------------------	------------------	---------------

Workshop F – Continuing Economic Renewal

Worksheet F6: Project Proposal Development—assessing the feasibility of economic development projects (continued)

Worksheet for screening candidate organizations (circle the appropriate answer)

Project title: _____

4. Facilities and equipment

a. Computer system requirements

More than adequate	Adequate	Less than adequate	Don't know
-----------------------	----------	-----------------------	---------------

b. Other office equipment requirements

More than adequate	Adequate	Less than adequate	Don't know
-----------------------	----------	-----------------------	---------------

c. Facility requirements

More than adequate	Adequate	Less than adequate	Don't know
-----------------------	----------	-----------------------	---------------

5. Financial administration requirements

More than adequate	Adequate	Less than adequate	Don't know
-----------------------	----------	-----------------------	---------------

6. Marketing and outreach requirements

More than adequate	Adequate	Less than adequate	Don't know
-----------------------	----------	-----------------------	---------------

Workshop F

Step Four

Obtain needed skill training

STEP ONE Conduct sustainability analysis	STEP TWO Revise and update strategic CER plan	STEP THREE Develop new project proposal(s)	STEP FOUR Obtain skill training needed to strengthen ER efforts	Final result of Phase III 
<ol style="list-style-type: none"> 1, Carefully review Phases I and II. 2. Conduct assessment of community team vision, goals, organizational capacity, structure, financial support and sustainability 3 Respond to questions: “where are we now, where do we want to go, and how do we get there?” 4. Consider organization changes and financial support needed to continue CER on a long term basis 4. Consider what is needed to attract donors/investors to support continued economic development 5. Prepare summary report of findings and changes needed to achieve future success 	<ol style="list-style-type: none"> 1. Review existing strategic plan developed in Phases I and II 2. Consider changes, modifications and additions needed in the plan to strengthen and sustain community’s future CER efforts 3. Prepare new, updated strategic plan to guide the community economic renewal efforts during next five years 4. Prepare an action plan to implement next steps set out in the strategic and sustainability plans 5. Identify any skill training needed to implement the new strategic and action plans (from list of options) 	<ol style="list-style-type: none"> 1 Assess stakeholder or donor reactions to new project ideas 2. Use project proposal outline and guidelines to write new project proposal(s) 3. Determine project management requirements 4. Screen possible implementing organizations 5. market project proposals to potential donors 	<p>Obtain skills training to help achieve strategic plan objectives, e.g.,</p> <ol style="list-style-type: none"> 1. Business planning (a) at the project level, and (b) at the economic development organization level 2. Attracting donors/investors 3. Evaluating development plans 4. Using specialized tools in the CER Resource Handbook 5. Integrating the three components of the ICAP model,: i.e., RRDWA, CER and ERAC components 	<p>Updated community vision, goals and strategic plan, new project proposals to market to potential donors, and the organizational capacity, resources and skills to continue economic development on a long term basis</p>

Step Four: Obtain needed skill training

Even after your decisions regarding sustainability, CER strategic planning and project proposal development, you may find that your team requires additional skills training to help achieve or support strategic plan objectives.

Business planning at the project level and at the economic development organization level is included in these workshop materials as Appendix V.

Evaluating development plans is another critical skill, and business plan evaluation tools are included as Appendix VI.

Additionally, other specialized CER tools are presented and discussed in *A Guide to Community Economic Renewal--Part Two: CER Resource Handbook (5th edition)*.

Furthermore, it is important to understand that all of the three operational components of the USDOL/WSI integrated community adjustment program (ICAP) model—viz. RRDWA, CER, and ERAC—might profitably be considered for implementation in your community. The ILO publication: *A Guide to worker displacement* (ILO, 2002), provides an example of how CER and the other two components of the ICAP model can be effectively integrated to preserve and create jobs in a community.

These additional training and development areas will help maintain the vision and focus of your CER planning team, and provides an agenda for growth and development into the future.

Workshop F – Continuing Economic Renewal

Worksheet F7: Skill Training and Development—assessing skill training and development needs

Worksheet for identifying CER skill training and development needs (circle the appropriate answer)

Community: _____

Determine the knowledge and skill levels that currently reside in the community team and can be used to implement the following CER activities without the need for additional training

1. Small group facilitation skills

More than adequate	Adequate	Less than adequate	Don't know
--------------------	----------	--------------------	------------

2. Business planning skills

More than adequate	Adequate	Less than adequate	Don't know
--------------------	----------	--------------------	------------

3. Creating a capital lending program

More than adequate	Adequate	Less than adequate	Don't know
--------------------	----------	--------------------	------------

4. Providing entrepreneurship training

More than adequate	Adequate	Less than adequate	Don't know
--------------------	----------	--------------------	------------

5. Starting a small business incubator or a business promotion and development center

More than adequate	Adequate	Less than adequate	Don't know
--------------------	----------	--------------------	------------

6. Using cooperatives to create jobs and provide services

More than adequate	Adequate	Less than adequate	Don't know
--------------------	----------	--------------------	------------

7. Establishing a business visitation program

More than adequate	Adequate	Less than adequate	Don't know
--------------------	----------	--------------------	------------

Workshop F – Continuing Economic Renewal

Worksheet F7: Skill Training and Development—assessing skill training and development needs (continued)

Worksheet for identifying CER skill training and development needs (circle the appropriate answer)

Community: _____

Determine the knowledge and skill levels that currently reside in the community team and can be used to implement the following activities without the need for additional training

8. Assess the potential of tourism development

More than adequate	Adequate	Less than adequate	Don't know
-----------------------	----------	-----------------------	---------------

9. Establish a Quick Start Training Program for employers

More than adequate	Adequate	Less than adequate	Don't know
-----------------------	----------	-----------------------	---------------

10. Establish a program to promote inter-firm cooperation among small employers

More than adequate	Adequate	Less than adequate	Don't know
-----------------------	----------	-----------------------	---------------

11. Conduct a community training needs analysis

More than adequate	Adequate	Less than adequate	Don't know
-----------------------	----------	-----------------------	---------------

12. Establish an enterprise restructuring and competitiveness program to preserve and create jobs

More than adequate	Adequate	Less than adequate	Don't know
-----------------------	----------	-----------------------	---------------

13. Establish a rapid response and displaced worker assistance program to assist workers who lose their jobs as a result of mass layoffs

More than adequate	Adequate	Less than adequate	Don't know
-----------------------	----------	-----------------------	---------------

14. Other skills _____

More than adequate	Adequate	Less than adequate	Don't know
-----------------------	----------	-----------------------	---------------

FINAL RESULTS

Capacity and Skills to Continue Economic Renewal and Development

Startup Pre-workshop planning and preparations	Phase I Discovering business opportunities in your community	Phase II Implementing business solutions in your community	Phase III Continuing economic renewal in your community	Final Results
<p>Carry out pre-workshop planning and preparations</p> <p>Identify communities interested in participating in ER process</p> <p>Recruit Core and Community ER teams</p> <p>Train local CER IA Specialists and Core Team members</p> <p>Train small group facilitators</p> <p>Workshop “Zero” Conduct meeting to “launch” CER Component in the community and provide overview of CER process</p>	<p>Workshop A Conduct factors analysis</p> <p>Workshop B Conduct ER principles and strategies analysis</p> <p>Workshop C Generate project ideas</p> <p>Workshop D Evaluate ER project ideas</p> <p>Blueprint for Action Community goals, an ER strategy, and one or more project ideas to refine and implement</p>	<p>Workshop E Overview of Phase II and project implementation procedures</p> <p>Write strategic plan and project proposal(s)</p> <p>Establish organization and management structures and select project implementation team</p> <p>Implement approved ER project(s)</p> <p>Monitor and evaluate project implementation</p>	<p>Workshop F Overview of Phase III strategies, objectives and activities</p> <p>Conduct sustainability analysis</p> <p>Revise and update strategic plan</p> <p>Review and modify existing ER organization/structure to meet future needs</p> <p>Identify new project ideas and write project proposals</p> <p>Obtain skill training needed to strengthen ER efforts</p>	<p>1. Completed ER projects that generate economic growth and jobs</p> <p>2. Updated community vision, goals and strategic plan</p> <p>3. New project proposals to market to potential donors</p> <p>4. The experience, organizational capacity and skills to continue economic development on a continuing basis</p>

Appendices III-VI

Appendix III

Preparation of Projects and Approaching Donors

One of the basic activities of every organization (governmental and non-governmental) is their contact with donors. Successful communication with donors is a precondition for every other activity that the organization plans to undertake.

This material analyzes briefly the phases that follow the preparation of a project proposal and the other steps related to applying for funds (contacts with donors, presentation of the organization and presentation of the project proposal).

On the following pages you will find concrete examples of projects submitted to different foundations (American and European, on what should and should not be done, as well as useful advice on your organization and the realization of its goals).

I. Profile of the organization

The profile of the organization should briefly and clearly present you before the potential donors, but it should also be a part of the promotional strategy of the organization. Your profile should *present and sell* you, and that is why it should be clear, impressive and short.

When composing the profile of your organization, you should take into consideration two elements: *the form and the content's*.

1. Form

Concerning the form of the profile of your organization, attention should be paid to several things:

- a. Your *logo, symbol and name of the organization* should be placed in a visible place. If the organization's name has three, four or more words, use the acronym right next to the full name.
- b. The basic *contact information*: address, telephone number, email and web page, if you have one. (Attention: your home phone number is *your* home phone number, and not the phone number of the organization).
- c. *Colors* look nicer than the boring combination of black letters on white paper (but be careful not to overdo it).
- d. The text should be legible without a magnifying glass and should not be tiring for the eyes. In the text of the profile, use the classical computer *font size*: 10 for the contact details on the memorandum. 11/12 for the body of the text; 14/16 for titles and subtitles. Write the word that you would like to emphasize in bold or italic letters or underline it.

- e. The profile of your organization should contain 200-300 *words*. It is only the profile, the summary of your organization.

2. Contents

The content of your profile should contain, as every identification document, your personal data:

- a. Name of the organization (full name and acronym)~address and other contact details.
- b. 2. When was the organization established and what you have done until now.
- c. Your mission, your goals and activities.
- d. Your plans.
- e. Brief and clear presentation of the organization (Our organization, established in 19XX/20XX, in the Municipality of X, works in the area of ecology; it is a non-governmental (or governmental) and non-profit organization; its goals are: a), b), c), etc.)
- f. The profile does not have a date and it is not a letter, because it does not refer to a concrete person or another subject.

REMEMBER!

- The profile is brief and clear If you need to supply additional information' reference letters, cover letter, resumes, photographs, posters, stickers, paper clippings on previous activities, prepare an extra (separate) package.
- Your profile should advertise you as a serious and professional partner who precisely knows what he/she is doing and what he/she wants to do

II. First Contact

The first contact is extremely important, the first impression on you can attract or turn off the donor. The good impression during the- first contact allows a second contact. The second contact might mean submitting a project, which can then be financed.

Personal contact is always better than indirect contact, through telephone or letter. However, the telephone contact is primary, but it serves only as means for making an appointment, and not as real first contact.

On the telephone

Always present yourself and ask for an appointment. Say clearly who you are, with whom and why you want to have a meeting. Avoid vague, unclear and ambiguous sentences like "I am calling from an organization", "We are working on some projects", "I would like to drop by and talk", etc. There is nothing worse than an organization which doesn't know what it does and what it wants, and doesn't want to explain why and whom they want to meet.

You should bear in mind that the telephone should only serve as a means for making the first appointment, and not as a microphone for reciting the entire history of your organization.

The first meeting

During the first meeting you leave the first impression which can be critical for all further decisions of the donor related to you. That is why you should present yourself in the best possible way on that meeting. Before the first meeting you should know the answers to several essential questions:

Time?

Be on time. If there are some extremely unpredictable circumstances because of which you may be late, call and inform the donor who is (already) expecting you.

Who?

Do not come with the entire squad of members- The optimal number is~ two, provided they have something to say. One person is enough if he/she can leave the impression of representing an entire organization and not of a *one-man-show*. On the other hand, if two people appear and one of them only serves as decoration, it is better that he/she is not there at all.

The person going to the meeting doesn't necessarily have to be the president, it is important that the person representing the organization is eloquent and knows the organization and the area in which it works, and has with him/her written materials representing the organization:

If you go to a foreign donor, never take it for granted that there is an interpreter waiting there. Send someone who speaks a foreign language (most often English).

Even the most banal things, as bad hygiene, extra short mini skirt, too much make-up, mobile phone that is on and keeps ringing, leave a great impression on the interlocutor. You have to look decent in order to be taken seriously.

How?

Bear in mind that you are at the meeting not only to talk about yourself, but also to acquire information. Present yourself verbally and in a written form and leave space for the donor to tell his/her possibilities and interests.

At the very beginning of the meeting, exchange business cards.

You should come to the meeting with a clear idea about what you want. There is nothing worse than an organization that comes only to see where the funds are so later they can make projects according to the same.

Never start with the question "What are you financing?" When you go to a store you never ask, "What are you selling?" you tell what you want to buy and ask if they have that item.

While the donor is speaking listen to him/her. Take notes of the important things and ask questions when something is not clear to you.

If the donor does not have possibilities for financing that will meet your needs, ask him/her if he/she has information on other donors that would be interested in your projects.

Never give statements like:

"We are the best in that"

"We cooperate with organization X, but we couldn't find any common ground (gossiping/past conflict)"

"This Government is very bad and it has to fall. (Political affiliation

"Nationality X are very lazy people" (prejudice/stereotypes)

"Women should not do that (prejudice/chauvinism)

"Thanks God for that" (religious affiliation)

"We do not have money, that's why we cannot do that, we need help" (whining, incapability)

How long?

The first meeting should never last longer than half an hour. That is the optimal duration, but don't be upset if it is shorter, if you have acquired the necessary information in only five minutes, that is a very successful meeting.

PAY ATTENTION TO:

- Even the best speaker cannot keep the attention of the donor more than 10-15 minutes with a recital about the background, the ideas and the plans of the organization
- Listen to what the interlocutor has to say, not to what you want to hear.
- Your interlocutors usually know the recent history of the country, the current political-security situation, and the problems with the process of transition.

Approaching Donors/Investors

1. Preparation

2. Pre-visit meeting

3. Meeting

4. Post-meeting

5. Follow-up (on-going)

Appendix IV

Steps to prepare a business plan

Essential Elements of Business Planning

Before a group of prospective entrepreneurs approach a lender or donor with a business idea, they need to go through the process of preparing a feasibility study to determine whether the idea is suitable for further development and the preparation of a business plan..

The business plan is prepared by the prospective entrepreneurs with the help of a consultant or knowledgeable staff. It describes their business goals, how they plan to achieve them and establishes a specific time period for doing so. The business plan alerts the group to the things that are crucial for a successful business venture, forces them to think through what it is they want to accomplish and to make a number of important decisions before investing significant time and money.

In addition to the purposes identified above, the completed business plan serves: (1) as the funding document which the banks and other lenders or donors require to make loans, grants and other financing; and (2) as a blueprint for starting, expanding, and/or operating a business.

Although there are a number of different approaches that can be used to prepare a business plan, there are usually five steps to preparing a business plan:

Step 1. Collect data and define the business.

The proposed new business should be compared with the competition to evaluate its potential. This includes studying the industry the firm would be in, knowing exactly what product or service it would produce, what would make it competitive, and who the customers would be.

Step 2. Analyze the data.

The preliminary analysis and assessment of the proposed business pinpoints any weaknesses in the proposal and indicates whether the proposed enterprise is likely to succeed. The analytical process includes a break-even analysis and a market analysis to determine the level of business needed to make a profit and whether the market would support the proposed product or service.

Step 3. Decide on a strategy.

Once rough projections are made of what the proposed business could achieve, it is time to decide how to achieve them. The topics in this part of the plan could be grouped into six sections.

1. *a mission statement*, setting out the objectives and description of the business
2. *a general marketing plan*, including issues such as location (if location is critical to marketing the product), sales and distribution, advertising and promotion, pricing, etc.

3. **a production plan**, including issues such as location and facilities, production methods and equipment, materials and sources of supply.
4. **a finance plan** including all supporting documentation needed to forecast the results (This is usually done in step 4 below)
5. **an organization plan**, including the essential organization for a modern business:
 - a. governance, participation, ownership and the individual capital accounts system;
 - b. identification of the key personnel involved in the management and governance of the enterprise;
 - c. the educational and training needs of the workforce;
 - d. information about compensation and staffing--including the number of worker-owners and the functions to be performed; and
 - e. information about the necessary supportive services and linkages.
6. **a schedule** explaining the major steps to be taken to start the business, when to take them, and how they interconnect.

Step 4. Forecast the results.

Once the business plan decision-making process is completed, it is time to assess the implications of all the previous decisions in dollars. Normally, businesses measure their success on financial statements from the accounting system. For purposes of the business plan, results are projected in the form of pro forma financial statements because:

- ❖ they provide the type of information to estimate how well the business would do;
- ❖ the financial institutions approached for money expect them; and
- ❖ they make it easy to compare plans to actual results once the business is started.

The financial section of the business plan for an enterprise includes a set of projected financial statements for three to five years which estimate start-up costs, develop sales forecasts, provide profit and loss statements, and cash flow statements.

Financial statements prepared by businesses normally include:

- a balance sheet** summarizing the overall financial status of the business —what it owns or is owed (assets) and what it owes to others (liabilities), including what it owes to the owners (equity) at one point in time;
- an income statement** showing the total earned (profit) or lost (loss) in its operations and sales after subtracting the costs of operation over a period of time (e.g., a month or a year); and
- a cash flow statement** showing all sources of cash (including cash sales and collections on credit sales, loan proceeds received, capital invested by owners, and proceeds from the sale of assets) and how the cash is spent (paying for shipments of inventory or supplies, paying wages and bills, buying equipment, making loan payments, and dividends or withdrawals for owners).

Step 5. Compile the Plan.

The last step in the business planning process is to write and compile the formal business plan which is used as a financing tool and a blueprint to start the new business. The business plan should be written, organized, printed, and bound to present the strongest case for the enterprise and its

organizers, both in terms of what the plan contains and the way it is presented. Because it is written partly for outsiders, such as bankers or donors, to convince them to loan or grant money to the enterprise, it provides background and other information to demonstrate the soundness of the venture.

Normally, a formal business plan contains five parts:

1. title page
2. table of contents,
3. executive summary, (Note: the executive summary is usually prepared last, after the other sections of the plan have been completed, but is placed at this position in the bound document)
4. main body divided into sections describing the various components of the business idea in considerable detail, and
5. supporting documentation, including the pro forma financial statements covering the first three to five years of projected operations.

A sample business planning workbook (for someone who is currently operating a business) is available to help guide you in completing this process.

Appendix V

Evaluating your business plan

UTAH SBDC BUSINESS PLAN EVALUATION

The 5-point scale below is designed to indicate the relative degree of completeness, accuracy, and persuasiveness of your business plan. Ratings reflect the competence of the business planning effort, NOT the business planner or the business idea. The numbered criteria in the left-hand column represent the likely attributes of a successful business plan. Criteria are rated by circling the appropriate score values in the right-hand column.

1	2	3	4	5
Rough		Adequate		Polished

Section One: Executive Summary

1. States whether financial investment is sought?	1	2	3	4	5
2. States the type of financial investment sought?	1	2	3	4	5
3. Describes to terms of payment to the investors?	1	2	3	4	5
4. Provides a brief overview of the business plan?	1	2	3	4	5
5. Encourages readers to consider the business plan as a whole?	1	2	3	4	5
6. Highlights the most significant issues in the business plan?	1	2	3	4	5
Comments:					

Section Two: Table of Contents

1. Lists the business plan sections?	1	2	3	4	5
2. Lists the section page numbers?	1	2	3	4	5
Comments:					

Section Three: Company Background and Product/Service

1. Describes the business idea and the key participants?	1	2	3	4	5
2. Describes the origin of the business idea?	1	2	3	4	5
3. Describes the market trends that indicate the business idea's potential?	1	2	3	4	5
Comments:					

Section Four: Market and Competition

1. Describes the market the business addresses?	1	2	3	4	5
2. Defines the characteristics of the target consumer?	1	2	3	4	5
3. Analyzes the target consumer's needs?	1	2	3	4	5
4. Describes the market (collective group of consumers)?	1	2	3	4	5
5. Describes the market demographics?	1	2	3	4	5
6. Describes the market psychographics?	1	2	3	4	5
7. Names competitors?	1	2	3	4	5
8. Lists competitors' products?	1	2	3	4	5
9. Describes competitors' strengths and weaknesses?	1	2	3	4	5
Comments:					

Section Five: Marketing Plan

1. Describes the product mix?	1	2	3	4	5
2. Describes the pricing strategy?	1	2	3	4	5
3. Describes the placement (distribution) strategy?	1	2	3	4	5
4. Describes the promotional strategy?	1	2	3	4	5
Comments:					

Section Six: Operations, Management, and Organization

1. Describe the legal structure of the business?	1	2	3	4	5
2. Describes the organization of human resources?	1	2	3	4	5
3. Describe the management and employees roles and responsibilities?	1	2	3	4	5
4. Explains how the product/service is produced?	1	2	3	4	5
5. Describes the types of production technologies employed?	1	2	3	4	5
6. Describes how the management and operations goals will be accomplished and when?	1	2	3	4	5
Comments:					

Section Seven: Financial Analysis

1. Interprets the historical/proforma balance sheets?	1	2	3	4	5
2. Interprets the historical/proforma income statements?	1	2	3	4	5
3. Interprets the cash flow statements?	1	2	3	4	5
4. Describes the strategy for financing the business?	1	2	3	4	5
5. Describes mainly the financial condition of the business?	1	2	3	4	5
Comments:					

Section Eight: Analysis and Conclusion

1. Explains why an investor should choose to invest in this idea?	1	2	3	4	5
2. Explains why an investor should choose you to exploit this idea?	1	2	3	4	5
3. Explains the potential risks of the business idea?	1	2	3	4	5
4. Details a plan to avert or minimize risk?	1	2	3	4	5
Comments:					

Section Nine: Appendices

1. Historical/proforma balance sheets	1	2	3	4	5
2. Historical/proforma income statements?	1	2	3	4	5
3. Cash flow statements	1	2	3	4	5
4. Management team resumes	1	2	3	4	5
Comments:					

Writing Quality

1. Spelling	1	2	3	4	5
2. Grammar	1	2	3	4	5
3. Punctuation	1	2	3	4	5
4. Readability	1	2	3	4	5
5. Style	1	2	3	4	5
Comments:					

Appendix VI

Community Economic Renewal Preparedness Index *Measuring community efforts to improve employment and income*

Instructions:

The purpose of the community economic renewal preparedness index is to help Community Teams analyze and plan action to improve their community's opportunity to increase employment and income. The index is a list of activities and conditions that can be controlled by the community. The index was designed for communities of between 1,000 and 20,000 people in size.

To complete the form, circle the “yes” or “no” statements for each item, then rank the category as a whole: 1=Minimal, 2=Fair, 3=Good, 4=Excellent. If you do not know, mark “?” Items marked “no” and categories rated “fair” or “minimal” indicate areas in need of improvement.

- | | <u>Ranking</u> |
|--|----------------|
| | 1 2 3 4 |
| 1. The community has an economic renewal plan. | 1 2 3 4 |
| a. Yes No Prepared and reviewed by a citizens committee | |
| b. Yes No Formally adopted by the community | |
| c. Yes No Includes a complete analysis of sources of employment | |
| d. Yes No The plan encourages economic development | |
| 2. The community has a land use plan and zoning policy that delineates industrial and commercial areas. | 1 2 3 4 |
| a. Yes No It has been written or formally reviewed within the past three years | |
| b. Yes No Provision is made for expansion of commercial and industrial sites | |
| 3. The community has an industrial development corporation | 1 2 3 4 |
| a. Yes No There is an organized industrial development prospect contact team | |
| b. Yes No An annual update of industrial development information has been prepared | |
| c. Yes No The community has financed an industrial prospect search outside the area within the past two years | |
| 4. The community has a contact system for inventorying vacant and available commercial buildings. | 1 2 3 4 |
| a. Yes No A list of current vacancies can be provided within two days | |
| b. Yes No The list includes square footage | |
| 5. The community has an industrial site (with vacancies). | 1 2 3 4 |
| a. Yes No It owns or has an option on a site of 15 acres or more | |
| b. Yes No There is an adequate water line (10” or more) to the property line | |
| c. Yes No There are heavy duty streets not through a residential area to the boundary | |

- d. **Yes No** There is an adequate sewer line (12” or more) to the property line
 - e. **Yes No** A firm site price has been set
 - f. **Yes No** A soil test boring has been made
 - g. **Yes No** A copy of site covenants and restrictions is readily available
 - h. **Yes No** A topographic map is readily available, including site layout
6. The community has a vacant shell building on an industrial site. **1 2 3 4**
- a. **Yes No** Minimum of 10,000 square feet.
 - b. **Yes No** Floor to ceiling clearance, 16 feet
 - c. **Yes No** It is expandable
 - d. **Yes No** Layout and photo are available
 - e. **Yes No** An annual update has been filed with the proper development authorities
7. The community has done a labor survey within the past three years. **1 2 3 4**
- a. **Yes No** It includes the number of people by employer
 - b. **Yes No** It includes a wage rate and fringe benefit analysis
 - c. **Yes No** It identifies absenteeism rates
 - d. **Yes No** It indicates the distance people will travel to work
 - e. **Yes No** The community is organized to do a special labor survey on request
8. The community has a promotional brochure. **1 2 3 4**
- a. **Yes No** It describes the recreational opportunities
 - b. **Yes No** It provides a description of services (e.g., retail, restaurants).
 - c. **Yes No** It describes the quality of public services (e.g., schools, hospitals)
 - d. **Yes No** It describes private housing quality
 - e. **Yes No** It describes major employers (industry, commerce, government)
 - f. **Yes No** It has been revised within the past two years
9. **Yes No** The community has completed and distributed a “Community Economic Profile” within the past year. **1 2 3 4**
10. The local government helps business acquire financing. **1 2 3 4**
- a. **Yes No** Has passed an industrial revenue bond interest resolution
 - b. **Yes No** Has created a tax incremental financing (TIF) district
 - c. **Yes No** Has encouraged the formation of a small business development organization
11. Local banks support community economic development. **1 2 3 4**
- a. **Yes No** Local banks have utilized a correspondent bank relationship in financing a local project within the past two years
 - b. **Yes No** Local banks have actively solicited commercial and industrial loans within the past year
 - c. **Yes No** Local banks have made Small Business guaranteed loans within the past two years
 - d. **Yes No** Bank officials are active in community economic development organizations

12. The community has a program to encourage existing business (commercial and industrial). **1 2 3 4**
- a. **Yes No** At least three adult courses in business management were taught last year
 - b. **Yes No** The Chamber of Commerce, business organization, or industrial group makes regular visits to business managers.
 - c. **Yes No** An annual industrial and commercial recognition event (exhibit, field day) is held.
13. The community has a chamber of commerce or business organization **1 2 3 4**
- a. **Yes No** working on retail sales programs and commercial development.
 - b. **Yes No** Has a paid (chamber of commerce, business organization) executive at least on a part-time basis
 - c. **Yes No** Has a tourist promotion committee
 - d. **Yes No** Number of members (number
 - e. **Yes No** Budget (figure)
14. The community has completed a trade area survey/analysis within the past three years. **1 2 3 4**
- a. **Yes No** The findings have been reported to local businesses
 - b. **Yes No** The findings have been communicated to business prospects outside the community.
15. The community has an active downtown program. **1 2 3 4**
- a. **Yes No** It has a regular calendar of main street promotion activity (e.g., monthly trade days)
 - b. **Yes No** Has completed a downtown physical restoration within the past 10 years
 - c. **Yes No** Merchants are following the plan when renovating
 - d. **Yes No** Has a uniform billboard and street sign ordinance
 - e. **Yes No** Has improved main street lighting, parking, and traffic flow within the past 10 years
 - f. **Yes No** Number of downtown business area public parking spaces (number)
16. The community has a published directory of: **1 2 3 4**
- a. **Yes No** Restaurants
 - b. **Yes No** Motels and hotels
 - c. **Yes No** Recreational facilities
17. **Yes No** The community has at least one major community event each year **1 2 3 4**
 (one which has an impact broader than the community, attracting at minimum people from neighboring communities, e.g., pageants, festivals, contests, derbies, fairs)
 List the events _____

18. The public services of the community are adequate. 1 2 3 4
- a. **Yes No** The municipal fire service is Grade 6, 7 or 8 or better (rated in the past 5 years)
 - b. **Yes No** Has capacity for environmentally sound solid waste management in landfill sites for at least five years
 - c. **Yes No** Meets all Local sewer discharge requirements or has initiated the facilities planning process
 - d. **Yes No** Has excess water capacity equivalent to 5% of its current population
 - e. **Yes No** Has an organized plan for next five years for capital improvements on streets
19. The community has submitted proposals for government regional and/or national funding for development programs. 1 2 3 4
- a. **Yes No** For housing
 - b. **Yes No** For two of the following: sewer, water, streets, fire protection, waste management
 - c. **Yes No** For one of the following: airport, health protection, public parks, community building
20. The community presents a positive living environment 1 2 3 4 .
- a. **Yes No** There is an organized senior citizen transportation system
 - b. **Yes No** There is a senior citizen public housing development
 - c. **Yes No** There are 10 acres or more of public parks per 1,000 people
 - d. **Yes No** There are fewer than 1,000 people per physician
 - e. **Yes No** The percentage of low and moderate income households with housing assistance needs is below 12.5%
 - f. **Yes No** All educational systems are adequate
 - g. **Yes No** How many youth organizations are there functioning in the community?