

Guidelines in drawing up a Terms of Reference for Information Collection for a Local Economic Development Strategy

Objective

The data will form the basis for the formulation of a local economic development strategy, action plans, projects and programs. The study must thus ensure that:

1. it collects relevant data for future planning
2. it analyzes the data to identify future actions for the City Council and other local stakeholders

Questions

The data should be collected and then analyzed to answer the following questions:

1. *The City Council, the City and the Business Environment*
 - How does the city and its Council/s perform in terms of the way in which it services business? Thus how does it perform in terms of
 - (a) Regulatory Framework and Internal procedures e.g. applications, licenses etc
 - (b) Supply of infrastructure for economic areas
 - What can the City Council/s do to improve general services to business
2. *The City Economy, its Growth Potential and Poverty Alleviation Potential*
 - What are the most competitive sectors and sub sectors of the city's economy
 - What sectors and sub sectors have the most potential for inclusivity and thus poverty alleviation? (Thus, what sectors have the most potential for SME development, informal economy development, and quality employment?)
 - What are the obstacles to growth in these sectors?
 - What levers do city actors have in overcoming obstacles? Thus how can city actors support identified sectors
3. *Competitive Assessment And Strategic Choices*
 - What are the city's competitive and comparative advantages
 - What are the obstacles to realizing the full potential of the city's competitive and comparative advantages
 - What are the strategic choices available to the city in realizing its potential

Required Information

In answering these questions, the city requires the following information:

1. *The city economy and the country economy.* The objective is to assess the growth potential of the city's economy in comparison with the national

economy. The study will cover but not be restricted to the following issues:

- Assessment of the City's contribution to national economic growth
- Assessment of city share of exports
- Identification and assessment of cities infrastructure links to international and national points
- Assessment of the nature of firms within the area in terms of status i.e. international head quarters, national headquarters, branch office, listing on stock exchange
- Assessment of the city actors access to finance and credit (including micro-credit)

2. *Identification of existing main sectors and growing sectors of the formal and informal economy.* This section will assess the economy the area through identifying contribution of existing main sectors and sub sectors to the city, and growth rates of sectors and sub-sectors.

- This should include but not be restricted to a trend analysis of:
 - employment (both quality and quantity)
 - city GDP
 - contribution to city council income (through rates and services)
 - exports
 - share of national industry
- Geographic location of main sectors and sub sector within the city
- Average wages in each sector and sub-sector, and growth rate
- Educational levels in each sector and sub-sector
- Productivity of sector and sub-sector

3. *Analysis of leading economic sectors.* This study will build upon the previous section to identify the major potential in each of the **leading and growing** sectors and sub-sectors.

- A comparison of the performance of each lead and growing sectors with international benchmarks
- Analysis of the institutional makeup of each sector and sub sector
- Analysis of sectors growth potential (through an analysis of local, regional, and international demand)
- Identification of backward and forward linkages for sectors and sub sectors
- Identification (preferably through interviews) of the main 'obstacle's to growth in each of the identified sectors.

4. *The City Council and the City Business Environment.* The purpose of this section is to begin to understand how the city Council services its businesses. Ultimately it should thus assess the responsiveness of Council to needs of business. It should include but not be restricted to:

- Assessment of Regulatory Framework

- Assessment of plans applications process
- Assessment of the Councils planning framework
- Assessment of how Council responds to small businesses, including those in the informal economy
- Assessment of registration process, license application process and fees for businesses
- Assessment of the management of economic areas
- Assessment of internal infrastructure provision with relation to demands from existing businesses in particular geographic locations
- Home/work issues i.e. where do workers live and where do they work and about the transport infrastructure
- Assessment of city and real estate, how much where located, how alienated

5. *Assessment of city human development potential*

- Education levels in city
- Skills level
- Assessment against potential needs

Deliverables

Deliverable One: City Economic Assessment (incorporating sections one, two and three above)

Deliverable Two: City Council Business Environment Assessment (incorporating section four)

Deliverable Three: Assessment of Human Development Potential.

Deliverable Four: Synthesis Report of Deliverables 1, 2, 3, but including also:

- A competitive assessment of the city
- Key choices available for the city

Deliverable Five: 1-hour presentation on findings, including strategic choices for the city.